



Switzerland –

A Leading European Business Location

Key Information for Investors, Advisers
and Decision-Makers

Location:Switzerland

Location 

Switzerland: Your Gateway to Europe

1



Welcome

The highly competitive nature of business today demands a sophisticated European and world-wide market strategy. The choice of your European location is a key element of such a strategy, and your decision must take into consideration a location's advantages and benefits, which offer the highest chances of success and minimize risks and uncertainties. Switzerland is proud to be one of the most advantageous business locations in Europe.

Foreign direct investment plays a crucial role in maintaining and even improving the nation's international competitiveness and in ensuring that the latest technologies and intellectual capital are readily available in the country. Liberal market conditions and a future-oriented research and technology base are additional strengths, which position our country as an open and efficient location for domestic and foreign businesses alike.

This Executive Report, which is an abridged version of our Handbook for Investors, will give you some basic information on the business, corporate and personal environment in Switzerland. The background and contact information included in this report provides you and your advisers with key resources to facilitate your investment decision. You will notice that it is easy and uncomplicated to start a business in our country.

Once you have selected your investment site in Switzerland, you can count on the professional support services of the Cantonal and regional industry and trade promotion offices to help see the project through.

Whether you are a sizeable investor or an entrepreneur, you are personally welcome in our country. You have my word on it!

A handwritten signature in blue ink, appearing to be 'DSyz', written in a cursive style.

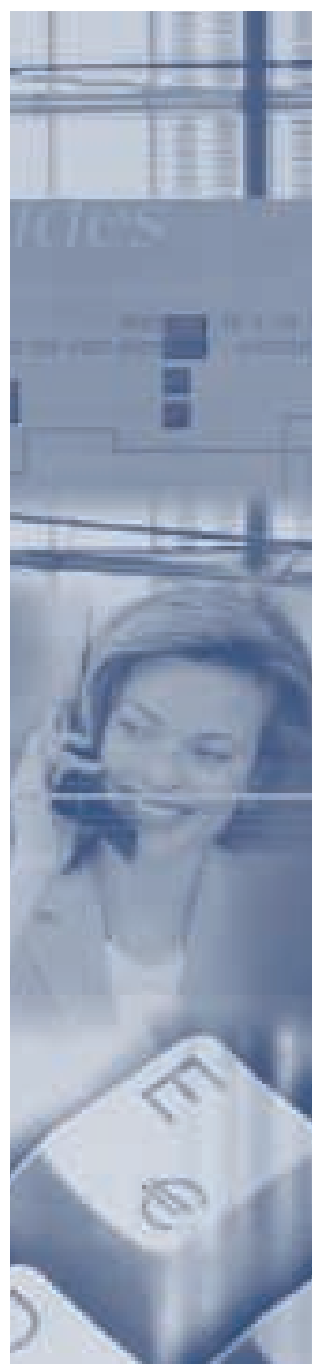
David Syz
State Secretary for Economic Affairs

For information and individual consulting, please contact:

Manfred W. Herr
Chief Representative for Europe
Location:Switzerland
Stampfenbachstrasse 85
P.O. Box 651
CH-8035 Zurich
Phone Tel. +41 1 201 43 42
Fax Fax +41 1 201 43 37
E-Mail: manfred.herr@locationswitzerland.ch

Mario Brossi
Senior Representative for North America
Location:Switzerland
633 Third Avenue, 30th Floor
New York City, New York 10017-6706
Phone +1 202 745 7924
Fax +1 202 745 7980
E-Mail: mario.brossi@was.rep.admin.ch

Location:Switzerland
Headquarters:
Gurtengasse 3
CH-3003 Berne
Phone ++41 31 323 07 10
Fax ++41 31 324 86 00
E-Mail: invest@seco.admin.ch
Internet: www.locationswitzerland.ch



	Page
Main Pillars of Success	4
Favorable Geography and Political Stability	5
A Prosperous Economy Interlinked with the World	6
Setting Up a Business	7
World Class Productivity	8
Competitive Labor Costs	9
Taxes	10
Infrastructure	11
An Outstanding Scientific Reputation	12
New Technologies and Clusters	13-14
Quality of Life	15
Assistance Tailored to Meet Your Business Needs	16
Cantonal Economic Development Offices	17
List of Useful Internet Sites	18

Among the many benefits of setting up business operations in Switzerland, the following are the main pillars of our success:

High productivity combined with high quality products and services

Switzerland ranks second among the world's leading national economies with respect to the overall productivity of its labor force.

A business-friendly government in a country with moderate taxation

Switzerland is consistently ranked among the top business-friendly countries. Fundamental criteria, such as long-term political stability, guaranteed protection of free competition and property ownership, as well as our legal system are particularly strong.

Currency and price stability

Switzerland has a long tradition of economic and financial stability, which is evident in low inflation rates, as well as in low interest rates. In addition, the Swiss Franc plays a significant role in the asset management and issue underwriting businesses.

First-rate infrastructure

As confirmed through international studies, Switzerland has the best-maintained and developed infrastructure in Europe after Finland.

Efficient capital market and a highly professional international banking system

Switzerland is one of the world's largest offshore financial centers, ahead of London, New York and Frankfurt.

Excellent education – Public and Vocational Schools

The multi-faceted Swiss education system produces a workforce that meets the needs of businesses at every level, from skilled technicians to Ph.D. scientists and strategic management professionals.

World-renowned universities, technical institutes and R&D institutions

The faster the pace of technological change, the greater role research and development activities play in making a country attractive as a business location. Switzerland is a country with intensive research capabilities.

Social peace and political stability

Switzerland's efficient federal government structure gives the Cantons a considerable degree of political freedom and administrative autonomy, thereby facilitating decisions and policy-making in all areas, including issues related to foreign direct investment.



Favorable Geography and Political Stability

Switzerland's geographic location offers numerous benefits, including close proximity to the European markets, diverse cultures and multiple language capabilities.

Our geo-strategic position and a well-defined federal structure make the country a meeting point of cultures and languages. The country has four official languages – German, French, Italian and Romansh, and is home to a variety of cultures. English is gaining ground as a widely spoken language of business.

Long-term, stable decision-making fundamentals, a liberal market environment and cooperative, pro-business minded government representatives are all supportive of foreign direct investment, which in turn has resulted in the establishment of numerous prominent headquarters, production and R&D facilities in our country.



A Prosperous Economy Interlinked With the World

Swiss companies operate in an economic environment that facilitates the conduct of business in the country and abroad.

Purchase power stability achieved through traditionally low inflation, low long-term capital costs, a good investment climate, sound public finances and almost no labor strikes guarantee the prosperity and stability of the Swiss economy.

The strength of the Swiss economy is also largely due to its strong relationship with the economies of other countries. Swiss companies have traditionally sought and cultivated their key markets abroad in order to expand on a relatively small domestic market. For these companies, Europe is by far the most important market, with four-fifths of all imported goods and almost two-thirds of all exported goods being traded with the EU. Germany has been the most important trading partner for Switzerland.

Despite the country's relatively small size, it ranks among the top 20 exporters worldwide. Moreover, when only services are considered, Switzerland ranks among the top 12 exporters worldwide.





The time required, the expenses, and the regulations governing the establishment of business enterprises in Switzerland are moderate. In general, establishing a partnership is less complicated and less expensive than setting up a corporation.

As a general rule, anyone, whether Swiss or foreign, is able to set up a business in Switzerland or to hold a financial interest in one. Foreigners who enter Switzerland with the intent to stay must comply with the rules concerning access to the labor market, and they will need a work and residence permit. Private persons from foreign countries who invest in Switzerland and wish to manage a business, or managers of foreign companies, are generally granted such a permit, in particular if high-value jobs are created.

The general regulations on accounting in Switzerland are clear and concise. Accounts must be kept as required by law for the type of company and scope of business activities concerned. They must be kept in an orderly manner and allow identification of business assets, receivables and payables arising from business operations and profits and losses in each business year.

In case of corporate restructurings, rules governing worker layoffs and notice periods are much more business-friendly than in other European countries.

Labor costs are significantly lower than in competing countries due to high worker productivity.

Financing is generally available at low interest rates, thereby reducing overall capital costs. Worldwide competition has made the real estate market much more flexible and transparent. Business investors will find a range of prices for commercial space, depending on the region selected.

Swiss financial institutions specialize in financing business investments. The availability of funds, through venture capital sources and through public listing on the SWX Swiss Stock Exchange, has also markedly increased in recent years. In addition to financing arrangements for establishing a business, financial institutions in Switzerland offer a variety of attractive solutions in financing current business activities.

By European standards, taxation in Switzerland is investor-friendly, and the system provides for a variety of tax planning possibilities.

The more clearly and concretely the business strategy is defined, the faster it is possible to move from planning to implementation. Once the decision to locate in Switzerland has been made, the Cantonal business promotion offices can help, from the local coordination of the project through to the start of operations.

For more detailed information, please visit our website at www.locationswitzerland.ch



World Class Productivity

Switzerland ranks as one of the highest among the world's leading national economies with respect to the overall productivity of its workforce.

Liberal labor laws, few regulations and consistent social stability characterize the labor market. The social insurance system for workers is jointly funded by the workforce and the employers.

International studies illustrate the high level of motivation among the country's workforce. In small and medium-sized companies, which constitute the majority of the enterprises in Switzerland, company loyalty is very strong. Employees are dedicated to the objectives of their employer and therefore, productivity is correspondingly high.

The total number of working days and hours directly impacts the productivity of the Swiss workforce. The following table outlines the requirements for work schedules and conditions under the Swiss labor laws:

Statutory minimum vacation	20 working days per year (25 for employees under the age of 20)
Maximum weekly working hours	45 hours (50 hours for other employees) for employees in industry
Notice of Termination (unless otherwise negotiated)	One month during the first year of employment; Two months from the second to ninth year; Three months for longer periods of employment

International Comparison of Value Added Tax Rates

Normal rate, applicable to most consumer goods. All countries apply lower rates for certain basic goods and medications

Country	VAT rate in %
Switzerland	7.6
Germany	16.0
Great Britain	17.5
Netherlands	19.0
France	19.6
Italy	20.0
Belgium	21.0
Ireland	21.0

Source: *Worldwide Corporate Tax Guide 2001, Ernst & Young, Jan. 2001*

www.ey.com



Because of low capital costs, the manufacturing industry continues to employ capital-intensive production methods that require a smaller but highly qualified workforce. Since 1995, wages have remained stable, and productivity has risen.

Decisive factors for business investors are not necessarily wages but the overall wage costs. As a result of the country's comparatively low ancillary labor costs, the motivation of the workforce and generally longer working hours than in other countries, the overall wage costs in Switzerland are well below the international average. When these three factors are combined, Switzerland remains a very cost-effective business location.

Worker contributions constitute a large part of the Swiss social insurance system. As a result, social security costs for employers remain moderate. The Swiss social insurance scheme is based on three coordinated tiers:

<i>1st tier:</i>	Social insurance must meet the basic survival needs of the insured or beneficiary through the government-sponsored old age and survivor's pension (AHV) as well as long-term disability insurance (IV). Both are compulsory and are funded jointly through contributions (percentage of wages) by the employer and the employee.
<i>2nd tier:</i>	The company-sponsored pension plan (BVG), which supplements the 1st tier, makes it possible to maintain the customary standard of living after retirement. All persons working in Switzerland must be insured. The pension plans are funded through contributions (percentage of wages) by the employer and the employee.
<i>3rd tier:</i>	The individual, voluntary retirement plans of the employees or self-employed covers additional personal needs through bank and insurance savings. Contributions to individual retirement plans are, in part, treated preferentially by the tax laws.



The tax environment is a key factor in deciding where to locate your company. Switzerland offers companies a very favorable tax environment with moderate overall taxation.

Swiss federal corporate income tax is levied at a flat pre-tax rate of 7.83%. When cantonal and communal income taxes are also considered, the overall ordinary tax rates can range from 7.83% to 25%, which is a very moderate level compared to other European countries.

In order to limit the number of tax controversies, the Swiss Tax Administration commonly attributes to companies a notional profit upon which tax is levied. Where coordination or management services are offered to group companies (e.g. technical, administrative or scientific assistance, including research and promotion activities), the profit assessable in Switzerland is generally considered to be 5% of total overhead.

Attractive withholding tax regime

Switzerland has a comprehensive group of income and capital tax treaties that provide for repatriation of profits with a minimal final withholding tax burden. Furthermore, Switzerland does not levy withholding tax on interest or royalty payments to foreign companies and has no controlled foreign corporation (CFC) laws in place.

As an additional incentive, full or partial income and capital tax relief may be granted on federal, cantonal and municipal levels for up to ten years, depending on the number of jobs created in Switzerland through the investment project.

Cooperative tax authorities

In addition to the low income tax burden, Switzerland is known for its traditionally cooperative and constructive relationships between taxpayers and tax authorities. Advance tax rulings are extensively used in order to minimize future tax risks.

Country	Corporate income tax rate (%)
Switzerland	7.83-25
Sweden	28
UK	30
Denmark	30
Netherlands	35
France	36.4
Belgium	40.17
Germany	38-41.5

Source: Andersen, 2001

Overall, the benefits of the Swiss tax system can play a significant role in the success of your company.



Photo: Unique

The well-developed infrastructure in Switzerland facilitates the conduct of business in the country.

Telecommunications

The high level of investment in telecommunications is welcome news for business investors, who have stated that telecommunications infrastructure is one of the three most important factors in selecting a business location. Information technology and e-commerce companies find the Swiss infrastructure first-rate and able to meet their stringent performance requirements. Not surprisingly given the availability of services in the country, Switzerland boasts the highest level of business and private computer and Internet users in Europe.

Financing


Companies who choose to list on the SWX Stock Exchange benefit from the attractive tax structure and corporate laws, which enable institutional investors to invest more aggressively in securities. The SWX New Market, opened in mid-1999, was specifically designed to meet the requirements of emerging growth companies. A large number of technology parks and founder centers have been created in Switzerland to support emerging growth companies.

Real Estate

The commercial real estate market has an ample supply of land and buildings for economic activities, and the restrictions on property ownership by foreign nationals have been considerably relaxed in recent years.

Transportation

The quality of the transportation system is another incentive for business investors. Switzerland has an extremely effective public transportation system for international as well as regional travelers. Business travelers have a choice of three major airports, which offer direct transcontinental flights.



A recent OECD study ranks Switzerland first in innovation and entrepreneurship and as the country best positioned to acquire the new skills and technology necessary for the leading edge industries of the future.

Intensive Research Activities

Swiss academic institutions enjoy an outstanding scientific reputation throughout the world with regard to basic and applied research. This reputation is largely the result of substantial cooperation between universities and industry. Almost three percent of the country's GDP is spent on research and development. Of total national research expenditures, three-quarters are funded by the private sector.

Today, large research projects require multi-country alliances. Switzerland has a long tradition of cooperation on R&D projects with partners abroad, particularly the US and the EU. Bilateral Agreements with the EU create even more favorable conditions for scientific cooperation with sound terms and conditions.

Switzerland's Comprehensive Education System Fosters Innovation

Education has always been a top priority in Switzerland, as evidenced by the high level of financial investment made in Swiss schools, universities and technical institutes. In particular, the fields of science and technology are promoted by the Federal government and by private industry, encouraging research and development projects in all areas of advanced science.

Switzerland's unique dual education and training system includes a vast range of education options for students, from vocational training and apprenticeships to university level courses.

Swiss universities and institutes of technology are world-renowned for their excellence and high academic standards.

Supplementing the public school system are the numerous private and international schools, which enjoy an excellent reputation. Beginning in elementary school, students gain foreign language skills, giving them a head start in the multiple languages used in international business and research projects today.



Innovation, Growth and Diversification Characterize the Swiss **Biotechnology Industry**

Switzerland's well-established and world-renowned life sciences companies combined with the strength of its universities and technical institutes have helped to build an innovative and dynamic biotechnology industry.

Since 1996, the number of biotechnology firms in the country has grown by 30%. Today, Switzerland has the fifth largest biotech market in Europe.

Companies in the industry range from leading multinationals to innovative university start-ups, and the industry is well diversified, with firms conducting R&D activities in all areas of the life sciences.

Ideal Conditions Exist for Innovation in **Medical Technology**

Switzerland's outstanding academic institutions and experience in technical industries provide the basis for a sophisticated scientific environment, with leading-edge competence in medical devices and precision instruments.

Switzerland's efficient registration and certification system facilitates the process of bringing a new product to market in a shorter period of time than in most countries.

The medical device industry in Switzerland consists of more than 500 companies specializing in high-tech and high value-added products and services.

Government support is a major factor in the growth the medical technology industry, creating programs such as the MedTech Initiative.

An Open Market for **ICT Innovations**

Switzerland is very advanced in technology developments, particularly in the area of Information and Telecommunications Technologies ("ICT"). Switzerland's per capita expenditure on information technology in 2000 was the highest in Europe, at more than CHF 2,000. In communications technology, Switzerland, along with the Nordic countries, is in Europe's top league, with 69 telecommunications connections per 100 inhabitants. The figure for ICT market volume, CHF 31.2 billion in 2000, or 8% of gross national product, is also one of the highest in Europe.



High Economic Potential of **Micro and Nanotechnologies**

Micro and nanotechnologies are among the technology sectors with the greatest potential for innovation, and Switzerland possesses substantial technological and scientific competency in precisely this area.

The high technical standards in Swiss education, as well as the country's tradition of innovative thinking and precision developments in the field of science, create an attractive environment for scientists worldwide. As a result, Switzerland has become an excellent location for research and developments in nanotechnologies.

The Growing Market of Swiss **Environmental Technologies**

The environmental technology industry has considerable growth potential on an international basis.

Switzerland is ranked as the worldwide leader in preventing carbon dioxide emissions and third in recycling efforts. Environmental technology exporters benefit from Switzerland's leadership in this area.

Switzerland is also one of the leading countries with respect to sustainable development. Swiss environmental regulations are developed jointly between the government and the private sector, and solutions are developed that are compatible with the economy as well as the ecology.

Many Prominent **Back-Offices and Global Shared Services Centers** are Located in Switzerland

To help achieve business and tax efficiencies, financial back offices and shared service centers (SSCs) provide support and operational services to multiple company business units in an organization. The SSC is responsible for managing the cost and quality of its services, has its own dedicated resources and typically has contractual arrangements (service level agreements) with its internal customers, which often specify cost, time and quality performance measures.

The surrounding business environment is an integral part of a location decision for an SSC, and Switzerland offers the open, liberal and highly competitive business environment necessary for successful SSCs.



Very few places in the world can offer the quality of life found in Switzerland.

A Safe Country With an Excellent Health Care System

Large urban areas with unsightly housing developments are rare in Switzerland. Children can go to school unaccompanied by an adult in all areas of the country. Because of the largely decentralized and spacious structure of residential areas, traffic problems are minor even during peak commute hours.

The availability of high-quality medical specialists, as well as renowned clinics and institutes using the most advanced medical technologies, contribute to a public health care systems which rated among the best in the world. A dense network of public and private hospitals provides nationwide coverage for everyone. Approximately 10% of the gross domestic product is spent on the public health care system.

High Quality Homes and Apartments Satisfy the Most Demanding Requirements

The real estate market in Switzerland offers a wide variety of options for those wishing to rent or buy a home or apartment. Whether you choose to live in the center of town or in the surrounding areas, you will find that the residential areas are not overly crowded, and that they offer comfort and convenience.

With the purchasing power afforded by the salary levels in Switzerland, the housing costs in the country are reasonable compared with other European countries.

With respect to living costs in general, again Switzerland's wage earners benefit from the purchasing power of their income.

Switzerland's Physical and Cultural Landscapes Create the Ideal Location for Leisure Time Activities

Whether you seek adventure, solitude, popular festivals or classical arts, Switzerland offers cultural and sporting activities of every kind.

The country is home to major events such as the music festivals in Montreux and Lucerne and the film festival in Locarno, as well as many other smaller festivals celebrating seasonal events. There are concerts for music lovers of all kinds, and you will find first-rate museums with collections of international arts, national and local arts and industrial developments, such as watches and textiles.

The mountains and lakes provide year-round activities for nature lovers and sports enthusiasts. The towns and villages have numerous clubs for all types of sporting activities, including cycling, skiing, sailing, mountain climbing and horseback riding, among many others.

Assistance Tailored to Meet Your Business Needs

Both the Federal and Cantonal governments recognize the importance of maintaining a strong and advantageous environment for business. While individual Cantonal agencies look after the interests of their Canton, the Location:Switzerland program oversees and coordinates investment promotion activities on behalf of the Confederation.

Location:Switzerland and its partners provide efficient and non-bureaucratic responses to potential investors. In addition to answering questions about the practical and administrative aspects of setting up business operations in Switzerland, representatives provide overall project assistance in the following areas:

- Coordination of the application process for construction permits, residence and work permits
- Research on legal and procedural issues
- Advice on the purchase of land and buildings
- Introduction to consultants

Approximately one-quarter of Switzerland's territory has been designated for economic renewal. These are regions, which, due to rapid changes in market conditions, face particular challenges with respect to industry diversification and job creation. Depending upon the size of the investment project and the number of jobs created, certain investments in these areas may qualify for preferential tax treatment and other incentives.

We are ready when you are. . . .

Decision-makers usually look for easily accessible data and well-placed, personal contacts. Our headquarters and overseas offices can put you on a direct path to this useful information.

We are prepared to get you started on the process quickly and efficiently, and have created materials to assist you in gathering the necessary information and identifying points of contact.

For more detailed information, please contact us at invest@admin.seco.ch

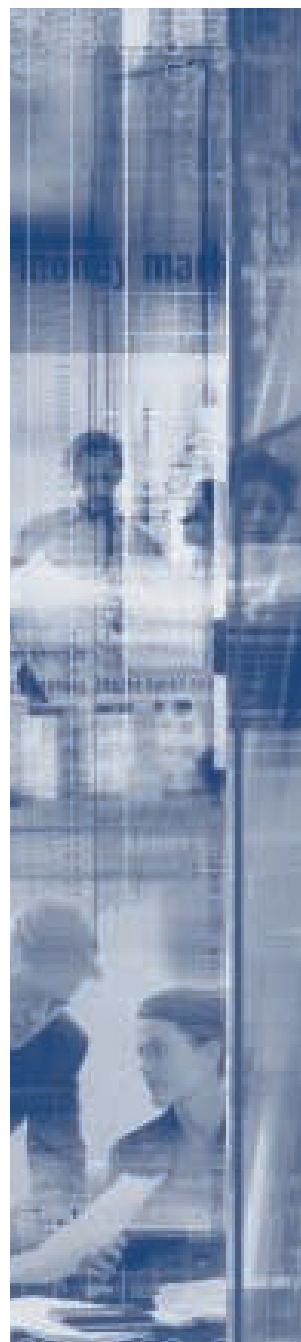
Small and medium businesses have different needs from larger and more established companies, and our KMU Task Force focuses specifically on areas of interest for these types of companies.

For further information: www.kmuinfo.ch



Cantonal Economic Development Offices

17



Aargau (AG)
www.aargauservices.ch

Appenzell Inner Rhodes (AI)
www.ai.ch

Appenzell Outer Rhodes (AR)
www.wifoeAR.ch

Berne (BE)
www.berneinvest.com

Basel-Country (BL) and Basel-City (BS)
www.baselarea.org

Fribourg (FR)
www.promfr.ch

Geneva (GE)
www.geneva.ch

Glarus (GL)
www.glarusnet.ch

Grisons (GR)
www.emgr.ch/economy

Jura (JU)
www.jura.ch/eco

Lucerne (LU)
www.luzern.ch/wirtschaft

Neuchâtel (NE)
www.ne.ch/promeco

Nidwalden (NW)
www.nwbusiness.ch

Obwalden (OW)
www.ow.ch

St.Gallen (SG)
www.wifsg.ch

Schaffhausen (SH)
www.sh.ch/wf

Solothurn (SO)
www.standort-solothurn.ch

Schwyz (SZ)
www.sz.ch

Thurgau (TG)
www.sz.ch

Ticino (TI)
www.ti.ch

Uri (UR)
www.ur.ch

Vaud (VD)
www.dev.ch

Valais (VS)
www.sodeval.com

Zug (ZG)
www.zug.ch/economy

Zurich (ZH)
www.awa.zh.ch

Central Switzerland
www.businesspromotion.ch

Greater Zurich Area
www.zurichnetwork.ch

www.locationswitzerland.ch

Detailed information on Investing in Switzerland

www.swissemb.org/ls

The US website of Location:Switzerland, particularly for North American investors

www.switzerlandinfo.ch

Everything you ever wanted to know about Switzerland.

www.osec.ch

Homepage of the Swiss Office for Trade Promotion. Multilingual slide show of "Modules of Success".
Recommended Links: "Doing Business in & with Switzerland", "Swiss Export Directory"

www.seco-admin.ch

State Secretariat for Economic Affairs

www.swisscham.ch

Association of Swiss Foreign Trade Chambers

www.amcham.ch

Swiss American Chamber of Commerce

www.zefix.admin.ch

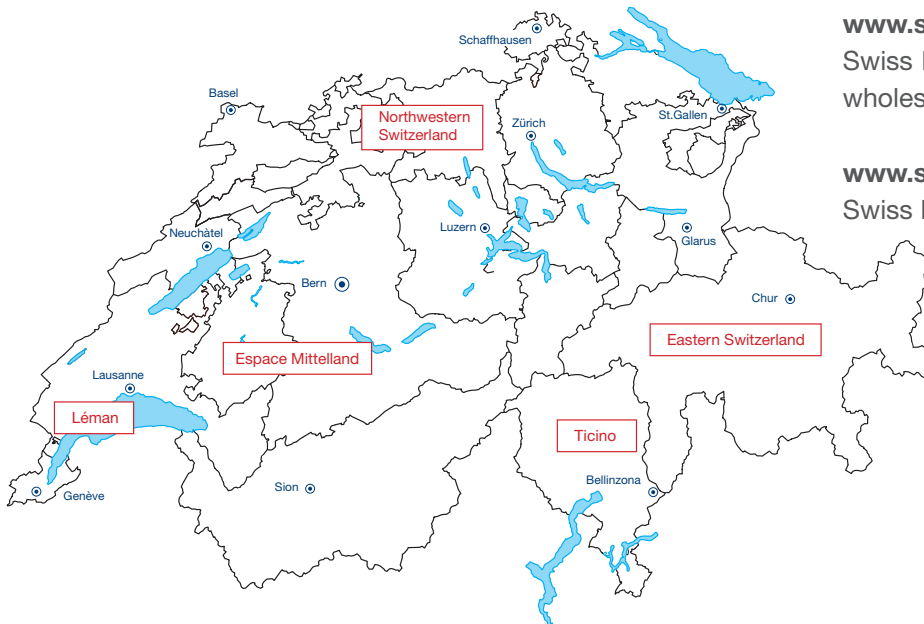
Federal Commercial Registry Office

www.swiss-directory.ch

Swiss Buyer's Directory; reference database about wholesalers, importers, distributors etc.

www.statistik.admin.ch

Swiss Federal Statistical Office, Facts and Figures



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Auditing and Management Consulting

Globally, locally but always personally



Our competent and high qualified staff provides you with the best possible service.

BDO Visura

Auditing and Management Consulting
Biberiststrasse 16
CH-4501 Solothurn · Switzerland

Phone ++41 32 624 65 30

Fax ++41 32 624 65 00

E-mail: juerg.marti@bdo.ch
alex.kummer@bdo.ch
joerg.zimmermann@bdo.ch

www.bdo.ch

BDO
BDO Visura

Business



Production

Project team

Location:Switzerland

Irenka Krone-Germann, Anne Kelleher Cuendet, Mario Brossi,
Manfred Herr, André Guedel, Thomas Hafen

Design

Lacher-Dumas Communications AG

Impressum

Location:Switzerland,

State Secretariat for Economic Affairs sec0

Location:Switzerland

Location 