

1.1 Swiss-American Business Relations - A View from Washington

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I have had countless discussions with members of the administration and Congress, with people from all parts of American society, and, of course, with many Swiss and American business leaders in the first six months I have been in office. The U.S. role in international affairs as well as its worldwide economic, scientific and cultural roles make Washington a privileged observatory, a place where outstanding government institutions, research facilities, think tanks, and a broad range of business people meet. Time has passed at a breathtaking pace in this vibrant environment. I am committed and will continue to make the best possible use of my posting to foster all the various aspects in Swiss-U.S. relations.

The Swiss-American relationship is not dominated by a single topic but is broad. I was often reminded of and reminded myself of the values both countries share. When I met with President Obama to present my Letter of Credence in November 2014, he said: "Switzerland and the United States share a long history of friendship based on a mutual commitment to democracy, freedom, and free enterprise. Switzerland and the United States are two of the oldest federal republics in the world, united by shared values, including respect for the rule of law, human rights, and individual liberties."

Long-Standing and Deep Diplomatic Relations

The roots of the Swiss-American relationship are deep. The United States is a country built by immigrants, and Swiss have always been a part of that immigration. Many were driven by poverty. They crossed boundaries of all kinds and had outstanding experiences. Emil Frey, who later became the first Swiss Minister (Ambassador) to the United States and eventually Federal Councillor and President of the Swiss Confederation, joined the Union Army as a volunteer. He was captured in Gettysburg and remained a prisoner of war for more than a year. Since colonial times, about half a million Swiss have immigrated to the U.S. Some of them, like Gallatin, Sutter, Chevrolet and Einstein, became famous; they have become part of the history of both countries. One million U.S. citizens are reported to be of Swiss descent.

Today more than 78,000 Swiss live in the United States compared with 62,000 twenty years ago. Among this new generation of Swiss-Americans in the United States are numerous successful and famous people such as film director Marc Forster, IndyCar Series racing driver Simona de Silvestro, Atlanta Hawks basketball player Thabo Sefolosha and current U.S. Senators and Co-Chairs of the Friends of Switzerland Caucus Rob Portman and Amy Klobuchar. These are only a few examples. There are many others who contribute to American society; they teach at universities, lead companies or pass on their skills to craftsmen.

The diplomatic relations between Switzerland and the United States have been based on trust and mutual appreciation ever since they were established in 1853. As an example of the high value placed on the long-standing political and diplomatic cooperation between our two countries, in 1961 the United States asked Switzerland to serve as its protecting power in Cuba and in 1980 in Iran. Switzerland remains committed to those mandates as long as its services are needed.

In the late 18th and 19th centuries, the United States and Switzerland were often referred to as Sister Republics. But what does that mean at a time when the United States has left the Monroe Doctrine far behind, its erstwhile policy of neutrality, and has become the predominant world power? What does that mean at a time when Switzerland is not a remote Alpine republic, but a very innovative, globalized country among the 20 leading economies?

Switzerland is neither an ally going to war with the United States nor a country that puts the strategic interests of the United States at risk. Does that lead to benign neglect in bilateral relations? Definitely not. The areas of close cooperation are manifold and fascinating. And I am convinced that there is important untapped potential. Last year, Switzerland chaired the Organization for Security and Co-operation in Europe (OSCE). The Ukraine crisis rapidly became the unexpected priority of the Swiss Chairmanship. The exchange with Washington was intense and good. Switzerland was also among the countries invited to the White House Summit on Countering Violent Extremism last February, one of the U.S. foreign policy priorities. Switzerland is particularly working against the root causes of extremism; it favors tolerant societies and does its share to offer young people other options than joining radical groups.

Strong and Ever-Growing Economic Ties

Our strong economic ties are, in my view, the most underrated part of Swiss-American relations. Even after the extensive briefings I had in Bern prior to taking office as Ambassador of Switzerland to the United States, I was surprised about Switzerland's strong footprint in the U.S. economy. Although the well-known discord about banking and tax issues has overshadowed Swiss-American relations for almost a decade, I would like to stress that the big picture is overwhelmingly positive.

The U.S. is Switzerland's second most important export market worldwide (after Germany). Exports to the U.S. have grown by an average of 10% annually over the last 10 years and continue to boom now. In 2014, they reached a new peak at 26 billion Swiss francs. On the other hand, the U.S. exports more products to Switzerland than to Scandinavia, the Baltic States and Austria combined and has become Switzerland's fifth most important supplier country. Last year, the bilateral trade volume reached a total of over USD 50 billion.

Although the country is less than 1% of U.S. territory in size, Switzerland is the 6th most important foreign investor in the U.S., with a cumulative amount of USD 209 billion. About 600 Swiss companies are active in the U.S. and create almost half a million jobs in all 50 states. Some 1.8 million indirect jobs are created by those investments in addition (vendors, suppliers and so forth). Switzerland invests more in the U.S. than in Germany, France, Italy and the U.K. combined. Conversely, total U.S. business investments in Switzerland amount to about USD 130 billion, translating into over 85,000 Swiss jobs. More than 1,600 American companies already operate in Switzerland, from early-stage innovators to well-known multinationals.

But it is not only about quantity. It is foremost about quality. Swiss investments in the United States are first in terms of ave-

rage salaries (roughly USD 100,000 per job). No other investor in the U.S. invests so much in research and development per workplace than Swiss companies. Swiss investments in the U.S. are not only beneficial to the U.S. They are important to the Swiss economy and in creating and maintaining jobs in Switzerland as well. For our companies, America has long been and will continue to be for many years to come a very attractive location to drive innovation and to produce high-quality goods.

Against this background, it is obvious why there would be a lot at stake for the Swiss economy if a Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and the European Union were concluded. Since the EU and the U.S. are Switzerland's two biggest trading partners absorbing two-thirds of all Swiss exports, TTIP would have significant implications for the Swiss export industry as well as for Switzerland as a business location. Switzerland is following the negotiations and examining the potential consequences for the Swiss economy. On the initiative of the EFTA countries (Switzerland, Norway, Iceland and Liechtenstein), a trade policy dialogue with the U.S. was established in 2013. The most recent meeting took place in Washington, D.C., last May. The institutionalized dialogue helps the information flow on the ongoing negotiations and offers a platform for conveying to the U.S. side the interests of the EFTA countries with regard to TTIP.

Banking and tax issues have almost become the main topic in our bilateral relations over the past years. I expect a swift conclusion of the U.S. program and fair treatment of Swiss banks in resolving this long-standing dispute. The ongoing proceedings are painful and often frustrating for the financial institutions concerned. But it will definitely not be the end of Swiss banking in the United States. Once again: however dissatisfying the past was, it never defined Swiss-U.S. relations and should never do so in the future. It would blind us to the many opportunities.

Science, Research, Technology and Education: Many Opportunities

Most outstanding, even for a diplomat like me, are the many opportunities in science, research, technology and education. As in other areas, the difference between the U.S. and Switzerland is the starting point for promising opportunities.

The U.S. is the worldwide leader in science and research. Switzerland, with almost no natural resources and its exceptionally considerable investment in people, is a strong performer in research and science. That is not a surprise. Switzerland's future will depend on its ability to innovate - as in the past.

Over the past years, Switzerland has constantly been listed among the countries with the highest research and development (R&D) spending in relation to gross domestic product. The majority of Swiss companies belong to the category of small and medium-sized enterprises, which depend on their innovation capacity as well as R&D to maintain a competitive advantage. The private sector covers roughly two-thirds of the total Swiss R&D expenditure.

Since Switzerland has only very few natural resources, we depend on highly skilled workers as well as on bright brains for our success in the world market. Switzerland can be considered a knowledge-based society. It is therefore not surprising that significant investments are made in the areas of education, research, and innovation - both in Switzerland and abroad. In the United States, Swiss companies are among the top investors contributing to foreign R&D spending. That presents a solid basis for cooperation between both countries.

At the university level, there is high mobility of students, lecturers and researchers between Switzerland and the U.S. With regard to international research cooperation, American scientists are involved in about 14% of Switzerland's international research partnerships, which makes the U.S. the most important partner for Swiss scientists.

Without a doubt, Switzerland is a highly attractive place for skilled people to work in. Switzerland has one of the most motivated, productive, skilled, and international workforces of any national economy. Its labor market is characterized by business-friendly legislation, light-touch regulation and exceptional social stability. It comes as no surprise that Switzerland has the best talent pool available, according to the IMD World Talent Report 2014.

The two swissnex houses in Boston and San Francisco as well as the Office of Science, Technology and Higher Education at the Embassy of Switzerland are important hubs for bringing people together and strengthening cooperation in these exciting areas.

Vocational Professional Education and Training: A Promising Area of Cooperation

For a long time I have been interested in VPET - or career and technical education, as it is called in the U.S. A lack of skilled labor is often an obstacle to investment and to economic growth, and it keeps unemployment high, especially among the young. It even plays a role in areas where you would not expect it, for instance, in the discussion on violent extremism when it is about giving young people better perspectives in their lives than joining extremist groups.

Recently, there has been increasing interest in the U.S. in learning about the Swiss model. American entrepreneurs and officials have become more and more familiar with our VPET system and have identified the great potential for the labor market of the fundamental idea of combining on-the-job training with classroom instruction. Both the Department of Labor and the Department of Commerce have launched initiatives to promote apprenticeships as an alternative career pathway.

Having identified the need for skilled workers a long time ago, several Swiss companies have established their own apprenticeship programs in the U.S. Among those, the two companies Bühler and Daetwyler can certainly be considered as role models for how the Swiss model could work in the U.S. Both companies, Bühler based in Minnesota and Daetwyler in North Carolina, have worked together with local community colleges to establish a teaching curriculum; they interact with the community to convince students and their parents of the advantages of the program and actively encourage business partners and other companies to offer similar programs.

Last January, Federal Councillor Johann N. Schneider-Ammann, together with Swiss business leaders, was invited to a roundtable at the White House with members of the U.S. cabinet and high-ranking advisors to President Barack Obama to discuss ways of strengthening economic relations between Switzerland and the U.S. and the Swiss VPET model, in particular.

I am delighted to see that VPET is currently on the political agenda and that both the United States and Switzerland want to strengthen vocational and professional education and training. Switzerland is prepared to share its longtime experience and to further cooperate with the United States in that regard.

Last but not least, one of my objectives as Ambassador of Switzerland to the United States is to present a more contemporary and more accurate image of Switzerland in the U.S. The current image is good but the knowledge about our nation is not very extensive, to put it diplomatically. There is nothing wrong with Heidi, mountains, watches, cheese and chocolate. But those images do not reflect our country with its present and future capabilities. For the Embassy of Switzerland and the Swiss Consulates General in the United States, public diplomacy will play an important role in reaching out to a broader American audience and to decision makers and opinion leaders.