

1.1 Swiss-American Business Relations - A View from Bern

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The global landscape has been challenged since my last message for the Chamber's Yearbook. But the strength of the relationship between the United States and Switzerland continues to grow in very positive ways. Looking back to before the coronavirus outbreak and reflecting on the past year, what a year it was!

In summer 2019, for the first time in history, a U.S. president, President Trump, hosted the Swiss President, President Maurer, in the White House Oval Office, to discuss our deepening economic and political ties. Following this historic meeting, Secretary of State Pompeo traveled to Switzerland to meet with Foreign Minister Cassis – the first official visit of a U.S. Secretary of State to Bern in over two decades and the first ever visit to Ticino. In November, Department of State Counselor Brechbuhl traveled to Bern and spoke at the Fall AmCham Board of Directors meeting. In January, President Trump made his second trip to the World Economic Forum for a bilateral meeting with President Sommaruga and other Federal Council members. Additional meetings between the Presidential delegation and WEF CEO Klaus Schwab and with Swiss CEOs were also very productive. President Trump used his time in Davos to make forward progress on the potential Swiss-U.S. Free Trade Agreement. These high-level meetings and visits are a testament to how the United States recognizes Switzerland as the diamond in Europe that she is – economically, culturally, and as a trusted partner in good offices.

Switzerland's efforts were recognized last summer when we reached an arrangement for the Swiss to act as a protecting power for U.S. interests in Venezuela – similarly to its valued role as the U.S. protecting power in Iran. I also joined with Daniela Stoffel at SECO to sign into effect the long-awaited Tax Treaty between the U.S. and Switzerland. In February 2020, we formalized a mechanism to facilitate the transfer of food and medical supplies from Switzerland to Iran in the Swiss Humanitarian Trade Arrangement. In its role as protecting power, Switzerland assisted U.S. citizens stranded in Iran during the coronavirus pandemic. Switzerland evacuated U.S. citizens from Myanmar and supported repatriation efforts for U.S. citizens in Kosovo and North Macedonia.

Swiss-U.S. economic ties remain strong. With a population of only 8.5 million people, Switzerland is the 7th largest source of FDI in the United States, with a cumulative direct investment in the United States of \$309 billion. We welcomed Missouri Governor Mike Parson to Switzerland last year, who met with leadership at Lindt & Sprüngli, the parent company of Russell Stover, which is headquartered in Missouri. The Governor also received a tour of Nestlé, which has over 3,500 employees across seven facilities in Missouri. South Carolina Governor Henry McMaster and others are scheduled for economic development visits in the coming year.

I've had more than 200 meetings with Swiss and Liechtenstein business leaders and traveled to the United States on multiple occasions to witness firsthand Swiss and Liechtenstein investment in the United States. Last year Liech-

tenstein celebrated its 300th year, and Embassy Bern moved our team to Vaduz to celebrate with a reception at the Princely Vineyards that attracted more than 100 guests who celebrated while I presented Prince Alois a signed congratulatory letter from U.S. President Donald Trump.

Last summer, I visited Utah for Stadler Rail's Grand Opening event, where I also learned more about their partnership with Salt Lake Community College and the Salt Lake School District to develop a vocational training program based on the Swiss apprenticeship model. I went on to South Carolina to celebrate the progress of a \$46 million expansion at Lonza AG with Governor Henry McMaster and ended in New Hampshire, where I met with the leadership at Lindt & Sprüngli. I traveled to Silicon Valley to meet with the CEO of Genentech to discuss the company's activities in California and other states. I also met with over a dozen Swiss startups at a roundtable hosted by Swissnex in San Francisco. In October, I embarked on a U.S. roadshow to meet with the CEO and President of Kudelski Group at its U.S. headquarters in Phoenix to discuss the company's vocational education program and U.S. footprint. I then traveled to Mississippi, where I joined Governor Phil Bryant at an event to mark the expansion of ABB's activities there.

Opportunities for Swiss-U.S. cooperation include defense manufacturing. Selecting American fighter aircraft and air defense systems in the Air 2030 procurement provides Switzerland with industrial advantages through U.S. offsets that European competitors simply cannot match. Specifically, Boeing, Lockheed Martin, and Raytheon Technologies will provide direct ties for Swiss industry to the massive U.S. defense industrial base and related, unrivaled global customer base. The Air 2030 offset program will allow Swiss companies to develop new opportunities in previously inaccessible markets, with lasting benefits to the Swiss economy and cantons all across Switzerland. In addition to the quantity of industrial participation opportunities, European competitors cannot match the quality of partnership with U.S. companies. Switzerland is traditionally an early adopter of latest technological advancements and selecting American systems will result in cooperation that can lead to new technological skills and expertise for Swiss industry. This will empower Swiss industry to maintain a leading role in aerospace and technology. We know that the United States offers the best products, and these offset opportunities will provide innovative prospects for Swiss industry.

Aerospace is just one example of many for greater economic cooperation and collaboration. Changing global circumstances will provide us more space to strengthen our relationship. Just look at the innovation of Swiss companies with a U.S. presence and U.S. companies in Switzerland as they sprang into action in the fight against COVID-19. (I'm sure I don't have to remind readers that the Global Innovation Index (GII) ranked Switzerland the world's leader in innovation in 2019, while the United States was ranked first in the "quality of innovation" and third overall.)

Thanks to the hard work of many in the embassy and Swiss government, I am proud of the effort undertaken by both countries to protect important intellectual property issues. Switzerland passed the Copyright Protection law, which prompted the U.S. Government to remove Switzerland from the Intellectual Property 301 watch list as of April 2020. This is the result of Swiss and U.S. leaders hard work to guard intellectual property protections and the rule of law.

Roche received U.S. Food and Drug Administration (FDA) approval for a coronavirus test kit. The diagnostic systems should enable test results to be obtained in three and a half hours; previously it took twice as long. President Trump singled out the company's "incredible" work on COVID-19 testing.

Novartis has also done incredible work, reaching an agreement with the FDA to proceed with a Phase III clinical trial with approximately 440 patients to evaluate the use of hydroxychloroquine for the treatment of hospitalized patients with COVID-19. The clinical trial drug supply will be provided by Novartis subsidiary Sandoz.

Geneva-based Firmenich, the world's largest privately-owned perfume and taste company, reconfigured its production lines in March to make hand sanitizer gel, and recently announced it will increase its production capacity to 100 tons for hospitals and emergency services across the USA and Switzerland. Firmenich USA is overseeing the distribution of 60 tons of hand sanitizer gel to hospitals, medical centers, midwives, care workers, emergency services, public transportation, NGOs and community associations supporting the pandemic efforts in the U.S.

Similarly, in response to the growing demand for hand sanitizer to limit the spread of COVID-19, Givaudan, the global leader in flavors and fragrances, set up a dedicated production line in Geneva to donate 60 tons of hand sanitizer for Swiss hospitals in the region. In addition, smaller quantities of hand sanitizer are being produced in the U.S.

The U.S. Huntsman Corporation recently announced it would begin making hydro alcoholic solution to produce hand sanitizer. At its manufacturing site in Monthey, Huntsman will produce approximately 50 tons of hand sanitizer to donate free of charge to hospitals and pharmacies.

Hamilton USA has been in contact with the White House on numerous occasions regarding the production of life-saving ventilators in collaboration with GM. The company was recently awarded a contract for the production of 25,000 ventilators, most of which will be produced in the United States.

Apprenticeships also offer fruitful ground for collaboration in these uncertain economic times, and the United States is showing enthusiasm in following the Swiss model. Over 30 Swiss companies have created or joined apprenticeship programs at their local facilities in the United States. And that number is growing! To create more opportunities to train the workforce of the future, beyond the traditional four-year college, the United States heavily relies on private sector involvement and experienced companies to lead the way. A few recent Swiss examples: Swiss bicycle-component manufacturer DT Swiss in Colorado was approached by school administrators who were looking to build a Swiss-style apprenticeship program for high-school aged students in their district. DT Swiss energetically joined the program and took on their first apprentice in summer 2017 in the manufacturing department. A second apprentice started last summer and is being trained in the logistics department. Digital security company Kudelski recently started training cyber security apprentices at its Phoenix site. They wanted to show that apprenticeships

are not just limited to manufacturing jobs, but they thrive in white-collar professions as well. Overall, Swiss-style apprenticeships can be found in over 20 U.S. states.

Last summer, the U.S. Department of Education led a delegation of U.S. community college presidents to Switzerland. They wanted to learn how Switzerland links its education system with the business world. The program included engaging visits at Oertli, Zurich Insurance, the Federal Institute of Technology (ETH) in Zürich, and many more. The participants returned home with great new ideas about creating more apprenticeship opportunities in their home states.

Apprenticeships and workforce development were at the top of the agenda for U.S. officials at the World Economic Forum—U.S. Secretary of Labor Scalia's visit to Davos focused on growing the number of Swiss companies committed to establishing apprenticeship programs in the United States. Over the course of three days, he had 27 meetings to advance this goal. Senior Advisor to the President Ivanka Trump also furthered her agenda of workforce development, promoting the Pledge to America's Workers at an event with CEOs and discussing the American Workforce Policy Advisory Board at each of her press engagements.

Our countries clearly share central principles – a commitment to competitiveness, longstanding traditions of innovation, and an entrepreneurial spirit. These are underpinned by deeply rooted common values of democracy, decentralized power, and individual responsibility – longstanding principles that have withstood the test of time. While it is too soon to say with any certainty what the long-run impacts of the COVID-19 crisis will be on the global economy, I think many companies will take a hard look at their global supply chains and move to invest more internally and with reliable countries who share the commitment to freedom, entrepreneurship, and rule of law. That realignment could have a lasting and positive impact on the trade and investment relationship between the United States and Switzerland, two advanced and innovative economies that share these underlying values.