
Top market USA: Swiss companies see great opportunities, but also significant questions due to new rules - report



In the past years, the US market has become the largest export market for Swiss goods and the most important direct investment destination for Swiss companies. Swiss companies see the planned massive investment programs by the US government and Congress as great opportunities. But some new rules in supply chain and fiscal topics raise significant questions. This is revealed by a new report by the Swiss-American Chamber of Commerce. Swiss companies see the need to improve

supply chain risk management, increase productivity and expand apprenticeship programs. At a hybrid event on September 28, Marco Huwiler, Country Managing Director Accenture Switzerland, and Martin Naville presented the results of the report. Ambassador Jacques Pitteloud, Swiss Ambassador to the USA, Lars van der Hagen, CEO of Belimo, and Alex Waser, CEO of Bystronic, two mid-size companies with large investments in the USA, discussed the results and gave their highly positive outlook for Swiss businesses in the USA. The report can be downloaded [here](#).

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Biden Administration plans move forward amid Congressional upheavals

The plans of the Biden Administration to massively invest in the US physical and the so-called human infrastructure are moving forward. The Bilateral Infrastructure Plan worth US\$ 1.2 trillion was approved by the US Senate and is now pending in the House of Representatives. It will cover investments in roads, bridges, transportation, power grid, broadband deployment, water systems and resilience programs.

A further US\$ 3.5 trillion plan, the Human Infrastructure Plan, is planned to be passed by the Democrats alone through the reconciliation process. It will cover massive spending in housing, education, childcare, care for the elderly, research & development, and clean energy. This plan is currently being negotiated among Democrats in the House.

These valuable - if maybe excessively expensive - programs move forward amid upheavals in Congress. A budget (or continuing measures) needs to be passed before the end of the month. Otherwise, the US government will shut down - again! And the debt limit needs to be raised in the next approx. 4 weeks or the US government will not be able to fulfill its financial obligations, with dire consequences for the global financial markets. Affaires à suivre!

Global taxation takes shape fast

Under the leadership of the OECD, 140 countries gathered in the Inclusive Framework (IF) are moving forward in creating a new international taxation framework. There are two separate initiatives: Pillar 1 seeks to reallocate tax revenues towards market countries, and Pillar 2 seeks to implement a minimal global tax for corporations. In October, the IF will meet again and is expected to decide on the new rules. Expectations are high that Pillar 2 rules will be finalized, to be implemented beginning of 2023 or 2024. There is more uncertainty about Pillar 1 rules.

In any case, for Switzerland this creates a new urgency to remodel its corporate taxation and to try to keep its moderate taxes as an element of the attractiveness of the Business Location Switzerland. Work is ongoing, but timing might be delicate. Switzerland is the only IF country where the population has the last say through a binding referendum. Such processes normally take up to 10 years and might thus bring Switzerland into a non-compliant position for many years. Hard work is ahead of us!

Switzerland again #1 in Innovation

On September 20, WIPO, the World Intellectual Property Organization, published this year's ranking of the most innovative countries. It is with pride and pleasure that we discover Switzerland in the top spot. The top 5 get completed by Sweden, USA, UK and South Korea.

In the sub-categories, Switzerland shines in "Knowledge and Technological Output" (#1), "Infrastructure" (#2) and "Creative Outputs" (#2). Good placements are achieved in "Business Sophistication" (#4), "Market Sophistication" (#6) and "Human Capital and Research" (#6). The category "Institutions" sees Switzerland a bit less stellar at #13.

Let's not rest on our laurels. There are many challenges out there!

Hi Martin, what is your bright spot in September?

Switzerland is famous for its tunnels all over Switzerland. Show us a mountain or hill and we will build a tunnel. This is what the official team of the ETH Zurich did in Las Vegas. It was awarded second place at the tunneling competition "Not-A-Boring-Competition" organized by Elon Musk's The Boring Company. Out of 400 applicants, twelve were invited to the final in Las Vegas where the Swiss team of 40 students was beaten only by the German team from the TU Munich.

Using their "Groundhog Alpha", the Swiss team had to dig a stable tunnel of 30 meters and 50 centimeters diameter, simultaneously laying a 3-D printed tunnel tube. The Swiss team was awarded the Innovation and Design award. Kudos go to the US General Consulate in Berne for making the trip of these excellent students possible in spite of the Covid restrictions.

