



SWITZERLAND

What’s happening in this economy

Switzerland is a small, wealthy nation with the third highest GDP per capita in the world at USD 82,950 (2018). In 2018 GDP growth reached 2.5 per cent, after 1.7 per cent in 2017. It is expected to drop to 1.1 per cent in 2019 – the lowest since 2012. Average growth of 2.1 per cent is projected for 2018–2021.

The Swiss economy is open and diversified, with major industries concentrated in financial services (including fintech and insuretech), life sciences, advanced manufacturing and technology.

Domestic demand will remain the key driver of Swiss growth and consumption is expected to increase. Switzerland’s job market continues to do well with unemployment at 2.6 per cent in 2018.

The State Secretariat for Economic Affairs (SECO) identified Brexit as a risk for the Swiss economy. Switzerland and the UK recently concluded a trade agreement to secure and extend mutual trade rights and obligations. Taking effect after Brexit, it covers goods, geographical indications and government procurement, though contains no provisions on services or intellectual property rights.

Agreeing a new framework with the EU covering standards, transport, agriculture, migration and industrial standards is also a priority.

Other broader geopolitical issues, including the China–US trade war, have had a weakening impact on exports. Export sentiment among Swiss SMEs—as measured by Switzerland Global Enterprise and the Credit Suisse Export Barometer—has not been positive.

Investment plays a key role in Switzerland’s economic model. However—according to the World Investment Report 2019—Switzerland registered negative foreign direct investment (FDI) inflows in 2018 (– USD 87 billion) after tax reform in the US led multinational companies to repatriate accumulated earnings from foreign countries. Switzerland’s FDI outflows in the same period were positive (USD 27 billion), up by USD 62 billion from a negative figure in 2017.

Although not a member of the EU, Switzerland is highly integrated with the EU bloc. The EU is Switzerland’s largest trading partner and Switzerland is the EU’s third trading partner in return, after the USA and China. Switzerland is also particularly important to EU in commercial services. Germany is Switzerland’s largest individual trading partner and the two countries have a close bilateral relationship stemming from cultural, historical and people-to-people relations.

Switzerland is a global leader in innovation. It is ranked first in the 2019 World Intellectual Property Organisation Global Innovation Index, a position it has held every year since 2011.

Key facts and figures

- Population: 8.5 million (2018)
- GDP growth: 2.5% (2018)
- GDP per capita: USD 82,950 (2018)
- Political system: democratic federal republic
- Two-way trade: AUD 6.6m
- Key goods exports (AUD m):
Gold, 879
Medicaments, 51
Meat (excl. beef), 41
Pearls & gems, 28
- Key goods imports (AUD m):
Medicaments, 700
Watches and clocks, 485
Gold, 374
Pharmaceuticals, 315
- Key services exports (AUD m):
Transport, 329
Personal travel, 260



connecting Australian business to the world

Switzerland is also fifth overall in the 2019 World Economic Forum Competitiveness Index. Its financial market is among the most developed and stable in the world and, with the world's best vocational training and graduate employability, it is the world's third top innovator behind Germany and the US.

Trade, investment, and commercial opportunities and activities

- Two-way merchandise trade with Switzerland was valued at AUD 4.8 billion in 2018. Switzerland:
 - exported AUD 3.6 billion worth of goods to Australia – primarily medicaments (including veterinary), watches and clocks, gold, and pharmaceutical products (excluding medicaments), and
 - imported AUD 1.2 billion worth of Australian goods – mostly gold, medicaments, meat (excluding beef), pearls and gems.
- Switzerland is an important investment partner for Australia:
 - in 2018 Switzerland was Australia's 13th largest investor and Swiss investment stock in Australia was valued at AUD 47.9 billion – though this was noticeably down from AUD 53.8 billion and AUD 58.5 billion in 2017 and 2016 respectively, and
 - in return, Australian investment in Switzerland was AUD 26.5 billion in 2018 – 1 per cent of Australia's total outward investment.
- Swiss investment in Australia is concentrated in pharmaceuticals, medical technology and services, banking and insurance:
 - major Swiss corporates investing in Australia include Nestle, ABB, Roche, Novartis, UBS, Credit Suisse, Zurich Insurance, Swiss Re and Glencore, and
 - due to the high level of R&D spending by major Swiss corporates, Austrade has an active 'invest in research' strategy to attract further Swiss investment to Australian R&D in the areas of life sciences, agribusiness and food, power and technology
- Switzerland considers Australia an attractive and safe investment market:
 - this is due to the economy's resilience, our talented and innovative workforce, close integration with economies in Asia, and complementary business culture.
- The Swiss see Australia as a modern, tech-oriented and trusted infrastructure investment market, with a sophisticated financial services market, especially in the insurance and wealth management sectors:
 - as one of Europe's key financial hubs, there is increasing interest from Swiss fintech and insurtech growth stage companies in Australia and the Asia-Pacific.
- Switzerland's growing and diversifying market also offers increasing investment opportunities:
 - a number of Australian companies have bases in Switzerland to take advantage of its highly-educated labour force, and world-class science and research networks, and
 - Australian companies in Switzerland include Cochlear, Sonic Healthcare, Macquarie Group, IFM Investors and CSL Behring.



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- Australia is building on existing business ties with the country (particularly in the finance, insurance, and pharmaceutical industries):
 - the Australian Government will continue working with Swiss business and partners (including the Australian Swiss Chamber of Commerce)
 - this includes identifying and creating opportunities to grow business networks and to promote opportunities for increased two-way investment, and
 - promoting existing connections with Swiss universities and research institutions to:
 - » foster exchanges in science and research
 - » promote industry cooperation, and
 - » identify opportunities for exchange and collaboration with Switzerland to help our entrepreneurs commercialise their innovative ideas.

Trade policy and negotiations

As an open economy reliant on trade and investment, Switzerland is a strong proponent of the multilateral trading system and the international rules-based order.

Switzerland is a member of the WTO, OECD and UN.

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