



Media Release

Swiss-US business relationship in top shape, but major challenges are looming

Bilateral trade with great resilience; bilateral direct investments with new records; “America First” continues under new President Joe Biden; new rules for Swiss businesses in the USA – and great opportunities with the F35 deal; business location Switzerland to face massive challenges due to the end of the negotiations with the EU and due to looming global minimum taxation. Swiss Amcham’s AGM elects new Directors; Swiss Amcham Yearbook 2021/2022 is now available.

On January 20, 2021, Joe Biden was inaugurated as the 46th President of the USA. With a tiny majority in Congress, he and the Democratic Party went to work with great speed to change America as no President has done since President Johnson and the New Deal in the 60s. With stimulus packages that will total some US\$ 6 trillion (US\$ 6'000'000'000'000) on top of last year's US\$ 4tr, he intends to overhaul the physical infrastructure, but also to massively increase social spending of all sorts (the so-called “the Human Infrastructure”) and expand taxation to unseen levels. For Swiss companies, these massive stimulus programs will bring great opportunities in infrastructure, remanufacturing, green energy, and health care. But beware: With “Buy America”, “Buy American”, “Critical Supply Chains” and other programs, “America First” has been expanded and will set new rules for foreign companies who want to compete for these opportunities. On September 28, Swiss Amcham and Accenture will publish a report “The Future of Swiss Companies in the USA”.

Trade between our countries have proven to be very resilient in the face of the Covid crisis. Swiss exports to the USA have only retracted 2.5% compared with minus 3.7% to Germany and minus 6.3% to the EU. In the first 6 months of this year, exports to the USA have grown 16.1% (compared with Germany +13.3%, EU +13.6% China 0%, BRIC +4.5%) making the USA the largest export market for Swiss goods. Bilateral direct investments have continued to grow despite the Covid crisis reaching new records of US 318bn (Swiss investments in the USA) and US\$235bn (US investments in Switzerland).

With the choice of the F35 fighter plane from the US company Lockheed, the Swiss-US relationship will see new opportunities. From a Swiss perspective, the choice makes a lot of sense: The F35 has been introduced into service 2015 (all competing planes 15 to 20 years earlier). Until end of 2020, 625 F35 have been produced, more than any of the competing planes. And some 16 countries have the F35 in operation, many more than any competing planes. If Switzerland wants a plane that will be useful for the next 30-40 years, it better have a modern and well-proven plane. Business-wise, the offset operations will bring many very interesting business opportunities for Swiss companies large and small. But first, there is most probably an initiative vote to be won!

For US companies based in Switzerland (and the same goes for international Swiss companies), the troubled relationship of Switzerland with the EU brings serious uncertainties. With the current exclusion of Switzerland from the Horizon research program and from the Erasmus education program, with the cancellation of the multilateral recognition agreements in the medtech sector (MEM sector and pharma coming up in the next two years), the refusal to continue the negotiations towards an Energy Agreement and the open questions regarding the equivalency of the data protection, some serious questions are being raised regarding the attractiveness of Business Location Switzerland. And finally, the drive towards a global minimum tax and additional minimum taxes for US companies is making Switzerland an (even) costlier place to do business. Time to remember that attracting foreign investments is an international full-contact sport!

Swiss Amcham affairs

At the (hybrid) Annual General Meeting on June 28 with Guest of Honor Prof. Thomas Jordan, Chairman of the Swiss National Bank, Silvio Napoli, Chairman of the Schindler Group, was re-elected Chairman and President of Swiss Amcham. André Kudelski (Chairman and CEO of Kudelski Group) and Chris Johnson, Executive Board member of Nestlé) were confirmed as Vice-Chairman and Treasurer. Six new Board Members were elected: Peter Boone, CEO Barry Callebaut; Kristine Braden, European Cluster Head Citigroup; Ralph Hamers, Group CEO UBS; Adolfo Orive, CEO Tetrapak; Pierre-Alain Ruffieux, CEO Lonza; Dieter Vranckx, CEO Swiss International Air Lines.

Further details regarding the economic relations between Switzerland and the USA, as well as regarding the issues for international companies based in Switzerland, are available in the recently published Yearbook 2021/2022. The Swiss Amcham's flagship publication enjoys a long tradition of being the premier reference book used by policy makers, politicians, public affairs specialists, companies with business interests in both Switzerland and the US, and, of course, by the media.

For further information please contact:

Martin Naville
CEO
Swiss-American Chamber of Commerce
martin.naville@amcham.ch