

Swiss-US Business relationship: A great success story is at risk!

We need a Swiss-USA Free Trade Agreement Now!

Dear members and friends

Welcome back from a record summer. I hope you are well relaxed and ready to grapple with a “hot fall”.

The good news first: For many years, the business relationship between Switzerland and the USA has developed astonishingly well! While the media and certain banks were occupied by the problems of the Swiss banks with the American authorities, trade and foreign direct investments went from record to record – in both directions. In the last five years, Swiss exports to the USA grew 51% to CHF 33.7 bn. This compares well with growth to the EU (+4.8%) and to the BRIC countries (Brazil, Russia, India, China; +13.1%). During that time, imports from the USA also grew 38%. And the export success continued in the first half of 2017 (+14% on annualized basis)! USA and Switzerland maintain a great and balanced trade relationship of over US\$100 bn annually (goods and services combined). The same success can be seen in foreign direct investments: In the last 5 years, Swiss investments in the USA grew 68% to US\$ 334 bn, while US investments in Switzerland grew 65% to US\$ 201 bn. USA is the second largest, but fastest growing key partner for Switzerland. This is paramount for Switzerland’s export-driven economy and its great innovation strength, that is constantly reinforced by the USA, the other highly innovative country.

This success story is at risk! Only recently, on July 25, US President Trump and President of the EU Commission Juncker agreed to negotiate a “zero-zero agreement” bringing tariffs down to zero on a wide variety of goods (excluding cars and agriculture in the first phase). Noting that during the negotiations for TTIP (Transatlantic Trade and Investment Partnership), the USA and the EU had agreed to reduce tariffs to zero on 97% of the tariff lines, an agreement on zero-zero seems possible. And the pressure from Donald Trump to achieve such an agreement - fast – makes such an agreement even more probable. If this agreement is reached, Switzerland will need to hurry up mightily! A situation where EU companies export to the USA mostly at zero tariff would bring massive damage to the Swiss exporters. Is Switzerland ready to react if a zero-zero agreement is reached – maybe even before the US mid-term elections in early November?

There is no negotiations mandate and no negotiations process in place as of today. Time is running short and the Swiss negotiation processes are not known to be fast. Wouldn’t it be nice to beat the EU to the negotiation table - for once – instead of later pleading to be included?

In August, the founder of the renowned Washington think tank Heritage Foundation, Edwin Feulner, published a study “It’s time for a Free Trade agreement with Switzerland” and the US Ambassador Edward T. McMullen Jr. has been very clear in many interviews and speeches that the USA would welcome an initiative by Switzerland towards a free trade agreement. The door seems open, Switzerland needs to step in.

In the coming 12-18 months, new trade realities will be casted. We need to be ready! Swiss Amcham will push hard to promote a free trade agreement between the two Sister Republics. Please support this movement by speaking out on the necessity of such an agreement for your individual companies and for the business location Switzerland. I would highly appreciate receiving your ideas and stories that we could use to reinforce the argument in favor of a free trade agreement between Switzerland and the USA.

Wishing you a good start into fall

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