

Annual General Meeting 2020

Due to Covid-19, the Annual General Meeting 2020 of the Swiss-American Chamber of Commerce of June 29 will unfortunately not take place as a physical meeting. In accordance with the Federal Council's Ordinance 2 of March 13, 2020, we must hold a virtual AGM without participation by members.

Our members have received all necessary information by mail. Members with voting rights are kindly asked to submit their votes in writing by using the official voting ballot that was included in the information documents.

Annual Report by the Chairman

Until the end of February, the Swiss-American trade relationship was heading for another record year. In Q1, 2020, Swiss exports to the US became #1, bypassing exports to Germany. And then came COVID-19! From this point on, all numbers and extrapolations are not worth the paper. Clearly, the situation will normalize, and the Swiss-US relationship will continue to thrive. But timing is very unclear. When will transatlantic travel be possible again? How will the freight capacities across the Atlantic rebound? How will the Swiss and the American economy be impacted? Will the expected recession in 2020 be followed by a fast rebound after a much hoped for "V curve"? Or will companies and consumers be overly cautious as the situation going forward seems unclear? This would then mean another recession year in 2021. Too many questions, not enough answers!

In the USA, the economy is massively suffering with record levels of unemployment not seen since the Great Depression. Partisan politics are loud and rampant, and they will certainly continue, at least until the elections on November 3. In the EU, the level of dysfunction between the member states has reached new heights. China is struggling with its recovery and, contrary to what happened in 2008, does not have the impact to rescue the global economy! Where are we going with this?

Monetary, fiscal, social, and financial policies are unclear. Who will pay for the massive additional debts? In our relationship with the USA, negotiations around a Free Trade Agreement and renegotiation of the US-Swiss Double Taxation Agreement have been pushed backward, maybe for some time.

As with any crisis, there is some silver lining: Our open issues with the EU (Multilateral Recognition Agreement, data equivalency, Swiss participation in Erasmus and Horizon Europe, Framework Agreement) have all taken a back seat. This gives Switzerland some breathing room to find adequate

solutions. And the economically dangerous initiatives planned for this year (Limitation Initiative, Corporate Responsibility Initiative) have been postponed to later in the year. But beware: These issues will stay around and come to bite us if we do not prepare!

Before Covid-19 changed the world, the business relationship between Switzerland and the USA was thriving. The trade figures for goods and services were perfectly balanced with approx. USD 55bn in each direction. Also, foreign direct investments were developing very nicely.

With strong positive winds from the pharma sector but supported by a large selection of other business segments, trade in goods between Switzerland and the USA kept flourishing. In 2019, Swiss exports to the USA grew 9.1% (after 12.4% in 2018 and 7.3% in 2017). In absolute terms, export growth to the USA (CHF 3.4 bn) equaled export growth to all EU countries combined. Today, Switzerland exports more to the USA than to France, Italy, Austria and the UK combined! And 2.5x more than to all the BRIC countries (Brazil, Russia, India, China)! In 2019, imports from the USA to Switzerland also saw a big plus of 9.3%.

2020 promised to become a record breaking year. In the Q1, 2020, for the first time in history, Swiss exports to the USA were larger than to Germany (CHF 11.7bn vs. CHF 10.8bn, or 20.2% of total exports vs. 18.7%). With the Covid crisis, the future is uncertain, but the above numbers are a great base for the future of the Swiss-US business relationship.

In 2019, Swiss direct investments in the US grew by 4% to USD 322 billion, while American direct investments in Switzerland increased to CHF 302 billion (plus 8.5%). In the last 10 years, foreign direct investments has more than doubled in both directions.

Overall, what these results tell us is that our countries are enjoying a great and balanced business relationship – a large trade surplus in goods in favor of Switzerland, a similarly large trade surplus in services in favor of the US, and a large investment surplus in direct investments in favor of the US, leading to the 2nd largest job surplus in favor of the US (Swiss jobs in the US minus US jobs in Switzerland). Swiss companies continued to be the 7th largest foreign direct investor in the USA (nearly equal to 6th-placed Germany). Swiss companies paid the highest average salaries, were the top spender for R&D expenditures and provided a large number of apprenticeship jobs to US youth.

With no quick way out of the Covid-19 crisis, the competitiveness and attractiveness of Switzerland as a country and business location will become more important than ever. Protecting it requires “walking the talk” in terms of:

- The constructive attitude toward the international economy that makes Switzerland strong and prosperous
- The constructive attitude toward a balanced and mutually respectful relationship between Switzerland and the EU

For international companies (Swiss and foreign, large and small), the outcome of three upcoming decisions will be paramount:

- The EU-Switzerland framework agreement
- The “Limitation Initiative” (a.k.a. SwissExit), scheduled for a vote on September 27, 2020, which demands a renegotiation of the Agreement on Free Movement of People with the European Union within 12 months of the vote. If this vote was to fail, a termination of this agreement would be required, leading to a breakdown of the bilateral agreements between Switzerland and our main trading partner, the EU.
- And finally, the “Corporate Responsibility Initiative”, also scheduled for vote in the fall of 2020, which is economically harmful and risks to put Swiss companies at a disadvantage against their foreign competitors.

In a time of crisis, more than ever, it is important to consolidate and simplify. Saddling our business with additional problems is the last thing we need.

In co-operation with Deloitte, Swiss Amcham produced a report on the mobility of talent in Switzerland, investigating how Switzerland can improve attracting and retaining talents (incl. keeping foreign students in Switzerland after their degrees at Swiss Universities). The study has been launched with a press conference on March 12. After the Covid crisis, we will relaunch this important report designed to enable attracting the best people to Switzerland to support the rebound after the expected economic crisis.

All these activities are consistent with the Chamber’s two main missions: To address all issues impacting the free movement of goods, services, people and investments between the US and Switzerland, as well as to address all issues impacting international companies based in Switzerland.

The Swiss AmCham’s many Swiss-based Chapters and Committees were very active in supporting members’ interests such as those just mentioned and many others. In the USA, our Chapters in Boston, Florida, New York, San Francisco, Southern California and the South East (Atlanta, Charlotte) showed great success in representing Swiss business interests in their respective locations. A large number of events brought members together to share experiences, create new network connections with people with similar issues and interests, and also to have a good time with like-minded people.

Thanks to the incredible work and energy of our members, the Swiss-American Chamber of Commerce enjoys the highest reputation and respect wherever it is present.

For that, and for their continued engagement, I would like to extend a warm “thank you” to all our members!

In total, the Chamber counts close to 300 Chamber members actively involved in helping pursue the common objectives. It is the support of these Chapters and Committees and their members that makes Swiss Amcham’s initiatives, programs and commitments so successful.

And last but certainly not least, a warm thank you also goes to the Swiss Amcham staff at our Zurich headquarters, under the lead of our CEO Martin Naville.

In the latest testimony of his extraordinary energy and drive, Martin Naville has been incessantly working to reorganize the unique program of events and initiatives we had scheduled for 2020, already preparing for a thunderous comeback in the second half of the year.