

INVESTMENT CLIMATE OF SWITZERLAND

M. Goretti, студентка спеціальності Міжнародні економічні відносини, група МЕВ м ПВ англ-61

А. А. Пожар, науковий керівник, к. е. н., доцент кафедри міжнародної економіки та міжнародних економічних відносин Вищий навчальний заклад Укоопспілки «Полтавський університет економіки і торгівлі»

Many globally hailed institutions rank the economy of Switzerland among the most competitive, innovative and liberal economies in the world. In particular, the country garners praise for its outstanding level of protection within its economic laws and policies, the long-term stability of the investment landscape, complete guarantee of rights pertaining to property matters, unbiased grounds for competition and a high level of privacy by banking and financial institutions. Furthermore, the economical tax tariffs, more lenient regulations and formidable relations with international markets, make Switzerland one of the best locations to establish a business.

Top sectors include banking and finance, medical and security equipment, the pharmaceutical industry, information technology, telecommunications, travel and tourism, and many others. Most workers operate in the tertiary sector and in small and medium-sized enterprises.

Banks and financial institutions are one of the pillars of the Swiss economy. The Swiss franc is one of the most stable currencies in the world. In addition, the capital market is one of the most important in the world and Swiss banking institutions are among the world's leading banks.

Apart from the banking sector, the insurance business is also one of the most attractive sectors. Swiss citizens allocate for insurance a significant part of their budget, about 21 %, which is a rate higher than in many other countries. However, Swiss insurance companies make more than half of their income in overseas markets. Switzerland is the main European exporter of insurance. Also, reinsurance is an important part of this activity, with outsourcing contributing 90 % of reinsurance contracts.

The pharmaceutical industry currently ranks first in the chemical industry. The number of employees in the sector is over 67,000 people. The pharmaceutical industry has managed to retain the leading position in Swiss export rankings. The most important export

market for pharmaceuticals remains in Europe (over 50 %). With technology institutes and research centers in the pharmaceutical industry, Switzerland benefits from excellent conditions for the development of these areas.

The Swiss Constitution provides the legal structure guiding economic endeavors in the country. The Constitution enshrines fundamental rights such as property rights, the right to pursue gainful activities, freedom of trade market, and determines the sharing schemes for competencies between the Federal Council, cantonal and municipal administrations.

There are many investment opportunities for foreign entrepreneurs in Switzerland, where basic constitutional rights apply equally. Those who have the right of residence and temporary work permit in Switzerland may establish a company under the same conditions as Swiss citizens. In addition, they have the right to set up a branch and develop economic activities on the Swiss market.

For carrying out business activities in certain areas such as banking, insurance, pharmacy or commercial activities, there are specific regulations established at the federal or cantonal level. Therefore, a license or special permit is required. Additional information regarding permits and licenses is obtainable from our Swiss consultants.

Except for agricultural products and several groups of sensitive products, trade between Switzerland and the EU and EFTA states is free. In addition, Switzerland can also negotiate free trade agreements with countries like China, Japan and the Faroe Islands without the involvement of EFTA. These agreements ensure efficient trade and strong business links with important partners from other countries, designed to minimize barriers for the Swiss economy regarding international markets.

Although Switzerland is not in the EU, the bilateral agreements are for many Swiss companies more important than the local market, because there is a free trade agreement also in the services sector and the transfer of capital.

References

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