SWITZERLAND
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

The Swiss Federal Government adopts a relaxed attitude of benevolent noninterference towards foreign investment, allowing Switzerland's 26 cantons to set major policy, and confining itself to creating and maintaining favorable conditions for both Swiss and foreign investors. Such factors include economic and political stability, a transparent legal system, a reliable and extensive infrastructure, efficient capital markets and an excellent quality of life in general. Many US firms base their European or regional headquarters in Switzerland, drawn to the country's low corporate tax rates, exceptional infrastructure, and productive and multilingual work force. With very few exceptions, Switzerland welcomes foreign investment, accords it national treatment, and does not impose, facilitate, or allow significant barriers to trade.

In 2014, Switzerland was ranked as the world's most competitive economy according to the World Economic Forum's Global Competitiveness Report. That high ranking reflects the country's sound institutional environment, excellent infrastructure, efficient markets and high levels of technological innovation. Switzerland has also developed a sophisticated infrastructure to support scientific research; companies invest significantly in R&D; intellectual property protection for scientific research is generally strong; and the country's public institutions are transparent and stable.

Many of Switzerland's cantons make significant use of financial incentives to attract investment to their jurisdictions. Some of the more aggressive cantons have occasionally waived taxes for new firms for up to ten years; however, this practice has been criticized by the European Union and is consequently likely to be abolished between 2018 and 2020. Individual income tax rates vary widely across the 26 cantons. Corporate taxes also vary depending upon the country's many different tax incentives. Zurich, which is sometimes used as a reference point for corporate location tax calculations, has a rate of around 25%, which includes municipal, cantonal, and federal tax. In its "Doing Business" survey he World Bank ranks Switzerland as the 29th most attractive destination for doing business in the world. The Swiss-based International Institute for Management Development (IMD) World Competitiveness Scoreboard ranks Switzerland second. However, the approval of a February 9, 2014 public referendum restricting the free movement of citizens from the European Union in and through Switzerland has strained relations with the EU. This could have negative economic consequences for Switzerland, and the Swiss economy in particular. The Swiss government is currently in discussions with the EU on this matter.

Some former Swiss public monopolies retain their historical market dominance despite partial or full privatization. As a result, foreign investors sometimes find it difficult to enter these markets due to high entry costs and the relatively small size of the Swiss market.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Switzerland welcomes foreign investment and affords it national treatment. Foreign investment is not hampered by any significant barriers. No discriminatory effects on foreign investors or foreign-owned investments have been reported.

Other Investment Policy Reviews

The World Trade Organization (WTO) published a Trade Policy Review of Switzerland and Liechtenstein in August 2013 that includes investment information. Switzerland underwent an OECD Investment Policy Review in 1996. The Economist Intelligence Unit and the World Bank Group's "Doing Business 2015" Economic Profile of Switzerland provide current information on the investment climate.

Laws/Regulations of Foreign Direct Investment

The major laws governing foreign investment in Switzerland are the Swiss Code of Obligations, the Lex Friedrich/Koller, the Securities Law, and the Cartel Law. There is no screening of foreign investment beyond normal anti-trust review. There are few sectoral or geographic preferences or restrictions. Several exceptions are described below in the section on performance requirements and incentives.

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

Industrial Promotion

Switzerland Global Enterprise is the Swiss government’s federal-level agency promoting investments into Switzerland (http://www.s-ge.com). Switzerland’s 26 cantons independently promote investments into their territories and have individual strategies to attract investors. Some cities and regions also have their own economic development organizations.

Limits on Foreign Control

Foreign and domestic enterprises may engage in various forms of remunerative activities 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 rail transport services, some postal services, and certain insurance services and commercial activities (e.g. trade in salt). Restrictions (in the form of domicile requirements) are also applied in air and maritime transport, hydroelectric and nuclear power, operation of oil and gas pipelines, and the transportation of explosive materials. Additionally, the following legal restrictions apply within Switzerland:

Corporate boards: There are no laws authorizing private firms to limit or prohibit foreign investment or participation. The board of directors of a company registered in Switzerland must consist of a majority of Swiss citizens residing in Switzerland. At least one member of the board of directors authorized to represent the company (i.e., to sign legal documents) must be domiciled in Switzerland. If the board of directors consists of a single person, this person must have Swiss citizenship and be domiciled in Switzerland. Foreign controlled companies usually meet these requirements by nominating Swiss directors who hold shares and perform functions on a fiduciary basis. Mitigating these requirements is the fact that the manager of a company need not be a Swiss citizen and company shares can be controlled by foreigners (except for banks). The establishment of commercial presence by persons or enterprises without legal personality under Swiss law requires an establishment authorization, according to cantonal law. The aforementioned requirements do not generally pose a major hardship or impediment for US investors.

Hostile takeovers: Swiss corporate shares can be issued both as registered shares (in the name of the holder) or bearer shares. Provided 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 now 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. Furthermore, 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 Stock Exchange and Securities Law (1997), a formal notification is required when an investor purchases more than 3% of a Swiss company's shares. 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 (i.e., any takeover already launched).

Banking: Those wishing to establish banking operations in Switzerland must obtain prior approval from the Swiss Financial Market Supervisory Authority (FINMA). The Swiss Federal Banking Commission, the Federal Office of Private Insurance, and the Anti-Money Laundering Control Authority were merged in January 2009 to form FINMA. This body aims to promote confidence in financial markets and protect customers, creditors, and investors. 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.

Banks organized under Swiss law have to inform FINMA before they open a branch, subsidiary or representation abroad. Foreign or domestic investors have to inform FINMA before acquiring or disposing of a qualified majority of shares of a bank organized under Swiss law. In case of exceptional temporary capital outflows threatening Swiss monetary policy, the Swiss National Bank may force other institutions to seek approval before selling foreign bonds or other financial instruments. On December 20, 2008 government protection of current accounts held in Swiss banks was raised from CHF 30,000 to CHF 100,000.

Insurance: 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 there.

Privatization Program

Switzerland has no current plans to privatize any of its state-owned enterprises.

Screening of FDI

Foreign investments are subject to review by the Federal Competition Commission if the value of the investing firm's sales reaches a certain worldwide or Swiss-market threshold. An investment or joint venture by a foreign firm can be canceled on the grounds of competition policy, although there is no evidence that regulators have applied these rules in a discriminatory manner. With the exception of natural monopolies (rail, utilities, etc.), Switzerland maintains non-discriminatory competition between foreign and domestic commercial entities.

Competition Law

The Swiss Federal Competition Commission initiates investigations against entities suspected of damaging competition and issues decisions after an analysis of economic competitiveness in the sector. Price Controls, like the Competition Commission, is formally part of the Swiss Ministry of Economy, Education and Research. Price Controllers can suggest price modifications in the areas of radio, television, the federal railway system, postal services, water, waste removal, and the medical sector.

Legislation on competition within Switzerland has not changed substantially since 2004. Four main laws continue to regulate competition: the Federal Law on cartels and other impediments to competition of October 6, 1995 (Cartels Law, LCart, RS 251), amended in 2004; the Federal Law against unfair competition of October 22, 1992 (LCD, LR 24), amended in 2002; the Federal Law on the internal market of October 6, 1995 (LMI, RS 943.02), amended in 2006; and the Law on price surveillance of December 20, 1985 (LSPr).

Investment Trends

In 2013, the total foreign direct investments (stock) in Switzerland amounted to USD 728.4 billion, an increase of 54% compared to 2009. Staff employed in Switzerland by foreign entities increased by 3% to 252,752 employees over the same time period, according to the Swiss National Bank. However, U.S. companies hired 25% less workers (15,186 employees) in Switzerland in 2013 when compared to a 2010 benchmark.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	5 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	20 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	1 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 90,760	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

On January 15, 2015 Switzerland's National Bank (SNB) made the remarkable and largely unanticipated move of abandoning the Swiss Franc's 1.20 Euro peg, resulting in roiling global currency markets and sending the Swiss stock market tumbling by over 9 percent. In the wake of the SNB's announcement the Swiss franc dramatically increased in value by over 30 percent against the Euro, before settling at a 15 percent appreciation. The Swiss Franc currently trades around parity with the dollar, with one Swiss Franc equaling 1.04 USD (03/22/2015). This move not only lowers import prices in Switzerland, tamps down inflation, and deeply erodes Swiss export competitiveness, but also introduces a volatility risk into the previously stable Swiss market.

Remittance Policies

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

3. Expropriation and Compensation

There are no known cases of expropriation within Switzerland.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Switzerland has a civil legal system divided into public and private law. Public law governs the organization of the State, as well as the relationships between the State and private individuals (or other entities such as companies). Constitutional law, administrative law, tax law, criminal law, criminal procedure, public international law, civil procedure, debt enforcement, and bankruptcy law are sub-divisions of public law.

Private law governs the relationship between individuals. Swiss civil law is mainly comprised in the Swiss Civil Code (which governs the status of individuals, family law, inheritance law, and property law) and in the Swiss Code of Obligations (which governs contracts, torts, commercial law, company law, law of checks and other payment instruments). Intellectual property law (copyright, patents, trademarks, etc.) are also areas of private law. Labor is governed by both private and public law.

Judiciary organization differs from canton to canton. In smaller cantons, only one court may exist, but larger cantons may have many more. All the cantons have established a high court, but only four cantons (Zurich, Bern, St. Gallen and Aargau) have a specialized commercial court that is part of the high court. There are no specialized courts on matters related exclusively to intellectual property rights. The verdicts of the cantonal high courts can be appealed to the Swiss Supreme Court. The court system is independent, competent and substantively fair.

Switzerland is also a participant in a number of bilateral and multilateral treaties governing the recognition and enforcement of foreign judgments. Due to its close ties with the European Union, a multilateral treaty (the Lugano Convention) entered into force in 2011 replacing an older legal framework with the same name. A set of bilateral treaties are also in place to handle judgments of specific foreign courts. There is no such agreement in place between the U.S. and Switzerland, although Switzerland operates under the New York Convention on Recognition and Enforcement of Foreign Arbitral Law, meaning local courts must enforce international arbitration awards under certain circumstances.

Bankruptcy

The World Bank's "Doing Business" survey ranks Switzerland as 47th out of 189 countries when it comes to resolving insolvency. The average time to close a business in Switzerland is three years (as opposed to 1.7 years across the OECD), and an average 47.6 cents on the dollar are recovered by the claimants from the insolvent firm (as opposed to 70.6 cents OECD average).

The Swiss Federal Statute on Private International Law (PILS, articles 166-175, in force since January 1, 1989) governs Swiss recognition of foreign insolvency proceedings including bankruptcies, foreign compositions, and arrangements. Swiss law requires reciprocity for recognition of foreign insolvency.

Investment Disputes

No investment disputes have been recorded involving U.S. or foreign entities in Switzerland in the past 10 years.

International Arbitration

The Chambers of Commerce and Industry of Basel, Bern, Geneva, Lausanne, Lugano, Neuchâtel and Zurich have also established the Swiss Chambers' Arbitration Institution, which offers dispute resolution based on Swiss Rules of International Arbitration and Swiss Rules of Commercial Mediation. According to the Swiss Chambers' Arbitration Institution, 104 cases were submitted in 2014 of which 97 cases were accepted under Swiss rules; 23% of the cases were Swiss, 51% were Western European, 4% were from North America, and all were related to the purchase and sale of goods.

ICSID Convention and New York Convention

Switzerland has been a member of the International Center for Settlement of Investment Disputes (ICSID) and a member of the New York Convention on Recognition and Enforcement of Foreign Arbitral Law, meaning local courts must enforce international arbitration awards under certain circumstances.

Duration of Dispute Resolution

The duration of dispute resolution depends on the parties. If a party appeals the decision of a first instance court and the (Cantonal) high court up to the Supreme Court, a verdict may take one to two years.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Switzerland is a member of the WTO and adheres to the WTO Agreement on Trade-Related Investment Measures.

Investment Incentives

Many of Switzerland's cantons make significant use of financial incentives to attract investment to their jurisdictions. Some of the more aggressive cantons have occasionally waived taxes for new firms for up to ten years, however this practice has been criticized by the European Union and is consequently likely to be abolished between 2018 and 2020. Individual income tax rates vary widely across the 26 cantons. Corporate taxes also vary depending upon the country's many different tax incentives. Zurich, which is sometimes used as a reference point for corporate location tax calculations, has a rate of around 25%, which includes municipal, cantonal, and federal tax. In its "Doing Business" survey he World Bank ranks Switzerland as the 29th most attractive destination for doing business in the world. The Swiss-based International Institute for Management Development (IMD) World Competitiveness Scoreboard ranks Switzerland second. However, the approval of a February 9, 2014 public referendum restricting the free movement of citizens from the European Union in and through Switzerland has strained relations with the EU. This could have negative economic consequences for Switzerland, and the Swiss economy in particular. The Swiss government is currently in discussions with the EU on this matter.

Research and Development

Scholars and artists from the U.S. can apply to the State Secretariat for Education and Research for Swiss Government Excellence Scholarships. The Swiss National Fund's strategy states "Universities, governments and research funding bodies negotiate and implement co-operation agreements with the aim of supporting the international component of research and creating an institutional framework to promote co-operation." Switzerland has various instruments in place to promote research and innovation such as: the National Institutions for Research and Innovation Promotion, the National Centers of Competences in Research, the National Research Programs, or the Research in Swiss Government Departments.

Performance Requirements

The Swiss government does not mandate local employment or impose any other performance requirements, such as local content requirements.

Data Storage

There are no "forced localization" laws designed to force foreign investors to use domestic content in goods or technology (i.e. storage of data within Switzerland). Nevertheless, the Swiss Federal Council decided on February 5, 2014 to exclude foreign held companies from working with the Swiss government or related entities when the work was in relation with critical infrastructure. The interpretation of this decision is still pending in the Swiss court system. Businesses also need to be aware that Switzerland follows strict privacy laws and certain data may not be collected in Switzerland as it is deemed personal and particularly "worthy of protection." The collection of certain data may need to be registered at the office of the Federal Data Protection and Information Commissioner.

6. Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises in Switzerland in every form.

7. Protection of Property Rights

Real Property

Physical property rights are recognized and enforced within Switzerland, which currently ranks 16th out of 189 countries in "registering property" according to the World Bank's Doing Business Report.

Intellectual Property Rights

Customs authorities in Switzerland have the authority to seize counterfeit goods if asked by owners of intellectual property (i.e. patent, trademark or copyright) or related interest groups (i.e. professional associations). Goods can be seized for 10 days if there is reasonable suspicion. Provisional measures can also be obtained from a Swiss court to ensure evidence is not destroyed. If the destruction of goods is requested by an intellectual property owner, the owner of the goods can dispute that claim in writing within 10 days. The owner of the intellectual property covers the costs for the destruction of the goods.

In 2014, Swiss customs stopped the import of counterfeit merchandise in 4,513 cases, mainly hand bags, wallets, drugs, watches, jewelry and clothes.

While Switzerland effectively enforces intellectual property rights linked to patents and trademarks, Swiss authorities do not effectively enforce copyright laws, particularly on the internet. This issue stems from the interpretation of a September 2010 Swiss court verdict (the "Logistep" case), in which the Swiss High Court ruled that internet protocol addresses required protection, and subsequently could not be used to identify violators of copyright on the internet.

Although uploading of copyright-protected material remains illegal within Switzerland, in practice illegal downloads have become widespread throughout Switzerland. In spite of that fact, Swiss prosecutors continue to refuse to engage in legal proceedings against alleged violators or service providers. Switzerland has subsequently become a haven for global piracy, with a number of global piracy platforms managing their operations in and from Switzerland. In 2014, the U.S. House of Representative's "Creativity and Theft-Prevention Caucus" included Switzerland, alongside Russia, China, and India, as one of the world's worst environments for protecting copyrights.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/e

Resources for Rights Holders

Contact at U.S. Embassy Bern:

Jeremy Beer, Economic/Commercial Officer
Raphael Vogel, Economic Specialist
U.S. Embassy in Bern, Sulgeneckstrasse 17, 3003 Bern, Switzerland
+41 31 357 7319
Business-bern@state.gov

Country / Economy resources

Swiss American Chamber of Commerce
Talacker 41
8001 Zurich
+41 43 443 72 00
info@amcham.ch

8. Transparency of the Regulatory System

The Swiss government uses transparent policies and effective laws to foster a competitive investment climate. Proposed laws and regulations are open for public comment (including interested parties, interest groups, cantons and cities) then discussed within the bicameral parliamentary system and may be subject to facultative or automatic referenda that allow the Swiss voters to reject or accept the proposals.

9. Efficient Capital Markets and Portfolio Investment

The Swiss government's attitude toward foreign portfolio investment and market structures are positive as routinely outlined by superlative international rankings.

Money and Banking System, Hostile Takeovers

Switzerland enjoys a sophisticated banking system that provides a high degree of service to both foreign and domestic entities. Switzerland also has an effective regulatory system established to encourage and facilitate portfolio investment. Domestic and foreign bidders are treated equally when it comes to hostile takeovers within Switzerland. The professional services firm Deloitte estimates Switzerland's banks manage around USD 2 trillion in investments, showing growth of 14% since 2008. The country also maintains an independent central bank.

In Switzerland, foreigners are able to easily open a bank account with the exception of U.S. citizens, who face some discrimination as a result of ongoing tax evasion investigations being conducted by the U.S. Department of Justice.

10. Competition from State-Owned Enterprises

Not applicable.

OECD Guidelines on Corporate Governance of SOEs

Switzerland's five State-Owned Enterprises (SOEs) are active in areas of ground transportation (travel), information and communication, defense and aerospace (services) and are typically undertaking "public function mandates," but may also cover some commercial activities (i.e. Swisscom in the area of telecommunications). The five companies in which the Swiss Confederation is either the largest shareholder or the sole shareholder are: CFF, Swisscom, Skyguide, Swiss Post, and Ruag.

Other SOEs controlled by the cantons are active in the areas of energy, water supply, and a number of subsectors. SOEs may benefit from exclusive rights and privileges (some of them are listed in the WTO Trade Policy Review in Table A3.1). SOEs typically interact with private industry and are also active in foreign markets (i.e. Swisscom and Ruag). Private sector competitors can compete with SOEs under the same terms and conditions with respect to access to markets, credit, and other business operations.

Switzerland adheres to the OECD Corporate Governance Principles and OECD Guidelines on Corporate Governance for SOEs. Swiss SOEs are required to publish annual reports and report annually to the Federal Council on the achievement of their strategic goals. While consulting with the competent ministries, the Federal Council approves the reports from the SOEs and their annual budget. The Swiss parliament then considers whether the Federal Council has supervised the SOEs appropriately.

Sovereign Wealth Funds

Switzerland does not have a sovereign wealth fund or an asset management bureau.

11. Corporate Social Responsibility

Swiss companies are generally aware of the importance of demonstrating corporate social responsibility (CSR); the Government of Switzerland takes an active role in developing and promoting global CSR standards within multilateral organizations. The Switzerland-based "Thun Group" is a global leader in translating the CSR risk-based due diligence approach to the financial sector. In 2014, Switzerland was ranked 1st out 178 countries evaluated by the Yale University-based Environmental Performance Index (EPI). In contrast, the World Bank Doing Business 2014 Index ranked Switzerland 170th out of 189 rankings in the field of investor protection. This low score has not yet damaged Switzerland's reputation as a major business hub and as one of the strongest economies in Europe. This is likely because of the particular methodology applied by the Doing Business Index, and can be explained by the lack of disclosure obligations in Switzerland in general (i.e. transactions performed by the company, conflict of interests) and the lack of ease for shareholders to file suits.

OECD Guidelines for Multinational Enterprises

As an OECD member, Switzerland adheres to the OECD Guidelines for Multinational Enterprise, as well as the UN Guiding Principles on Business and Human Rights. The Swiss National Contact Point, residing in the State Secretariat of Economic Affairs (SECO), actively promotes these Guidelines and Principles to the business community.
https://mneguidelines.oecd.org/ncps/switzerland.htm

12. Political Violence

Political violence is very rare in Switzerland. The most relevant act in recent years occurred on April 1, 2011 when a letter bomb targeting employees of a lobbying organization for nuclear power exploded. Nuclear power has contributed to the radicalization of certain small groups within Switzerland advocating for the immediate closure of the country's nuclear plants.

13. Corruption

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Switzerland ratified the UN Anticorruption Convention on September 24, 2009 and signed the OECD Anti-Bribery Convention in 1997. It entered into force on May 1, 2000.

Switzerland also maintains an effective legal and policy framework to combat domestic corruption. US firms investing in Switzerland have not complained of corruption to the Embassy in recent years, and laws appear to be enforced effectively. The giving or accepting of bribes in Switzerland is subject to criminal and civil penalties, including imprisonment up to five years.

In February 2001 Switzerland signed the Council of Europe's Criminal Law Convention on Corruption, and signed the UN Convention against Corruption in December 2003. In order to implement the Council of Europe's convention, the Swiss parliament amended the Penal Code to make bribery of foreign public officials a federal offense (Title Nineteen "Bribery", Articles). These amendments entered into force on May 1, 2000. In accordance with the revised 1997 OECD Anti-Bribery Convention, the Swiss parliament amended legislation on direct taxes of the Confederation, cantons, and townships to prohibit the tax deductibility of bribes. These amendments became effective on January 1, 2001.

Under Swiss law, officials are not to accept anything that would "challenge their independence and capacity to act." According to the law, the range of permissible receipt of "individual advantages" is a sliding scale, depending on the role of the official. Some officials may receive no advantages at all (e.g., those working for financial regulators), while others are allowed to receive several hundred Swiss Francs. The upper-limit value of presents, such as bottles of champagne and watches, is a grey area that varies according to department and canton. Transparency International believes a maximum sum valid at the federal level should be fixed. Some multinationals have assisted with the fight against corruption by setting up internal hotlines to enable staff to report problems anonymously.

The law provides criminal penalties for official corruption, and the government generally implements these laws effectively. Investigating and prosecuting government corruption is a federal responsibility. A majority of cantons also require members of cantonal parliaments to disclose their interests. A joint working group comprising representatives of various federal government agencies works under the leadership of the Federal Department of Foreign Affairs to combat corruption.

On September 24, 2009, Switzerland ratified the United Nations Convention against Corruption. Government experts believe this ratification will not result in significant changes, since passive and active corruption of public servants is already considered a crime under the Swiss Criminal Code (Art. 322).

In October 2013, the Group of States against Corruption (GRECO, Council of Europe) concluded "that the current low level of compliance with the recommendations is 'globally unsatisfactory." Areas which needed particular attention were transparency of party funding, criminalization of trading in influence, and the dual criminality requirement. Switzerland maintains its official reservations on the relevant articles in the Criminal Law Convention on Corruption.

A number of Swiss federal administrative authorities are also involved in combating bribery. The Swiss State Secretariat for Economic Affairs (SECO) deals with issues relating to the OECD Convention, the Federal Office of Justice deals with those relating to the Council of Europe Convention, and the Department of Foreign Affairs deals with the UN Convention. The power to prosecute and judge corruption offenses is shared between Swiss cantons and the Swiss federal government. For the federal government, the competent authorities are the Office of the Attorney General, the Federal Criminal Court and the Federal Police. In the cantons, the relevant actors are the cantonal judicial authorities and the cantonal police forces.

Resources to Report Corruption

Contact at government agencies:

Michel Huissoud
Director
Swiss Federal Audit Office
Monbijoustrasse 45
3003 Bern / Switzerland
Ph. +41 31 323 10 35
E-mail: verdacht@efk.admin.ch
Contact at “watchdog” organizations:

Delphine Centlivres
Executive Director
Transparency International Switzerland
Schanzeneckstrasse 25
P.O. Box 8509
3001 Bern / Switzerland
Ph. +41 31 382 3550
E-Mail: info@transparency.ch

14. Bilateral Investment Agreements

Switzerland has concluded numerous investment protection treaties with developing and emerging market economies; some 125 remain in force.

Bilateral Taxation Treaties

Switzerland concluded an Income Tax Treaty with the United States in 1996. A 2009 Protocol to this Treaty has been ratified by Switzerland, but not by the U.S. Senate.

15. OPIC and Other Investment Insurance Programs

Switzerland has not signed an investment protection agreement with any Western European country or the United States. Switzerland's economy exceeds the cap for U.S. Overseas Private Investment Corporation activity. However, Switzerland is a member of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA).

16. Labor

The Swiss labor force is highly educated and highly skilled. The Swiss economy is capital intensive and geared toward high value-added products and services. Wages in Switzerland are among the highest in the world. Switzerland continues to observe International Labor Organization (ILO) core conventions. Government regulations cover maximum work hours, minimum length of holidays, sick leave, compulsory military service, contract termination, and other requirements. There is no minimum wage law.

Foreigners not only fill low-skilled, low-wage jobs, but also fill highly technical positions in the manufacturing and service industries. Roughly 29% of Switzerland's estimated labor force of approximately 4.9 million people is foreign. Many foreign nationals are long-time Swiss residents who have not applied for or been granted Swiss citizenship. Only 3.3% of the workforce is employed in agriculture, where foreign "seasonal workers" take many low-wage jobs.

In a February 9, 2014 national initiative, Swiss voters decided to abolish the principle of free movement for citizens of the European Union and to return to a quota regime to limit immigration. In the summer of 2014, the Swiss Federal Council published proposals on how to implement this initiative, which could potentially curtail Switzerland's participation in EU programs and market access.

Switzerland generally prohibits commerce on Sunday. Swiss voters narrowly accepted a 2005 revision of the Swiss Federal labor law in order to provide flexible working hours, such as Sunday openings, in major railway stations and airports. Shopping hours outside of airports and railway stations remain regulated by cantonal laws. Employees in the retail sector and in restaurants, and bars, in cooperation with other interests, have been successful in resisting the easing of the federal and cantonal laws governing opening hours. Shop-hour restrictions are nevertheless loosening gradually in centers such as Zurich, Geneva, and Bern.

Approximately one-fourth of Switzerland's full-time workers are unionized. Labor/management relations are good, with a willingness on both sides to settle disputes by negotiations rather than by labor action. Some 606 collective agreements exist today in Switzerland (of which approximately 1% concern the agriculture sector, 39% the secondary sector and 60% the third sector) and are usually renewed without major problems. Since 2002, trade unions have complained that too little of the Swiss labor force is covered by collective agreements. Although days lost to strikes in Switzerland are among the lowest in the OECD, Swiss trade unions have encouraged workers to go on strike on several occasions in recent years.

The prohibition on strikes by Swiss federal public servants was generally repealed in 2000, although it remains in place in a few cantons. The Federal Council may now only restrict or prohibit the right to strike where it affects the security of the state, external relations, or the supply of vital goods to the country.

At the macro level, salaries increased by 1.5% in 2012. The average unemployment rate was a mere 4.5% in 2013 (according to the ILO method of calculation). The average unemployment rate was 9.4% for foreigners and 3.1% for Swiss citizens. All cantons bordering EU countries suffer higher unemployment rates than the rest of Switzerland. Young workers aged 15-24 and persons aged 25 and 39 also faced higher unemployment rates, 8.5% and 4.9%, respectively, in 2013.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Not applicable.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	685,400	2013	685,400	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2013	94,558	2013	129,769	BEA data available 07/04/2015 at http://bea.gov/international/di1usdbal.htm
Host country's FDI in the United States ($M USD, stock positions)	2013	203,926	2013	140,142	BEA data available 01/04/15 at http://bea.gov/international/di1fdibal.htm
Total inbound stock of FDI as % host GDP	2013	157			

*Swiss National Bank, State Secretariat for Economic Affairs

Table 3: Sources and Destination of FDI

Direct Investment from Switzerland /in Counterpart Economy Data (2013)					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	770,327	100%	Total Outward	1,193,634	100%
Netherlands	213,181	28%	United States	201,777	17%
Luxembourg	161,760	21%	Luxembourg	115,006	10%
United States	98,323	13%	Netherlands	98,427	8%
Austria	67,149	9%	United Kingdom	89,484	7%
France	43,124	6%	Germany	59,692	5%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars, 2013)								
Total			**Equity Securities**			**Total Debt Securities**		
World	1,297,312	100%	World	573,234	100%	World	724,079	100%
United States	202,554	16%	Luxembourg	155,799	27%	United States	94,887	13%
Luxembourg	183,142	14%	United States	107,667	19%	Netherlands	76,468	10%
France	100,680	8%	Germany	40,702	7%	France	72,324	10%
Germany	96,277	7%	Ireland	38,297	7%	Germany	55,571	8%
Netherlands	85,901	7%	United Kingdom	32,781	6%	United Kingdom	53,029	7%

Source: IMF Coordinated Portfolio Investment Survey

19. Contact for More Information

Jeremy Beer, Economic/Commercial Officer
Raphael Vogel, Economic Specialist
U.S. Embassy in Bern, Sulgeneckstrasse 17, 3003 Bern
+41 31 357 7319
Business-bern@state.gov