Data and Profiles - Market Profiles

# Switzerland: Market Profile

19 March 2021

Fitch Solutions


**1. Overview**

Switzerland's liberal economic system, stable political environment and close integration with the economies of other countries make it an attractive business location. The country has a federalist structure and is divided into three political levels: federal, cantonal and municipal. Many foreign firms base their European or regional headquarters in Switzerland because they are drawn to its low corporate tax rates, productive, highly skilled and multilingual workforce and well-developed infrastructure and transport networks. Switzerland will remain a major exporter of value-added manufactured goods and services over the medium term and the government's prudent fiscal policy means that the country is unlikely to suffer a period of fiscal austerity because of the deteriorating global economic conditions resulting from the Covid-19 pandemic. Although the country is expected to experience its sharpest fall in GDP in decades and there remains a risk that the referendum on free movement arrangements with the EU, postponed by the pandemic, will upset the established economic order, Switzerland's solid fiscal profile and the 'safe-haven' status of Swiss assets mean the country remains well placed to recover strongly from the coronavirus-driven global downturn in 2020.

Source: Fitch Solutions

**2. Major Economic/Political Events and Upcoming Elections**

May 2019
The Federal Act on Tax Reform and Swiss Pension System Financing proposal to bring Switzerland's corporate tax system in line with Organisation for Economic Co-operation and Development (OECD) standards was approved by the Swiss parliament on September 28, 2018 and was accepted by 64.4% of Swiss voters in a May 19, 2019 popular vote.

June 2019
Disagreements with the European Union (EU) over the stalled framework agreement – designed to more closely align Swiss and EU regulations – led the EU to let Switzerland's stock exchange equivalence expire on June 30, prompting Swiss authorities to ban trading of Swiss equities in European trading venues.

October 2019
The Swiss People's Party (SVP) won 53 out of 200 seats in the October 2019 federal election, winning the largest number of seats in the National Council, although the party also lost the most ground while the Green Party gained the greatest number of seats.

February 2020
Switzerland's ban on large events resulted in the cancellation of the Geneva motor show.

March 2020
The Federal Council announced a comprehensive package of measures to mitigate the economic consequences of the Covid-19 pandemic, including government-guaranteed low-interest loans from Swiss banks for small and medium-sized enterprises to provide them with liquidity to cover their fixed costs despite a Covid-19 related loss of turnover. Other relief measures were introduced for the self-employed, trade fairs, sports, cultural and tourism sectors.

May 2020
A referendum had been scheduled for May 17 on whether to revoke free movement of EU citizens. Rejecting free movement could potentially end Switzerland's participation in the Schengen system. On March 20 the Federal Council postponed the referendum because of the Covid-19 pandemic.

Switzerland's watchmaking industry suffer in 2020 as it was crippled by the coronavirus pandemic.

June 2020
The volume of gold being shipped from Switzerland to the United States reached record levels, reversing the usual order of the global gold market, in which Switzerland is the biggest refining and transit centre.

Switzerland and the United Kingdom signed a joint statement pledging to deepen cooperation in the area of financial services.

July 2020
Swiss semiconductor company VAT Group posted higher than expected sales and orders for the second quarter of 2020 after experiencing good demand from the sector.

A taxation study index by BAK Economics revealed that the Swiss canton of Nidwalden would have the world's lowest corporate tax rate by 2025, eclipsing Hong Kong as the best company tax haven.

Swiss Re reported a USD1.1 billion loss in the first half of 2020 as a result of claims related to the coronavirus pandemic.

Data from the e-bike market in Switzerland showed that it had improved further on the upward trend of recent years, with imports up just under 24% in the year to June 2020.

Swiss companies exported USD530 million in war materiel in the first half of the year, which was twice as much as the same period in 2019.

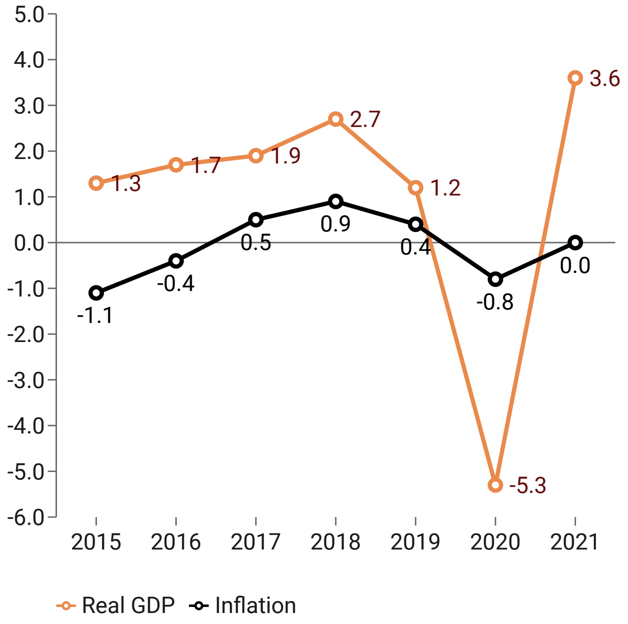
February 2021
Roche had obtained the European CE marking for its SARS-CoV-2 rapid antigen test (nasal) for detecting antigen from SARS-CoV-2 in individuals suspected of having Covid-19. The test would be available by mid-February 2021 in countries accepting the CE mark.

Sources: BBC Country Profile – Timeline, Reuters, Swissinfo, Federal Department of Finance, Fitch Solutions

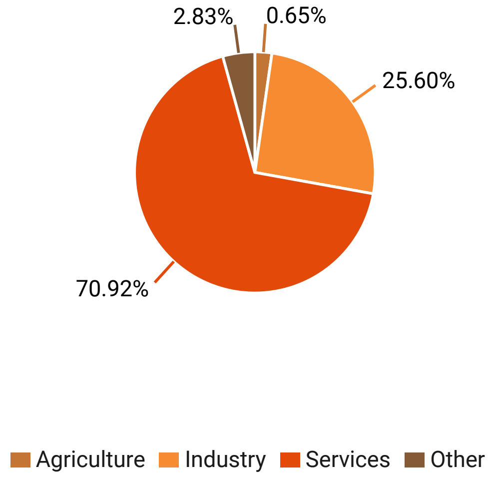
## Real GDP and Inflation

## GDP by Sector (2019)

% share

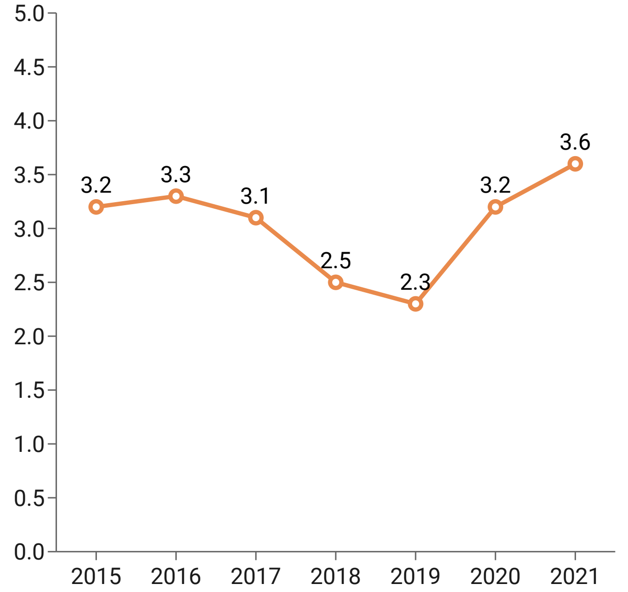



2020 (estimate); 2021 (forecast)
Sources: IMF, World Economic Outlook Database
Date last reviewed: February 3, 2021



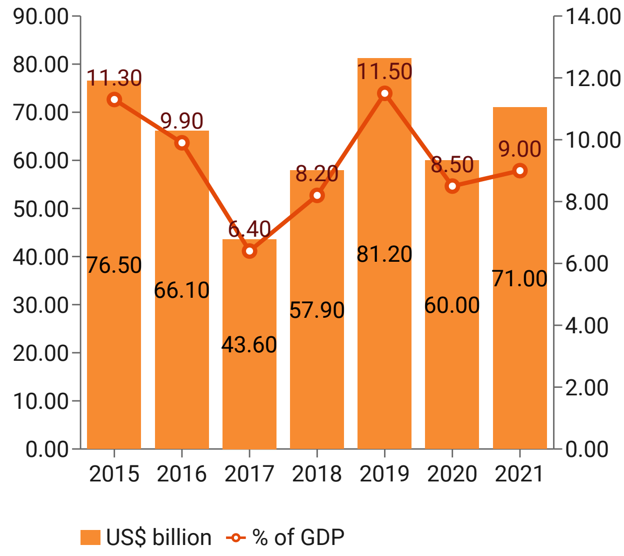

Note: 2019 is latest data available
Sources: World Bank, Fitch Solutions
Date last reviewed: February 3, 2021

## Unemloyment Rate




2020 (estimate); 2021 (forecast)
Sources: IMF, World Economic Outlook Database
Date last reviewed: February 3, 2021

## Current Account Balance




2020 (estimate); 2021 (forecast)
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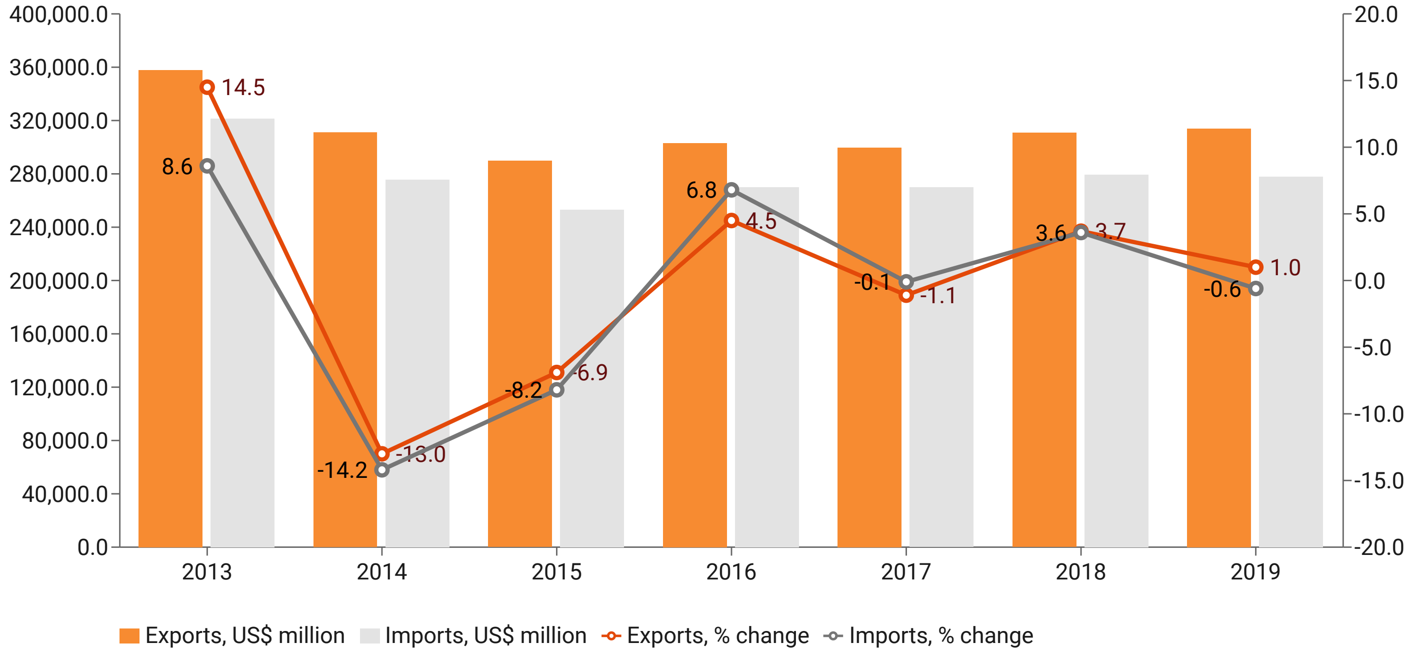
Date last reviewed: February 3, 2021

### 4.1 Merchandise Trade

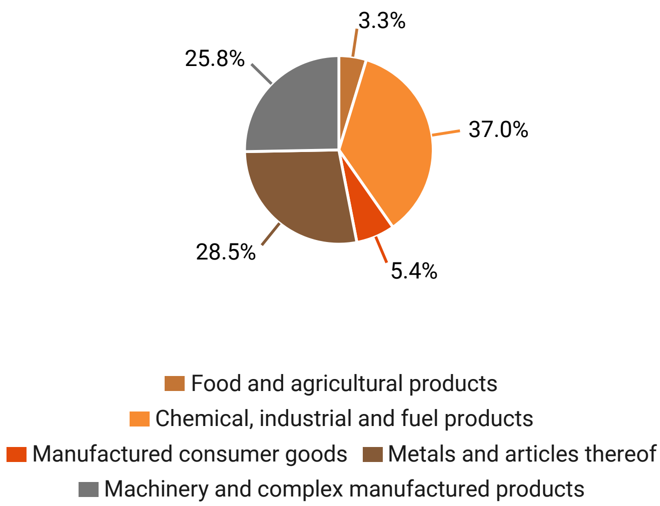
## Merchandise Trade




Source: WTO
Date last reviewed: February 3, 2021

## Major Export Commodities (2019)

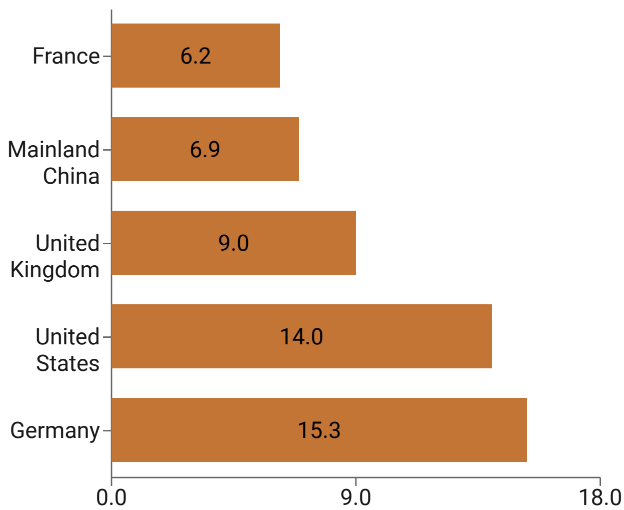
% share




Note: 2019 is the latest available data
Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: February 3, 2021

## Major Export Markets (2019)

% share



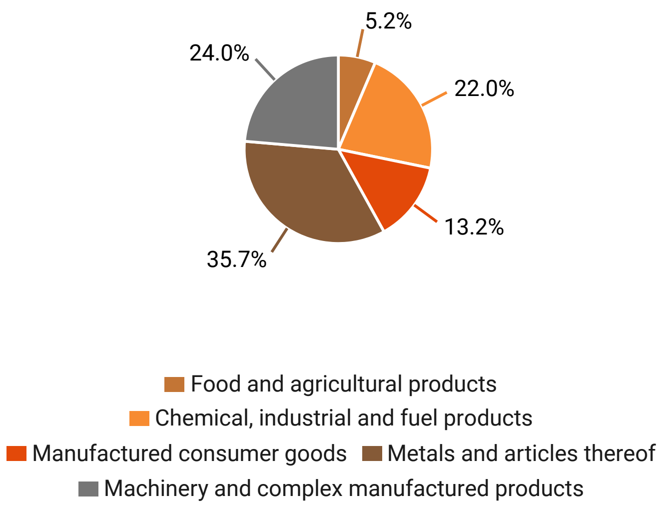

Note: 2019 is the latest available data
Sources: ITC-Trade Map, Fitch Solutions
Date last reviewed: February 3, 2021

## Major Import Commodities (2019)

% share

## Major Import Markets (2019)

% share

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Sources: ITC-Trade Map, Fitch Solutions
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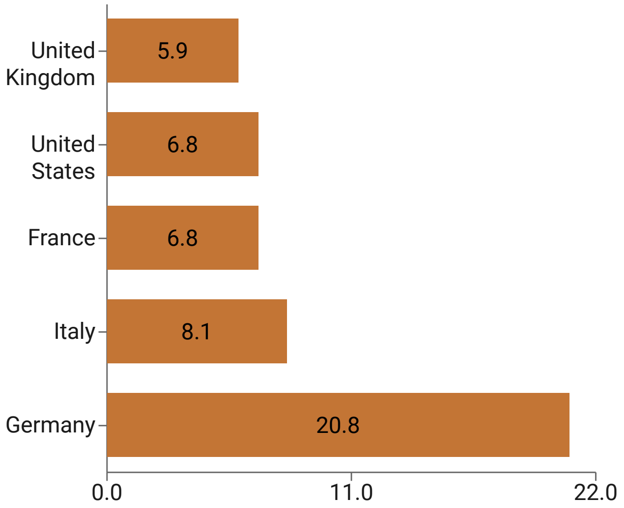


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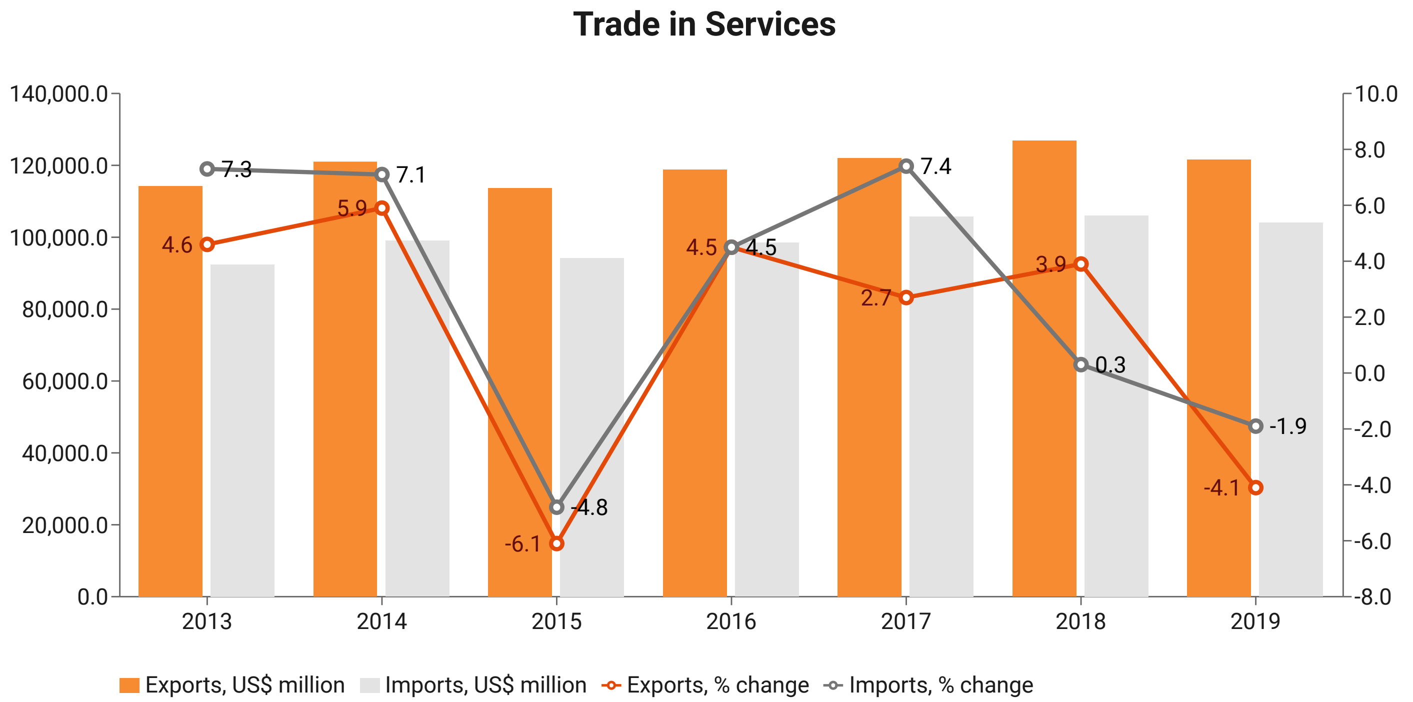
Date last reviewed: February 3, 2021

#### 4.2 Trade in Services




Note: 2019 is the latest available data
Source: WTO
Date last reviewed: February 3, 2021

#### 5. Trade Policies

- Switzerland has been a World Trade Organization (WTO) member since July 1995 and a member of the General Agreement on Tariffs and Trade since August 1966. In 1961, Switzerland signed the Convention on the OECD.

- The WTO concluded in 2017 that Switzerland has regularly notified its draft technical regulations, ordinances and conformity assessment procedures to the WTO Technical Barriers to Trade (TBT) Committee. Switzerland has been a signatory to the Trade Facilitation Agreement since September 2, 2015.

- Since 1960, Switzerland has been a member of the European Free Trade Association (EFTA) but is not a member of the EU.

- All goods arriving in Switzerland from abroad are generally subject to customs duty and import VAT. The customs duty is calculated on the gross weight of imported goods, where category-specific weight rates apply. Products like alcoholic drinks, tobacco products, food and textiles are typical categories of higher duty rates. Imported goods have been subject to import VAT of generally 7.7% since January 2018 (previously 8%). A reduced rate of 2.5% applies on certain goods (eg, food, non-alcoholic beverages, books, magazines and pharmaceutical products).

- There are some restrictions in place with regard to agricultural goods such as bovine genetics products. Some city and cantonal governments offer access to an ombudsman, who may address a wide variety of issues involving individuals and the government but does not focus exclusively on investment issues. Imports of nearly all agricultural products are subject to seasonal import duties and quotas.

- Switzerland has strong intellectual property rights (IPR) protections. Federal customs authorities in Switzerland can seize counterfeit goods on request from the IPR holder or from related interest groups. Goods can be seized for up to 10 days if there is reasonable suspicion that they are counterfeit. If an IPR holder requests that the goods be destroyed, the owner of the goods can dispute the claim in writing within 10 days.

- Switzerland currently has a network of over 30 free trade agreements with 40 partners outside the EU, and new agreements are continually being negotiated.

- Most of the Swiss agreements are concluded within the context of the EFTA. In addition, Switzerland is entitled to negotiate free trade agreements without the involvement of EFTA.

- Switzerland's free trade policy is aimed at improving the framework conditions for economic relations with partner countries and opening up export markets. The goal of this policy is to provide Swiss companies with stable, non-discriminatory and unobstructed access to these countries' markets when compared to their main competitors.

- The EFTA states have entered into Declarations on Cooperation with a number of partners. This declaration provides a platform for an institutionalised dialogue on possibilities for deepening economic relations. This may lead to more negotiations about free trade agreements (FTAs).

- EFTA FTAs with Euro-Mediterranean partners as well as with Canada and the Southern African Customs Union (SACU) primarily contain provisions on the movement of goods and on the protection of IPR. In the area of trade in goods, EFTA FTAs regulate trade in industrial products, fish and processed agricultural products. Trade in basic agricultural products is covered in separate bilateral agricultural agreements in parallel to the main agreement. These agreements are concluded between each EFTA state and the respective partners. The reason for this is that the EFTA states do not have a common agricultural policy.

- The EFTA FTAs with Bosnia-Herzegovina, Central American countries, Chile, Colombia, the Gulf Cooperation Council, Mexico, Montenegro, Singapore, South Korea, Peru, Ukraine and the bilateral Agreements on Free Trade and Economic Partnership between Switzerland and Japan and Switzerland and Mainland China are more comprehensive. In addition to provisions on IPR and the movement of goods, these agreements also contain obligations regarding inter alia trade in services, investment and public procurement.

Sources: WTO – Trade Policy Review, State Secretariat for Economic Affairs, Fitch Solutions

**6. Trade Agreement**

**6.1 Trade Updates**

- As of January 1, 2021, Switzerland's relations with the United Kingdom (UK) are governed by new bilateral agreements. The Federal Council has concluded new agreements based on its Mind the Gap strategy, which aims to ensure legal continuity and safeguard mutual rights and obligations.

- The UK is an important political and economic partner for Switzerland. Since October 2016, in the wake of the UK's vote to leave the EU, the Federal Council has applied its Mind the Gap strategy to ensure that the existing mutual rights and obligations between both countries are safeguarded. Following the departure of the UK from the EU on January 31, 2020, Switzerland declared that it would not change the relationship with the UK in the near future. The bilateral agreements between Switzerland and the EU continue to apply to the UK until the end of the transition period on December 31, 2020.

- Switzerland has since concluded five new agreements with the UK in the areas of trade, road transport, air transport, insurance and citizens' rights. Based on the Agreement on the Free Movement of Persons, the citizens' rights agreement safeguards the rights that Swiss citizens in the UK and British citizens in Switzerland acquire before the end of the transition period. The new agreements will enter into force at the end of the transition period.

- The UK was Switzerland's third-largest trading partner in 2019, with a trade volume of over CHF44.6 billion. In 2019 the UK was the third most important market for the export of Swiss services, while Switzerland ranked third for British direct investments. Switzerland's economic relations with the UK are significant; it is therefore important to secure the legal framework post-Brexit and, where possible and appropriate, to develop it further (Mind the Gap+).

**6.1 Multinational Trade Agreements**

Active

1. EFTA: EFTA is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland. The EFTA was set up in 1960 to promote free trade and economic integration. The four EFTA states are open, competitive economies that are committed to the liberalisation of trade as well as to FTAs. These states jointly negotiate FTAs with partners outside the EU to improve their competitive position and increase market access for their products. As a result, companies in the EFTA countries enjoy access to one of the world's largest networks of preferential trade relations, which continues to expand because of its ambitious agenda of negotiations. The EFTA has 29 FTAs covering 44 countries and territories outside the EU.

2. Switzerland-EU FTA: Switzerland does not form part of the European Economic Area (EEA) agreement between the EU and the other EFTA states, but does have a separate bilateral agreement with the EU. The FTA between Switzerland and the EU states (what was then the European Economic Community) entered into force on January 1, 1973. The FTA covers industrial goods and processed agricultural products while abolishing customs duties and quotas. Further packages of sectoral agreements were signed in 1999 and 2004. The EU is Switzerland's largest trade partner, purchasing 52% of exports and supplying 70% of imports. Switzerland and the EU have approximately 120 different bilateral agreements, governing political, economic, social and commercial relations. These agreements are being renegotiated but the process has been difficult and prolonged, with relations between the two sides strained.

3. EFTA-Mexico: The EFTA states signed an FTA with Mexico in Mexico City on November 27, 2000. The agreement entered into force on July 1, 2001. The FTA covers trade in industrial products as well as fish and marine products. In addition, bilateral agricultural agreements between the individual EFTA countries and Mexico have been concluded which form part of the instruments creating the free trade area. Among the objectives of the agreement (Article 1) are the progressive liberalisation of trade in goods in conformity with Article XXIV of the General Agreement on Tariffs and Trade and the liberalisation of trade in services in conformity with Article V of the General Agreement on Trade in Services.

4. EFTA-Hong Kong: The EFTA states signed an FTA with Hong Kong and Mainland China in Schaan, Liechtenstein, on June 21, 2011. The agreement entered into force on October 1, 2012 for Hong Kong, Iceland, Liechtenstein and Switzerland and November 1, 2012 for Norway. The agreement is comprehensive in scope, including trade in goods (industrial and processed agricultural goods, fish and other marine products), trade in services, investment, protection of intellectual property rights, government procurement, competition, trade and environment, and provisions on dispute settlement. Bilateral arrangements on agricultural products also form part of the instruments establishing the free trade area between both sides. Alongside the FTA, the parties concluded an Agreement on Labour.

Awaiting Ratification

EFTA-Turkey: The EFTA states signed an FTA with Turkey in Geneva, Switzerland, on December 10, 1991. The agreement entered into force on April 1, 1992. The EFTA states signed a modernised and expanded FTA in Sauðárkrókur, Iceland, on June 25, 2018. The new agreement will enter into force and replace the existing one once it is ratified by the EFTA states and Turkey. The modernised FTA covers trade in goods (industrial products as well as fish and marine products and processed agricultural products), trade in services, the protection of intellectual property rights, government procurement, competition, and trade and sustainable development. The Swiss government has delayed fully signing off on the trade deal.

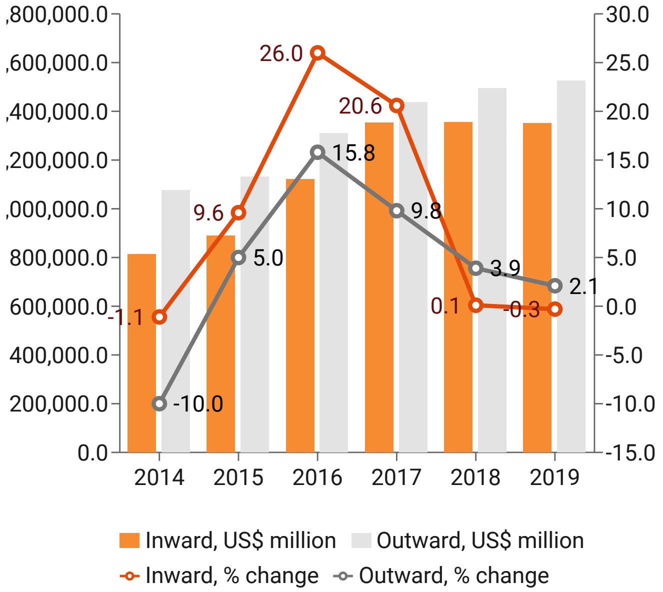
Sources: EFTA, State Secretariat for Economic Affairs, Fitch Solutions

**7. Investment Policy**

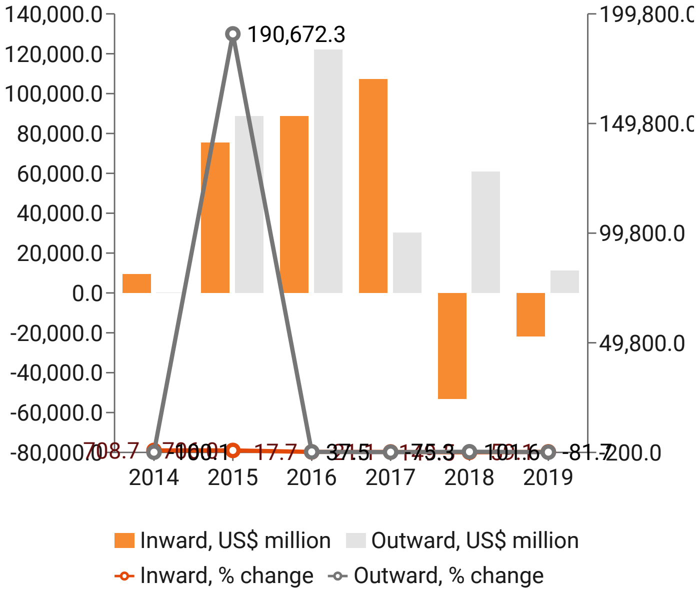
**7.1 Foreign Direct Investment**

## Foreign Direct Investment Stock

## Foreign Direct Investment Flow




Note: The UNCTAD July update now defines this data as Switzerland, Liechtenstein; 2019 is the latest available data
Source: UNCTAD
Date last reviewed: August 3, 2020

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Source: UNCTAD
Date last reviewed: August 3, 2020

**7.2 Foreign Direct Investment Policy**

1. The Switzerland Global Enterprise (SGE) has a nationwide mandate to attract foreign business to Switzerland on behalf of the Swiss Confederation. SGE promotes Switzerland as an economic hub and fosters imports, exports and investments. Each canton has a business promotion office that helps facilitate real estate location, beneficial tax arrangements and employee recruitment plans. These regional and cantonal investment promotion agencies do not require a job-creation threshold or a minimum investment to provide assistance. However, these offices generally focus resources on attracting medium-sized entities that have the potential to create between 50 and 249 jobs in their region.

2. At the national level, the Swiss government enacts laws and regulations governing corporate structure, the financial system and immigration, and concludes international trade and investment treaties. The Swiss federal system grants Switzerland's 26 cantons and largest municipalities significant independence to shape investment policies and set incentives to attract investment. This federal approach to governance has helped the Swiss maintain long-term economic and political stability, a transparent legal system, an extensive and reliable infrastructure and efficient capital markets.

3. Cantons offer competitive corporate income tax (CIT) rates for cantonal and communal tax purposes. Depending on the specific cantonal and communal tax location in Switzerland, the ordinary overall (federal, cantonal and communal) CIT rates applicable on profit before tax may vary between approximately 11.4% and 21.6%.

4. Setting up a company in Switzerland requires registration at the relevant cantonal commercial registry. The cost for registering a company is typically USD1,300 to USD15,200, depending on the company type. These costs mainly cover the Public Notary and entry into the Commercial Registry. Other steps/procedures for registration include:

    - placing paid-in capital in an escrow account with a bank;
    - drafting articles of association in the presence of a notary public;
    - filing a deed certifying the articles of association with the local commercial register to obtain a legal entity registration;
    - paying the stamp tax at a post office or bank after receiving an assessment by mail;
    - registering for VAT; and
    - enrolling employees in the social insurance system (federal and cantonal authorities).

5. Swiss corporate shares can be issued both as registered shares (in the name of the holder) or bearer shares. As long as the shares are not listed on a stock exchange, Swiss companies may, in their articles of incorporation, impose certain restrictions on the transfer of registered shares to prevent hostile takeovers by foreign or domestic companies (article 685a of the Code of Obligations). Hostile takeovers can also be annulled by public companies; however, legislation introduced in 1992 made this practice more difficult. Public companies must cite in their statutes significant justification (relevant to the survival, conduct and purpose of their business) to prevent or hinder a takeover by a foreign entity. An 'opt-out' clause is available for firms which do not want to be taken over by a hostile bidder, but such opt-outs must be approved by a super-majority of shareholders and must take place well in advance of any takeover attempt.

6. Public corporations may limit the number of registered shares that can be held by any shareholder to a percentage of the issued registered stock. In practice, many corporations limit the number of shares to 2-5% of the relevant stock. Under the public takeover provisions of the 2015 Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading and its 2019 amendments, a formal notification is required when an investor purchases more than 3% of a Swiss company's shares.

7. Those wishing to establish banking operations in Switzerland must obtain prior approval from the Swiss Financial Market Supervisory Authority (FINMA), a largely independent agency, administered under the Swiss Federal Department of Finance. FINMA promotes confidence in financial markets and works to protect customers, creditors and investors.

8. FINMA approval of bank operations is generally granted if the following conditions are met: reciprocity on the part of the foreign state; the foreign bank's name must not give the impression that the bank is Swiss; the bank must adhere to Swiss monetary and credit policy; and a majority of the bank's management must have their permanent residence in Switzerland. Otherwise, foreign banks are subject to the same regulatory requirements as domestic banks.

9. Banks organised under Swiss law must inform FINMA before they open a branch, subsidiary, or representation abroad. Foreign or domestic investors must inform FINMA before acquiring or disposing of a qualified majority of shares of a bank organised under Swiss law. If exceptional temporary capital outflows threaten Swiss monetary policy, the Swiss National Bank, the country's independent central bank, may require other institutions to seek approval before selling foreign bonds or other financial instruments. On December 20, 2008, government deposit insurance of individual current accounts held in Swiss banks was raised from a maximum protect amount of CHF30,000 to CHF100,000.

10. There are currently no restrictions on converting, repatriating, or transferring funds associated with an investment (including remittances of capital, earnings, loan repayments, lease payments and royalties) into a freely usable currency and at the a legal market clearing rate.

11. The Swiss government implements the OECD Due Diligence Guide for Responsible Supply Chains of Minerals from Conflict and High Risk Areas. Switzerland is a member of the Extractive Industries Transparency Initiative and supports the Better Gold Initiative, which promotes responsible gold mining in Peru, with plans to expand to Bolivia and Colombia.

12. The Swiss government created a blockchain task force in January 2018 to foster cooperation between the traditional banking sector and the nascent industry and to discuss potential legal and regulatory reforms to attract blockchain technologies while maintaining anti-money laundering controls. In December 2018, the Swiss government endorsed a report on the legal framework for blockchain and distributed ledger technology (DLT) in the financial sector with the goal of creating favourable conditions for Switzerland to establish itself and evolve as a leading location for fintech and DLT companies. On March 22, 2019, the Swiss government initiated consultations on adapting federal legislation to recent developments in DLT. At a meeting on June 19, 2020, the Federal Council took note of the report on the need to amend tax law with regard to blockchain and concluded that no special legislative amendments to tax law are necessary, and also felt that existing VAT law is sufficient to deal with distributed ledger technology (DLT) and blockchain.

13. A federal ordinance requires the placement of all risks physically situated in Switzerland with companies located in the country. Therefore, it is necessary for foreign insurers wishing to provide liability coverage in Switzerland to establish a subsidiary or branch within the country.

14. Many of Switzerland's cantons make significant use of financial incentives to attract investment to their jurisdictions. Some of the more forward-leaning cantons have occasionally waived taxes for new firms for up to 10 years.

15. The new Federal Act on Tax Reform and Swiss Pension System (AHV) Financing (TRAF) proposal to bring Switzerland's corporate tax system in line with OECD standards was approved by the Swiss parliament on September 28, 2018 and was accepted by 64.4% of Swiss voters in a May 19, 2019 popular vote. Entering into force on January 1, 2020, TRAF will oblige Swiss cantons to offer the same corporate tax rates to both Swiss and foreign companies, but will allow cantons to continue to set their own cantonal rates and offer incentives for corporate investment through deductions and preferential tax treatment for certain types of income.

16. The major laws governing foreign investment in Switzerland are the Swiss Code of Obligations, the Lex Friedrich/Koller, Switzerland's Securities Law, the Cartel Law and the Financial Market Infrastructure Act. There is no specific screening of foreign investment beyond a normal anti-trust review. Citing Switzerland's existing comprehensive and effective set of rules to prevent unwanted takeovers in critical infrastructure sectors, the Federal Council decided on February 19, 2019 against adopting an investment screening mechanism. The council argued that it would not bring additional benefits to Switzerland and recommended maintaining the status quo with further monitoring and review of the situation over four years.

17. Some former public monopolies retain their historical market dominance despite partial or full privatisation. Foreign investors sometimes find it difficult to enter these markets due to high entry costs and the relatively small size and linguistic divisions of the Swiss market.

18. The Swiss agricultural sector remains one of the most protected and heavily subsidised markets in the world. Switzerland's agricultural sector receives substantial government support (direct payments comprise two-thirds of an average farm's profits) and has one of the lowest levels of productivity among OECD members.

19. Foreign and domestic enterprises may engage in various forms of remunerative activities in Switzerland and may freely establish, acquire and dispose of interests in business enterprises in Switzerland. There are, however, some investment restrictions in areas under state monopolies, including certain types of public transportation, postal services, alcohol and spirits, aerospace and defence, certain types of insurance and banking services, and the trade in salt. Restrictions (in the form of domicile requirements) also exist in air and maritime transport, hydroelectric and nuclear power, operation of oil and gas pipelines, and the transportation of explosive materials.

20. There are no 'forced localisation' laws designed to require foreign investors to use domestic content in goods or technology. The Swiss Federal Council decided on February 9, 2014 to exclude foreign-held companies from bidding on particular critical infrastructure projects that have a strong nexus between information and communication technologies (ICT) and the Federal Administration. While the Federal Council's decision does not spell out specific sectors subject to this exclusion, it is widely interpreted to apply to ICT projects linked to areas such as Switzerland's defence, railways, energy grid, and the Swiss National Bank. A legal interpretation of this decision is still pending. Were a foreign bidder to challenge a bidding exclusion based on this decision, a Swiss court would determine whether the ruling applied to the specific sector involved.

21. Switzerland has been a member of the International Centre for Settlement of Investment Disputes (ICSID) since June 14, 1968, and a member of the New York Convention on Recognition and Enforcement of Foreign Arbitral Law since June 1, 1965. Switzerland's Federal Act on Private International Law (Article 190 and 194) sets a minimum standard for the implementation of international arbitration awards in Switzerland.

22. While Switzerland enforces intellectual property rights linked to patents and trademarks effectively, enforcement of copyright on the Internet has been less effective. In 2020 USTR confirmed Switzerland remained problematic due to online and broadcast piracy ranking but that it had been removed from the Special 301 Watch List due to long-awaited amendments to the Swiss Copyright Act, which came into force on April 1, 2020, which addressed specific difficulties in Switzerland's system of online copyright protection and enforcement. The United States noted that it will carefully monitor the implementation, interpretation and effectiveness of the newly enacted legislation.

23. Switzerland follows strict privacy laws and certain data may not be collected in the country, because it is deemed personal and particularly 'worthy of protection'.

24. Key sectors that have attracted significant investment in Switzerland include IT, precision engineering, scientific instruments, pharmaceuticals and machine building. Switzerland hosts a significant number of start-ups.

25. Switzerland's free ports (in effect, bonded warehouses) remain an important hub particularly for art works, antiquities and collectibles from all over the world. The country has taken steps in recent years to minimise the risks of abuse in free ports and to ensure that processes are in line with international standards.

26. Switzerland Innovation (SI) has five sites nationwide where universities and companies can network and collaborate to create products and services that can be marketed successfully. The SI ecosystem means researchers, talented individuals and innovative entrepreneurs can share ideas and generate domestic and foreign R&D investment.

27. Innosuisse is the Swiss Innovation Promotion Agency to promote science-based innovation in the interests of industry and science in Switzerland. (Innosuisse replaced the Commission for Technology and Innovation.) Innosuisse aims to increase the competitiveness of small and medium-sized enterprises (SMEs) in Switzerland, to fund innovative projects and help start-ups to find international business and research partners.

28. Switzerland has 112 bilateral investment treaties in force and two others are signed but not yet in force.

29. Switzerland has 34 treaties with investment provisions in force with individual countries and economic blocs worldwide.

30. According to the World Economic Forum's The Global Competitiveness Report 2019, Switzerland ranked fifth, down one place since 2018.

31. INSEAD's The Global Talent Competitiveness Index 2019, ranked Switzerland top, maintaining its leading global position.

32. According to The 2020 Foreign Direct Investment Confidence Index produced by A.T. Kearney, Switzerland has risen three places to 10th, its highest ranking since 2018. The improvement may be because investors are attracted by the country's political and financial stability, highly educated workforce and innovation capabilities.

Sources: Swiss Financial Market Supervisory Authority, Switzerland Global Enterprise, The Federal Council, UNCTAD, Switzerland Innovation, Innosuisse, Fitch Solutions

**7.3 Free Trade Zones and Investment Incentives**

| Free Trade Zone/Incentive Programme | Main Incentives Available |
|---|---|
| General incentives | Many cantons offer tax incentives for newly established companies or for expansion investments, such as tax holidays or significant cantonal and communal tax relief for up to 10 years. In some economic development regions and regional centres, a tax holiday may even be granted for federal corporate income tax purposes if certain conditions are met. A number of research and development incentives and aid programmes may benefit foreign businesses. |
| Privileged cantonal tax regimes | Many cantons offer privileged corporate tax regimes. It is usually possible to get an up-front confirmation from a cantonal tax authority that the planned business activities of an entity are meeting the requirements as foreseen by the relevant cantonal tax laws for a specific privileged tax regime.<br><br>With the Swiss tax reform entering into effect as of January 1, 2020, the privileged cantonal tax regimes will be abolished, replacing them with other measures. The cantons provide for specific transition rules for companies that have to change from a privileged tax regime to an ordinary taxation. |
| Holding company tax regime | - A qualifying holding company is exempt from all cantonal/communal CIT (with the exception of income from Swiss real estate, which is subject to tax after deduction of typical mortgage expenditures on such real estate).<br><br>- A holding company is only subject to an effective CIT rate of 7.83% (ie, federal CIT rate) prior to participation relief for qualifying dividends and capital gains. Usually a reduced capital tax rate at the cantonal/communal level applies.<br><br>- Companies that meet the following conditions are eligible for the holding company tax status:<br>• The primary purpose of the company must be to hold and to manage long-term equity investments in subsidiaries, and this purpose must be stated in the by-laws.<br>• The company must not be engaged in a commercial activity in Switzerland.<br>• The company must pass an alternative asset or income test, whereby either two-thirds of the company's assets must consist of substantial shareholdings or participations or two-thirds of total income of the company must consist of participation income (dividend income or capital gains) from such shareholdings and participations.<br><br>- An advance confirmation is obtainable from the cantonal tax authorities clarifying that a specific company will qualify for the criteria of the holding company status as foreseen by the relevant cantonal tax laws prior to forming such holding company.<br><br>- Companies that only carry out administrative functions in Switzerland but have no commercial activities are typically eligible for the domicile company tax status. |
| Bonded warehouses or freeports | - Switzerland is home to around 10 bonded warehouses and more than 200 open bonded warehouses, and Swiss companies also operate a number of major bonded warehouses abroad.<br><br>- A bonded warehouse, sometimes referred to as a freeport, is a storage facility overseen directly by customs officials in which items can be stored without being imported into the country in which the bonded warehouse is situated. Goods stored in bonded warehouses remain 'in transit' for as long as they remain in these warehouses.<br><br>- Swiss VAT is only paid if the goods are removed from the bonded warehouse and 'imported' into Switzerland, at which time regular customs procedures are followed. If the goods are transferred to another bonded warehouse, they maintain their VAT-exempt status. If items are transferred directly from the bonded warehouse to another country, import duties are only paid in the country of import.<br><br>- An open bonded warehouse is a bonded warehouse at which customs officials do not have a permanent physical presence. Typically, these are either smaller storage facilities or warehouses used as logistics hubs by freight transporters.<br><br>- Customs authorities can inspect at any time the goods held in open bonded warehouses, and transactions are audited by customs on an ongoing basis. Because they are self-regulated, open bonded warehouse operators are required to deposit money at customs as collateral against the possibility of tax discrepancies. The cost of this deposit is usually passed on to customers. |

| | |
|---|---|
| Mixed trading company tax regime | - Contrary to a company benefiting from the classical domicile company tax status, a company benefiting from the mixed trading company tax status is allowed to undertake limited commercial activities in Switzerland. As a general rule, at least 80% of the income from commercial activities of a mixed trading company must derive from non-Swiss sources (therefore a maximum of 20% of income may be linked to Swiss sources). Many cantons also require that at least 80% of the costs must be related to activities undertaken abroad.<br><br>- Insofar as a company fulfils the above-mentioned criteria, it may benefit from the mixed trading company tax regime. Depending on the concrete Swiss activity and infrastructure, the portion subject to cantonal and communal income taxes generally varies between 5% and 25% of the foreign-source income and is normally higher than it is for domicile companies. |

Sources: National sources, Fitch Solutions

**8. Taxation – 2021**

- Value Added Tax: 7.7%
- Corporate Income Tax: 8.5%

Source: Swiss Federal Tax Administration

**8.1 Important Updates to Taxation Information**

- Based on the results of base erosion and profit shifting (BEPS), Switzerland has launched several actions in order to implement BEPS measures into its tax law. Generally, Switzerland-headquartered multinationals with revenue exceeding CHF900 million are required to prepare a country-by-country report. All firms that meet this criteria had to draw up a first country-by-country report in 2019 for 2018, and the automatic exchange of these reports between the partner states started in 2020. The implementation of further BEPS actions into Swiss tax law and double tax treaties (DTTs) is an ongoing process. In addition, on June 7, 2017, Switzerland signed the multilateral instrument (MLI). Switzerland will implement minimum standards either within the framework of the MLI or by means of the bilateral negotiation of DTTs. The MLI was approved by the Swiss parliament during the standard parliamentary approval process in 2019, but has not entered into effect yet with any other country either than Luxembourg. The MLI will include a principal purpose test based on which treaty benefits may be refused if an abusive arrangement exists.

- The Swiss VAT law was partially revised and some key changes have been effective since January 2018, with three rate levels: ordinary (7.7%), special (3.7%) and reduced (2.5%).
  The tax liability of foreign companies that supply goods to Switzerland is also now calculated on the worldwide turnover. Accordingly, if a company generates less than CHF100,000 from the supply of goods to Switzerland, but at least CHF100,000 in turnover globally, it is liable for VAT in Switzerland starting with its first Swiss franc of turnover. Electronic newspapers, magazines and books without advertising character are subject to the reduced Swiss VAT rate of 2.5%. On January 1, 2019, a new regulation for foreign-based mail-order companies entered into effect. Mail-order companies are liable for VAT in Switzerland if they generate at least CHF100,000 annual turnover from small consignments to Switzerland that are import tax free.

- In May 2019, Swiss voters approved the Federal Act on Tax Reform and AHV Financing (TRAF). Switzerland has therefore, from January 1, 2020, abolished tax regimes that are no longer compatible with international standards. The law allows individual cantons to reduce broad-based headline tax rates. The enactment of TRAF will result in Switzerland being removed from the European Union's 'grey list' of countries that had committed to complying with international tax standards, but had not yet implemented these standards.

- In March 2020 the Swiss FTA announced, in response to the Covid-19 global pandemic, a series of federal-level support packages amounting to CHF73 billion. These included partial unemployment compensation, financial aid to particularly affected firms, loan guarantees for small and medium-sized enterprises, and compensation for cancelled events. In addition, no interest on late payments will be levied for all tax invoices in relation to Federal Tax which are due between March 1, 2020, and December 31, 2020.The FTA recommends benevolent treatments of requests for postponement or even waivers of tax payments due in case such payments would be very harmful to the taxpayers. The Cantonal Tax Authorities announced similar measures, which vary by canton.

**8.2 Business Taxes**

| Type of Tax | Tax Rate and Base |
|---|---|
| CIT | 8.5% on profit after tax; In addition to the direct federal CIT, each of the 26 cantons has its own tax law and levies cantonal and communal corporate income and capital taxes at different rates. Therefore, the tax burden of income (and capital) varies from canton to canton. Some cantonal and communal taxes are imposed at progressive rates. Depending on the company's location of corporate residence in Switzerland, the overall combined effective CIT rate varies between approximately 12% and 22%. |
| VAT | - General rate of 7.7%<br>- Goods for basic needs are subject to VAT at the reduced rate of 2.5%. Services in connection with the provision of lodging are subject to VAT at the special rate of 3.7%. |

| | |
|---|---|
| Withholding taxes (WHT) | For both residents and non-residents, generally the rate is 35% on dividend income and 0% on royalties. For interest, the rate for residents is 0% but for non-residents it is between 0% and 35%. Treaties may mean different rates for non-resident recipient corporations and individuals. |
| Securities Transfer Tax | The ordinary tax rate of Swiss securities transfer tax is 0.15% for securities issued by a tax resident of Switzerland and 0.3% for securities issued by a tax resident of a foreign country. |
| Pension and occupational insurance | If an employee is subject to the Swiss social security system, the following contributions are compulsory: Old-Age and Survivors' Insurance (8.7%, half paid by employer and half by employee); Disability Insurance (1.4%, half paid by employer and half by employee); unemployment insurance (2.2%, half paid by employer and half by employee); family compensation fund (0.3%–3.5%, usually paid by employer); occupational accident insurance (0.17%, paid by employer); and occupational pension scheme (variable contributions, usually shared between employer and employee). |
| Stamp duty | Three types of stamp duties exist: issuance duty (1% on the fair market value of the contribution), transfer duty (1.5% for domestic securities and 3% for foreign securities) and the duty on insurance premiums (generally 5%, though single-premium redeemable life polcies are 2.5%). |
| Corporate capital tax (levied at the cantonal and the communal levels only, not at the federal level) | The ordinary capital tax rates vary between 0.001% and 0.508%, depending on the company's location of corporate residence in Switzerland. Reduced capital tax rates usually apply for companies subject to a special cantonal tax regime (eg, holding companies, domicile companies, mixed trading companies). |

Sources: Swiss Federal Tax Administration, Swiss Federal Social Insurance Office
Date last reviewed: February 3, 2021

**9. Foreign Worker Requirements**

**9.1 General Requirements**

The requirements for entry into Switzerland depend on the purpose (for example, tourism, business, family reunification or studies) and duration of stay (short- or long-term stay). Since December 12, 2008, Switzerland has been one of 26 member states in the Schengen Area, an agreement that means there is one common visa and no border controls. The Schengen Association Agreement stipulates that short stays may not exceed 90 days in any 180-day period. The agreement is specifically intended to facilitate the travel of tourists, visitors and business travellers for these brief periods of stay and has no impact on the activities of Swiss customs. Because Switzerland is not a member of the EU Customs Union, customs and goods inspections continue at Swiss external and internal borders. In connection with these inspections (to ascertain the origin and destination of goods) and for personal protection, checks on persons may also be carried out if necessary. For individuals who are required to hold a visa, Switzerland issues Schengen visas for a stay up to 90 days that are valid for the whole Schengen area. Foreign nationals require a valid and accepted travel document to enter Switzerland and a visa is required in certain cases.

**9.2 Visitor's Requirements**

Foreign visitors who have entered Switzerland in compliance with the relevant regulations and are not taking up any form of employment (or if the gainful activity performed in Switzerland does not exceed eight days per calendar year) are not required to have a residence permit if the duration of their stay does not exceed three months. Their stay must not exceed a total of 90 days in any 180-day period. For the purpose of the computation of this 90-day period, it is necessary to consider all stays in each Schengen state. Individuals requiring a visa must observe the duration of stay specified in their visa.

**9.3 Work Permit**

Foreign nationals intending to work in Switzerland must apply for a work permit. A foreigner who wants to perform a gainful activity in Switzerland must be in possession of an authorisation. Any activity (independent activity or dependent employment) that normally procures a gain is considered to be a gainful activity, even if the activity is performed for free or if the remuneration only covers basic expenses.

EU or EFTA countries as well as EU/EFTA nationals seconded to Switzerland may work up to eight days in a calendar year in Switzerland without a work permit (depending on the nationality, visa requirements may apply). However, depending on the nationality of the individual and on the location of the assigning company, the approach of the Swiss authorities may vary. Depending on the sector, the eight-day rule may not apply. For certain sectors, an online announcement or work permit application must be filed by the first day of activity. Every gainful activity exceeding the eight days referred to above requires a work permit, an authorisation or the filing of the appropriate announcement.

Switzerland has a dual system for the admission of foreign workers. Gainfully employed nationals from EU/EFTA member states can benefit from the Agreement on the Free Movement of Persons (ALCP) if they have entered into a local employment contract in Switzerland. The non-EU/EFTA workers (foreign nationals), as well as EU/EFTA workers coming to Switzerland under assignment (for more than 90 working days per calendar year), do not benefit from the ALCP. The Federal Law on Foreign Nationals (LEtr) and its ordinance (OASA) govern the procedure for obtaining a work permit. The LEtr and its ordinance have recently been revised. The new version of the Federal Law entered into force in January 2019. The aim of the revision is mainly to reinforce the requirements for the integration of foreign nationals in Switzerland.

**9.4 Obtaining Foreign Worker Permits and Special Cases**

Non-EU/EFTA workers (foreign nationals), as well as EU/EFTA workers coming to Switzerland under assignment (for more than 90 working days per calendar year), do not benefit from the agreement on the free movement of persons.

On June 17, 2016, the Swiss parliament approved the protocol extending the free movement of persons to Croatia (Protocol III), which entered into force on January 1, 2017. Although Croatia joined the EU in July 2013, the country has not been included in the ALCP. Consequently, Croatian nationals admission to Switzerland is governed by the LEtr and its ordinance.

However, transitional measures will apply as Switzerland progressively grants access to its labour market to Croatian nationals and will have the possibility of limiting the immigration of Croatian workers through the use of quotas for a total duration of 10 years. In addition, on April 18, 2018, the Swiss Federal Council decided to extend, for an additional 12 months, the application of the safeguard clause of the ALCP for Bulgarian and Romanian nationals. This decision took effect on June 1, 2018. As a result, Bulgarian and Romanian nationals will continue to be subject to quotas for long-term work and residence permits (B permits) in Switzerland. The Federal Council may also reintroduce quotas for short-term work and residence permits (L permits) if the threshold provided by the ALCP for L permits delivered to Bulgarian and Romanian workers is reached at a certain point.

**9.5 Quotas and Rules for Non-EU/EFTA Citizens**

Switzerland's immigration policy for foreign nationals is selective and restrictive in the sense that only a limited number of executives, specialists and other qualified employees are admitted to work in Switzerland. The following significant criteria apply:

- Foreign nationals may be permitted to work only if it is proven that no suitable domestic employees or citizens of states with which an agreement on the free movement of persons has been concluded can be found for the job. Certain exceptions apply, in particular with respect to seconded foreign employees and international transfers of specialists and executives within a group of companies.
- Quotas limiting the number of work permits also apply (except for L work permits).
- Foreign nationals may be admitted to work only if the salary and employment conditions customary for the location, profession and sector are satisfied.

Swiss law imposes a quota system that limits the number of available permits for third-country nationals, Croatian nationals, all EU/EFTA nationals who are seconded to Switzerland for more than four months, and to some extent, Bulgarian and Romanian nationals.

**9.6 Short-Term Work Permits (L Permits)**

One category of short-term work permits (L permits) is the four-month/120-day permit, which does not fall under the Swiss quota system described above. Under this type of permit, all foreign nationals may take up short-term employment for a maximum of four consecutive months, or 120 days, spread throughout a 12-month period.

Typically, four-month/120-day permits are granted to executives or specialists who are needed either once or periodically in Switzerland to perform time-limited tasks. However, Swiss law does not allow a system of rotating employees every four months or 120 days (for example, one employee comes for 120 days and is replaced by another, who is then replaced by another). The number of these short-term foreign nationals may not exceed one-fourth of an organisation's total staff.

The second category of L permits is granted for a period between four months and one year and are generally issued for project-related stays or short-term assignments. Such permits are subject to quotas. After one year, the L permit may be extended for another year (the permit may be extended for a maximum of 24 months in total).

**9.7 Long-Term Work Permits**

Long-term work permits (B permits) are granted if an employment contract for an undetermined duration or for a duration greater than 24 months exists. B permits have a validity of five years for all EU/EFTA nationals and of one year (then two years) for third-country nationals. The B permits are renewable until obtaining the C permit.

Permanent residence permits (C permits) are available in Switzerland to all foreign nationals who have lived in the country for a time period that varies depending on citizenship and bilateral treaties (five years of residence are required for citizens of most European countries and 10 years for most non-EU citizens).

C permit holders may engage in any legal activity in Switzerland. They may change their employment or profession without approval. C permits are granted for an unlimited duration, but the permit card must be renewed every five years. The permit lapses if the permit holder gives notice of departure from Switzerland to the municipality's local registration office, forfeits his or her residence or lives abroad for more than six months. For stays abroad for up to four years, the permit may be frozen if an application is filed in due time.

**9.8 Localisation Requirements**

Further to the national referendum approval of the Stop Mass Immigration initiative of February 2014, several changes have been made to existing immigration laws, which aim to limit immigration through improved local workforce management. These new provisions introduce increased obligations on organisations seeking to sponsor foreign nationals to work in Switzerland as of July 1, 2018.

In particular, for certain job vacancies, employers are required to advertise job vacancies in Swiss cantonal public unemployment offices, provided that the profession sought is listed as exceeding a certain threshold of unemployment rate at the national level (that is, 8% from July 1, 2018 until December 31, 2019, and 5% as of January 1, 2020). The government will annually provide confirmation of these particular categories of jobs. Swiss employers will need to regularly reference these categories to determine whether the professional sector or industry in which they are seeking to hire is listed as exceeding the threshold rates and adapt their recruiting process accordingly.

Noncompliance with these obligations may result in a penalty up to CHF40,000, depending on whether the employer acted with intent. Merely negligent behaviour is subject to a CHF20,000 penalty.

Sources: National sources, Fitch Solutions

**10. Risks**

**10.1 Sovereign Credit Ratings**

| | Rating (Outlook) | Rating Date |
|---|---|---|
| Moody's | Aaa (Stable) | 27/11/2020 |
| Standard & Poor's | AAA (Stable) | 26/06/1989 |
| Fitch Ratings | AAA (Stable) | 11/12/2020 |

Sources: Moody's, Standard & Poor's, Fitch Ratings

**10.2 Competitiveness and Efficiency Indicators**

| | World Ranking | | |
|---|---|---|---|
| | 2018 | 2017 | 2020 |
| Ease of Doing Business Index | 33/190 | 38/190 | 36/190 |
| Ease of Paying Taxes Index | 19/190 | 20/190 | 20/190 |
| Logistics Performance Index | 13/160 | N/A | N/A |
| Corruption Perception Index | 3/180 | 4/180 | 3/180 |
| IMD World Competitiveness | 5/63 | 4/63 | 3/63 |

Sources: World Bank, IMD, Transparency International

**10.3 Fitch Solutions Risk Indices**

| | World Ranking | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| **Economic Risk Index Rank** | **21/201** | **21/201** | **19/201** |
| Short-Term Economic Risk Score | 72.1 | 68.3 | 75.8 |
| Long-Term Economic Risk Score | 74.8 | 73.4 | 73.3 |
| **Political Risk Index Rank** | **6/201** | **9/201** | **9/201** |
| Short-Term Political Risk Score | 92.1 | 90.2 | 90.2 |
| Long-Term Political Risk Score | 90.2 | 89.7 | 89.7 |
| **Operational Risk Index Rank** | **4/201** | **4/201** | **4/201** |
| Operational Risk Score | 78.8 | 78.6 | 78.6 |

Source: Fitch Solutions
Date last reviewed: February 3, 2021

**10.4 Fitch Solutions Risk Summary**

ECONOMIC RISK

Switzerland will remain a major exporter of value-added manufactured goods and services over the medium term, although economic growth will become increasingly driven by domestic demand in the coming decade. The government's prudent fiscal policy before and since the global financial crisis will mean that Switzerland will not need to suffer a period of fiscal austerity in response to globally deteriorating economic conditions. Growth in 2020 contracted considerably, reflecting reduced private consumption (impaired by restrictions on citizen movement) and poor labour market conditions. Fiscal stimulus should soften the economic blow and corporate-tax reforms should buttress growth and aid a stronger rebound in 2021. Switzerland's already extremely high GDP per capita will continue to edge higher in the years ahead, driven by consistent private consumption growth and gross fixed capital formation, and a favourable net export position.

OPERATIONAL RISK

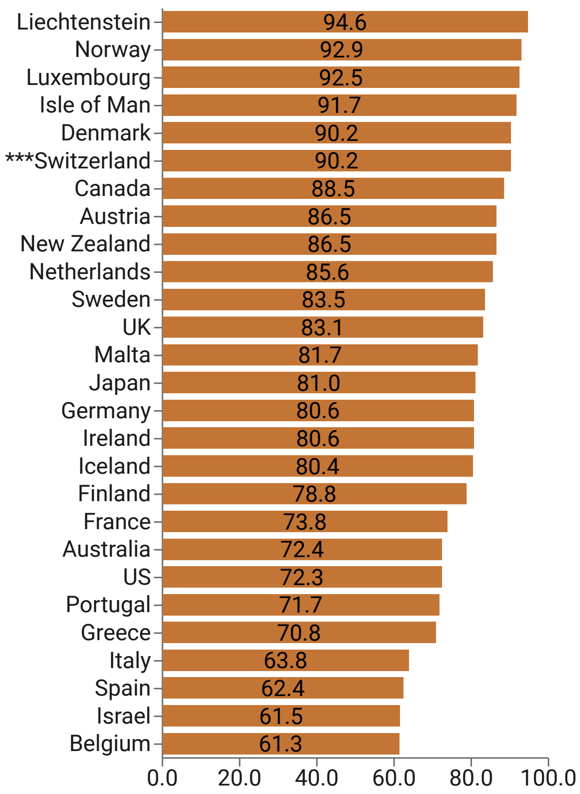
The Swiss labour force is highly educated and highly skilled, and hiring and firing practices are less restrictive than in other European locations. The economy is capital intensive and geared towards high value-added products and services. Switzerland is home to a highly developed and internationalised financial services sector, as well as manufacturing expertise in chemicals, pharmaceuticals, machinery, watches and precision instruments. Many foreign companies choose Switzerland as a gateway to markets in Europe, the Middle East and beyond. In 2019, the World Economic Forum rated Switzerland the world's fifth most competitive economy, reflecting the country's sound institutional environment and high levels of technological and scientific research and development. According to the Organisation for Economic Co-operation and Development (OECD), Swiss public administration ranks high globally in output efficiency and enjoys the highest public confidence of any national government in the OECD.

Source: Fitch Solutions

Date last reviewed: February 3, 2021

**10.5 Fitch Solutions Political and Economic Risk Indices**

## Short Term Political Risk Index

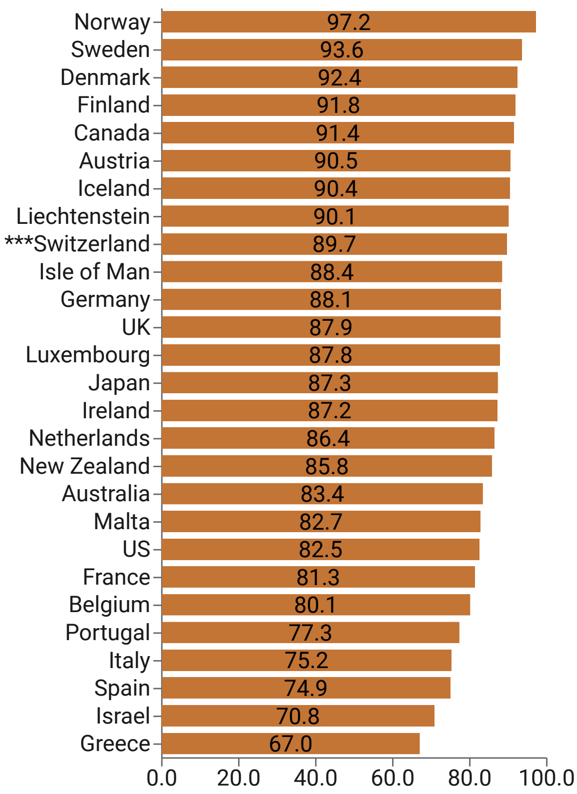



100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: February 3, 2021

## Long Term Political Risk Index



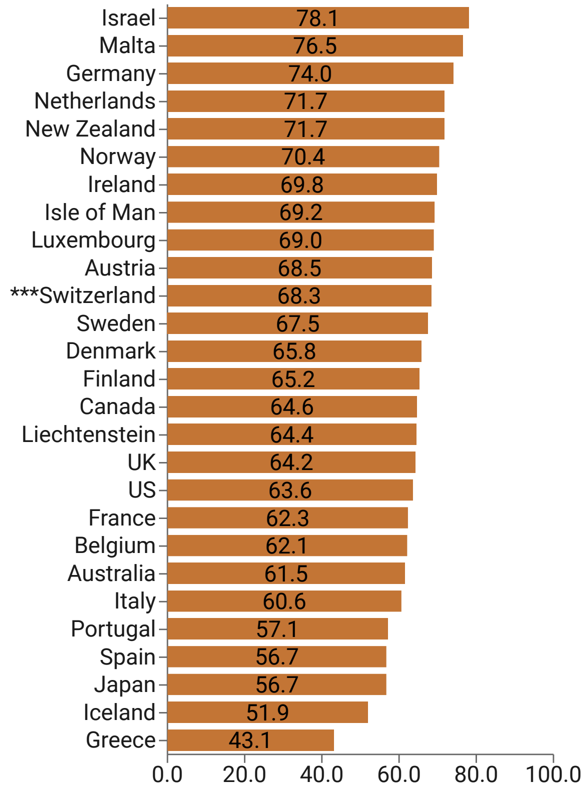

100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: February 3, 2021

## Short Term Economic Risk Index

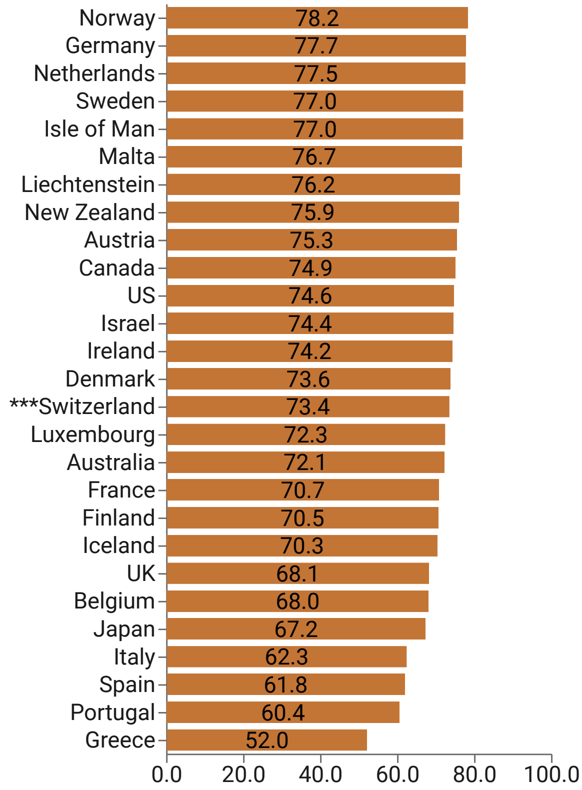
## Long Term Economic Risk Index




100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: February 3, 2021




100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Political and Economic Risk Indices

Date last reviewed: February 3, 2021

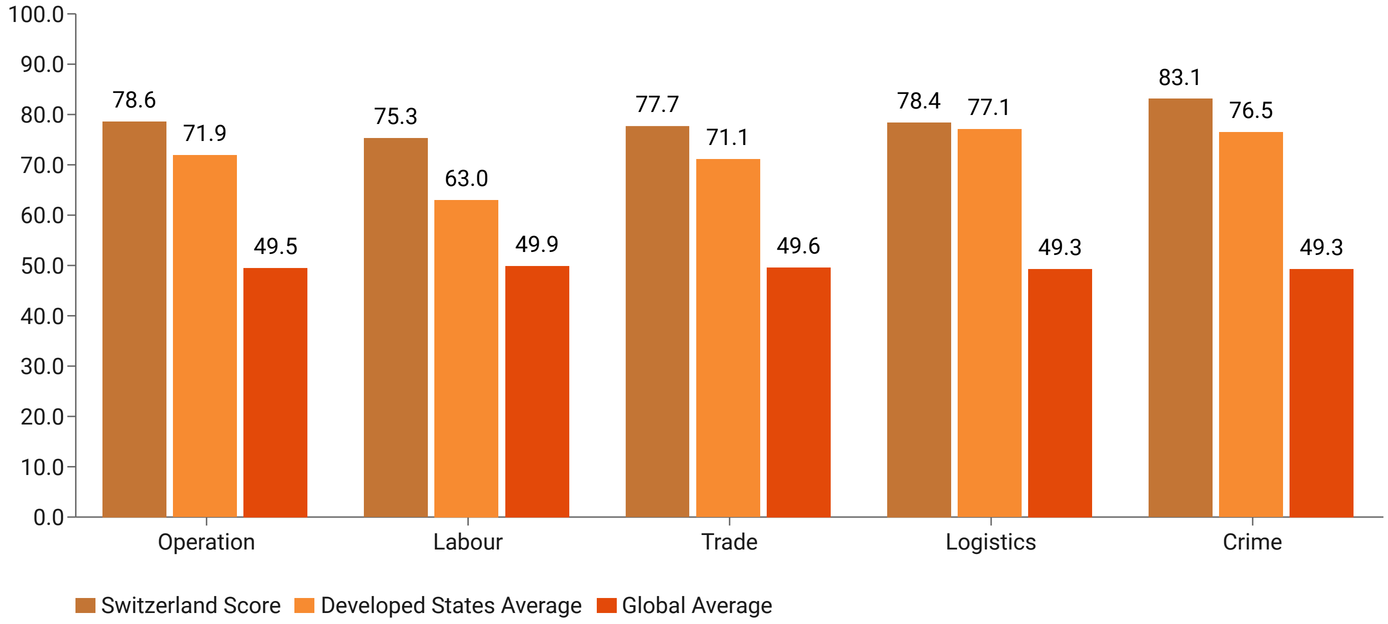
**10.6 Fitch Solutions Operational Risk Index**

| | Operational Risk | Labour Market Risk | Trade and Investment Risk | Logistics Risk | Crime and Security Risk |
|---|---|---|---|---|---|
| **Switzerland Score** | **78.6** | **75.3** | **77.7** | **78.4** | **83.1** |
| Developed States Average | 71.9 | 63.0 | 71.7 | 77.1 | 76.5 |
| Developed States Position (out of 27) | 2 | 2 | 6 | 16 | 5 |
| Global Average | 49.5 | 49.9 | 49.6 | 49.3 | 49.3 |
| Global Position (out of 201) | 4 | 3 | 9 | 19 | 6 |

100 = Lowest risk; 0 = Highest risk

Source: Fitch Solutions Operational Risk Index

## Switzerland vs Global and Regional Operational Risk Averages




Note: 100 = Lowest Risk, 0 = Highest Risk
Source: Fitch Solutions Operational Risk Index
Date last reviewed: February 3, 2021

| Country/Region | Operatonal Risk | Labour Market Risk Index | Trade and Investment Risk Index | Logistics Risk | Crime and Secruity Risk Index |
|---|---|---|---|---|---|
| Denmark | 79.2 | 71.8 | 77.5 | 84.9 | 82.4 |
| **Switzerland** | **78.6** | **75.3** | **77.7** | **78.4** | **83.1** |
| Netherlands | 77.9 | 66.4 | 78.5 | 86.4 | 80.4 |
| United States | 77.2 | 79.7 | 76.1 | 85.4 | 67.4 |
| New Zealand | 77.2 | 71.6 | 74.7 | 74.6 | 87.7 |
| Sweden | 76.8 | 67.5 | 77.7 | 83.3 | 78.5 |
| Norway | 75.9 | 63.5 | 72.3 | 79.7 | 88.3 |
| Canada | 75.9 | 73.2 | 74.0 | 78.5 | 78.0 |
| United Kingdom | 75.3 | 71.0 | 77.9 | 77.8 | 74.7 |
| Austria | 74.8 | 61.0 | 72.7 | 84.8 | 80.8 |
| Luxembourg | 74.4 | 55.9 | 78.2 | 83.9 | 79.6 |
| Finland | 74.1 | 54.1 | 73.2 | 85.4 | 83.7 |
| Ireland | 73.7 | 65.9 | 79.3 | 70.5 | 79.0 |
| Australia | 72.8 | 68.4 | 73.2 | 71.7 | 78.1 |
| Spain | 72.4 | 60.5 | 71.0 | 79.7 | 78.4 |
| Japan | 71.7 | 68.3 | 66.0 | 80.3 | 72.2 |
| Belgium | 71.4 | 56.6 | 76.1 | 79.9 | 72.9 |

| | | | | | |
|---|---|---|---|---|---|
| Germany | 71.2 | 64.1 | 68.5 | 80.5 | 71.8 |
| France | 71.1 | 60.2 | 71.1 | 81.4 | 71.9 |
| Iceland | 70.2 | 59.3 | 67.1 | 67.0 | 87.4 |
| Portugal | 69.7 | 52.3 | 67.5 | 80.1 | 78.9 |
| Israel | 68.2 | 72.2 | 68.2 | 69.9 | 62.5 |
| Liechtenstein | 64.8 | 48.9 | 63.2 | 69.9 | 77.1 |
| Malta | 63.9 | 55.2 | 68.9 | 62.3 | 69.3 |
| Isle of Man | 63.8 | 53.0 | 60.3 | 61.3 | 80.6 |
| Italy | 63.3 | 53.5 | 60.0 | 75.2 | 64.5 |
| Greece | 57.0 | 52.8 | 49.4 | 69.7 | 55.9 |
| Developed Markets Averages | 71.9 | 63.0 | 71.1 | 77.1 | 76.5 |
| Global Markets Averages | 49.5 | 49.9 | 49.6 | 49.3 | 49.3 |

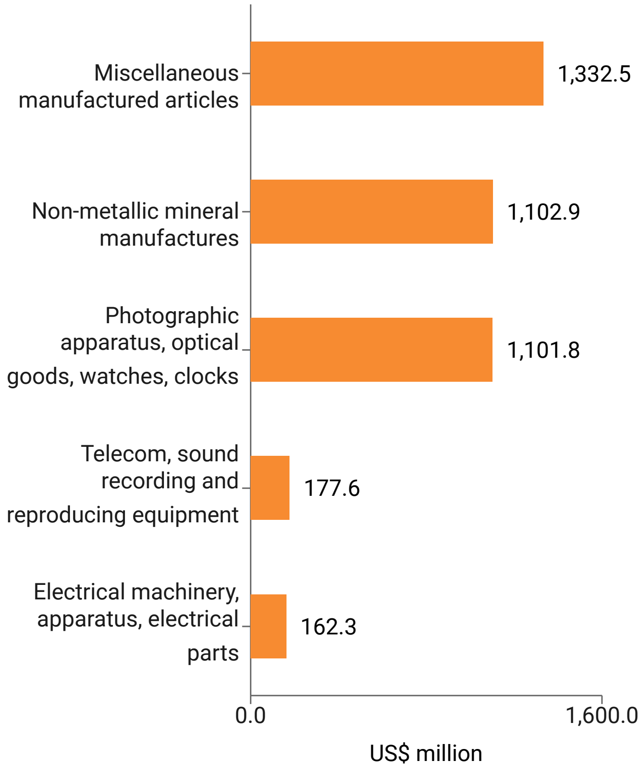
100 = Lowest risk; 0 = Highest risk
Source: Fitch Solutions Operational Risk Index
Date last reviewed: February 3, 2021

**11. Hong Kong Connection**

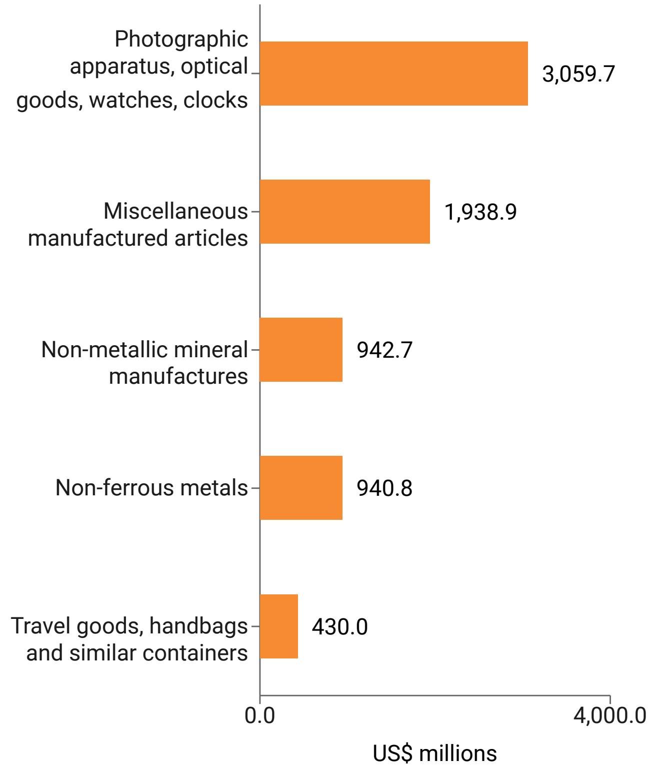
**11.1 Hong Kong's Trade with Switzerland**

### Major Export Commodities to Switzerland (2019)

### Major Import Commodities from Switzerland (2019)

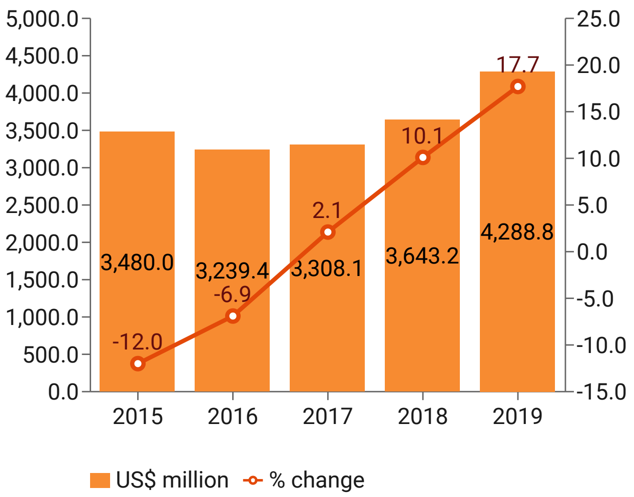



Note: Graph shows the main Hong Kong exports to Switzerland (by consignment)
Sources: Hong Kong Census and Statistics Department, Fitch Solutions
Date last reviewed: February 3, 2021



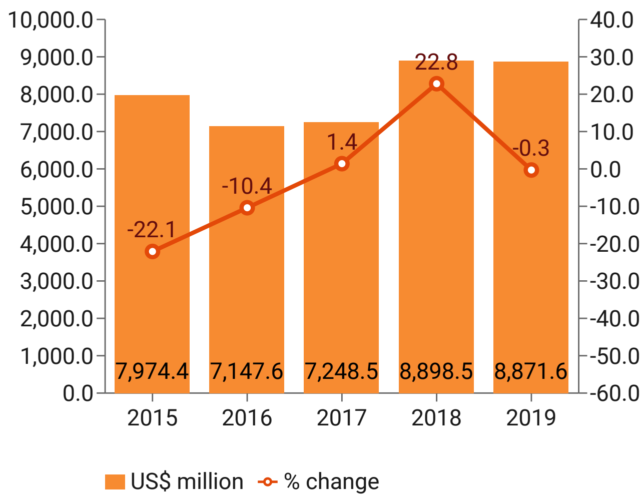

Note: Graph shows the main Hong Kong imports from Switzerland (by consignment)
Sources: Hong Kong Census and Statistics Department, Fitch Solutions
Date last reviewed: February 3, 2021

## Merchandise Exports to Switzerland




Note: Graph shows Hong Kong exports to Switzerland (by consignment)
Source: Hong Kong Trade Statistics, Census & Statistics Department
Date last reviewed: February 3, 2021

## Merchandise Imports from Switzerland




Note: Graph shows Hong Kong imports from Switzerland (by consignment)
Sources: Hong Kong Census and Statistics Department, Fitch Solutions
Date last reviewed: February 3, 2021

Exchange Rate HK$/US$, average
7.75 (2015)
7.76 (2016)
7.79 (2017)
7.84 (2018)
7.84 (2019)

| | 2019 | Growth rate (%) |
|---|---|---|
| Number of Swiss residents visiting Hong Kong | 52,414 | -10.4 |
| Number of European residents visiting Hong Kong | 1,747,763 | -10.9 |

Sources: Hong Kong Tourism Board, Fitch Solutions, United Nations Department of Economic and Social Affairs – Population Division

| | 2019 | Growth rate (%) |
|---|---|---|
| Number of Swiss residing in Hong Kong | 940 | 29.5 |
| Number of developed state citizens residing in Hong Kong | 83,786 | 29.6 |

Note: Growth rate for resident data is from 2015 to 2019, no UN data available for intermediate years
Sources: Hong Kong Tourism Board, United Nations Department of Economic and Social Affairs - Population Division, Fitch Solutions
Date last reviewed: February 3, 2021

**11.2 Commercial Presence in Hong Kong**

| | 2020 | Growth rate (%) |
|---|---|---|
| Number of Swiss Companies in Hong Kong | 251 | 2.4 |
| - Regional headquarters | 53 | -3.6 |
| - Regional offices | 92 | 8.2 |
| - Local offices | 106 | 1.0 |

**11.3 Treaties and agreements Between Hong Kong/Mainland China and Germany**

- Switzerland has a bilateral investment treaty (BIT) with Hong Kong that entered into force on October 22, 1994, and and in January 2009 Switzerland signed a BIT with Mainland China that entered into force on April 13, 2010.

- An investment promotion and protection agreement between Switzerland and Hong Kong entered into force in October 1994. In addition Switzerland and Hong Kong signed a free trade agreement with additional investment provisions in June 2011 and it entered into force on October 1, 2012. In July 2013 Switzerland and Mainland China signed a free trade agreement with additional investment provisions that entered into force on July 1, 2014.

- Switzerland and Hong Kong have a double taxation agreement in place. The agreement was signed in April 2011 and came into effect on October 15, 2012. Switzerland and Mainland China signed a double taxation agreement in September 2013 and the agreement came into effect in November 2014.

Source: Inland Revenue Department, UNCTAD, Trade and Industry Department

**11.4 Chamber of Commerce or Related Organisations**

Swiss Chamber of Commerce, Hong Kong
Address: G.P.O Box 9232, Central, Hong Kong
Email: admin@swisschamhk.org
Tel: (852) 2524 0590
Fax: (852) 2522 6956

Source: Swiss Chamber of Commerce, Hong Kong

Swiss-Hong Kong Business Association
Email: info@swisshongkong.ch
Tel: (41) 44 421 3888
Website: www.sccc.ch/chapters/swiss-hong-kong-business-association
Please click to view more information.

Source: Federation of Hong Kong Business Associations Worldwide

Consulate General of Switzerland
Address: Suite 6206-07, 62/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong
Email: hongkong@eda.admin.ch (headquarters) / hongkong.visa@eda.admin.ch (visa)

Tel: (852) 3509 5000
Fax: (852) 3509 5050

Source: Consulate General of Switzerland

**11.5 Visa Requirements for Hong Kong Residents**

Switzerland tourist visa is not required for of Hong Kong residents for a stay up to 90 days.

Sources: Consulate General of Switzerland, Hong Kong Immigration Department
Date last reviewed: February 3, 2021