

Swiss Export Journal / 1. Quartal (published December 30, 2020)

The US Market: Switzerland's Export Locomotive

The US elections are history – well, as good as. Donald Trump has lost the race for the White House; the Democrats have lost a large part of their majority in the House and will probably fail taking over the Senate. What are the implications for Switzerland's export-oriented companies?

Exceptionally good last 15 years

During the last 15 years, the Swiss-American business relations have been thriving. In 2005, Swiss companies exported roughly the same amount of goods to Italy, France and the USA, and three times as much to Germany. In the last 12 months, exports to the USA exceeded the ones to Italy, France, UK and Austria – combined. Swiss companies exported twice as much into the USA than into the BRIC countries (Brazil, Russia, India and China). And during the last 12 months, the USA was the number one market for Swiss exports, surpassing even Germany. The banking scandal was an unpleasant episode, but it did not affect the success of the export economy in the past decade.

US elections are (almost) over

On November 3, 2020, the people of the United States of America have elected a president, both houses of Congress and a number of public positions in individual states. Although the level of noise (recount of votes, court cases!) remains high, the result is pretty clear: On January 20, Joe Biden will be sworn in as the 46th President of the United States of America. In the House of Representatives ("House", comparable to Switzerland's National Council), the Democrats keep the majority, although that majority has been unpleasantly reduced. In the Senate (the equivalent to Switzerland's State Council), the Republicans will likely remain in charge. On January 5, the State of Georgia is holding two by-elections for the Senate, with Republicans having better chances. The republican majority in the Senate could only be overturned if the Democrats were to win both elections.

What is going to change for the Swiss export industry?

The answer is simple: Not a lot. The last 28 years saw 16 years of Democratic and 12 years of Republican presidency. During that period of time, Swiss companies were always successful players on the US market. This success was driven by innovative and experienced entrepreneurs, who knew how to seize the excellent market opportunities. The political framework usually played a marginal role. It is to be expected that in the coming years, Washington DC might be blocked. Within the House, a lot of progressive phantasies are prevalent, that most likely will be stopped short in the Senate due to its republican majority. And President Biden will not have a choice but to manage the country in a pragmatic and realistic way if he really wants to achieve anything. The looming nationalization of the health care sector, the green revolution, massive tax increases and the like will need to be stashed away in the bottom drawer.

In the medium term, the US market will gain momentum again; renowned analysts expect this to happen already in the first quarter of 2021. Swiss companies are well-advised to release the mental covid-brake and to focus on coming opportunities. In light of potential protectionist tendencies questions about direct investments will become more important.

The US market, accounting for a quarter of the world economy, remains wide open; legal actions against US companies and against the government are possible, earnings are in free convertible dollars, and foreign companies are not disadvantaged by the government. The outcome of the recent elections is not going to change this. It is up to us to seize the opportunity to succeed in the US market.