

# The Situation Today

## 5 years after the rejection of the Agreement concerning the European Economic Area (EEA) by the Swiss voters

by Dr. Christoph Blocher, Member of the Swiss National Assembly,  
President of the Campaign for an Independent and Neutral Switzerland (CINS)

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## I. The 6<sup>th</sup> December 1992

On 6 December 1992 the people and Cantons of Switzerland rejected the EEA agreement. Voter turnout was 78.3% - the highest since 1947. Switzerland thus voted for **liberty, self-determination, neutrality and direct democracy**.

## II. The nature of the EEA agreement

The EEA (European Economic Area) was created to tie the EFTA nations – including Switzerland – which were not members of what was then known as the European Community (EC) more closely to the EC, in the legislation sphere in particular.

The **EEA agreement** would have forced Switzerland to accept and introduce existing EC and future EC/EU law with no veto right. In this sense the EEA agreement is a **colonial treaty** or, in other words, **'legalised hegemony'**<sup>1)</sup>.

Immediately after signing the agreement, the governments of the signatory states declared that the EEA agreement – due to its inherent lack of co-determination or right of veto – **could not be seen as a permanent solution**. The EEA agreement must be seen merely as a **temporary solution prior to EU membership**. Consequentially, the Swiss Federal Council decided on 18 May 1992 to submit Switzerland's EU application in Brussels. This step was taken on 20 May 1992.

**The choice was clear: If you wanted to preserve Switzerland's liberty– i.e. the right to choose your own way of life, to determine your own laws and select your own judges – you had to reject the EEA agreement.**

The proponents of the EEA agreement argued that adjustment of Swiss law to EU law would in particular make travel between the countries simpler and generate certain economic benefits, aspects that, they said, would justify the restriction of liberty, sovereignty and direct democracy.

The EEA opponents not only criticised the loss of freedom that would be suffered, they also pointed out that the traditional advantages of Switzerland as a business location would be endangered, and that welfare and competitiveness would be damaged, too.

**In addition to restricting the liberty and the rights of the Swiss people, the EEA agreement would have brought about a decline in prosperity and of wage levels, would have caused unemployment to increase, and would have weakened the position of Switzerland as a location for commercial ventures. The EEA agreement had to be rejected, for political and economic reasons. And rejected it was, with admirable foresight, by a majority of the Swiss people and Cantons, on 6 December 1992.**

### **III. The prophecies of the EEA proponents for the rejection scenario**

The EEA supporters – i.e. Official Switzerland, the mass media, the unions and the business associations, numerous university professors and research organisations – predicted serious problems for Switzerland if the EEA agreement were to be rejected. The chorus was joined also by many managers of international corporations and political economists acting as consultants to the major Swiss banks. The main objections can be listed as follows:

- **Massive exodus of Swiss companies into the EC area**
- **No investments coming into Switzerland**
- **Loss of competitive strength for Swiss exports**
- **Loss of confidence in Switzerland and declining competitiveness of Swiss trade and industry**
- **Decay of the Swiss franc caused by a loss of confidence**
- **Sharp rise of interest rates, which would increase beyond even the European average as a result of the lack of confidence in the Swiss economy**
- **Higher inflation caused by the higher interest rate levels**
- **Higher unemployment, which could even rise over EU levels**

## IV. Assessment of the situation 5 years after EEA rejection

Europe experienced a strong **recession** from 1990 to 1996, caused amongst other things by the **opening-up of the international markets** (Near and Far East) and the resultant **competitive pressures**. This applies also to Switzerland, which additionally encountered the **most serious real estate crisis** since the Second World War. However, a thoroughly compiled evaluation of the actual situation provides a picture that is far removed from the predictions issued by Official Switzerland for the 'rejection of the EEA agreement' scenario.

**It is a fact that, 5 years after rejecting the EEA agreement, Switzerland is in better shape than the EU nations, also on an economic level.** The forecasts promulgated by Official Switzerland have proven to be wrong on a **gigantic scale**. And it is difficult to understand how and why so many institutions and leading figures of politics and industry were able to embrace these ill-conceived prophecies in such an uncritical manner.

The situation can be briefly presented as follows:

### 1. Summary

**Contrary to all predictions, current statistical data place Switzerland as a financial and production centre in a more favourable position than the EU:**

- **Switzerland holds a top position amongst the European nations.**
- **Switzerland's global competitive strength is high, far better than that of the EU nations.**
- **With regard to interest rates, inflation, wage levels and prosperity, Switzerland is better off than any other EU state.**
- **Confidence in the Swiss franc has increased.**
- **Unemployment is lower than in the EU, in spite of Switzerland's high percentage of foreign residents.**
- **The balance of payments improved after 1992, in spite of the recession.**
- **The Swiss gross national product (GNP) per capita of the population continues to top the global ranking list. Whilst the 1995 EU average was USD 21,829, the per capita Swiss gross national product amounted to USD 40,630 (1993: USD 35,760).**
- **The threats uttered by major corporations – to stop investing in Switzerland – have not been carried out.**
- **The catastrophic predictions issued by leading Swiss authorities for the EEA rejection scenario have turned out to be a huge miscalculation.**

### 2. Switzerland's competitive strength

**All the renowned research institutes of the world confirm that Switzerland is a top nation, world-wide, in respect of competitive strength<sup>3)</sup>. In particular, Switzerland is more competitive than the EU nations.** Membership of Switzerland in the EU would massively degrade Swiss competitiveness, and hence cause job losses and lead to higher unemployment! Even such companies that had previously threatened to stop investing in Switzerland have in the meantime revised their opinions<sup>3)</sup>. Sulzer and ABB in particular have continued to invest in this country, and have replaced their initially negative forecasts with a positive assessment of Switzerland as a business location. On the occasion of the VSM media trip on 17/18 September 1997, representatives of the textile machine industry, for example, rated Switzerland as an extremely advantageous location in direct comparison with countries abroad.

The most significant **weak point** in Switzerland's competitive strength : the **massive volume of public spending** and the huge budget deficits. These problems are home-made, a mark of weak government, and would increase enormously if Switzerland were to join the EU.

### 3. Confidence in the Swiss franc

In contrast to the forecasts issued by Official Switzerland, the problem encountered by our country in all the years following rejection of the EEA agreement was not the weakness of the franc, but its **strength**, the consequence of the **confidence in a Swiss economy outside of the EU** and quite especially outside of the European Monetary Union.

Contrary to the predictions that for example the exchange rate CHF/DEM would be 1:1 in 1998<sup>4)</sup>, approximately 0.82 Swiss francs currently buys one German mark!

### 4. Switzerland as an interest rate island

In contrast to the predictions voiced by Official Switzerland, our country has once again become an **interest rate island** since the EEA agreement was rejected. Interest rates on borrowings are **approximately 2% lower than the most favourable nominal rates of interest of European countries**, a highly decisive aspect for commercial investment activities as well as for house owners, tenants, farmers etc. Joining the EU would trigger upward adjustment of the interest rates: a 2% increase in mortgage rates would, according to the relevant legal regulations, cause **a hike in rents of roughly 30%**. An increase of this magnitude would bring about a **serious recession and unemployment; crises on the real estate market and in the banking sector** would be unavoidable.

### 5. Inflation

Contrary to the predictions made by Official Switzerland, **inflation in Switzerland is the lowest compared with all EU nations**, in spite of the fact that the introduction of VAT caused a wave of price increases.

### 6. Switzerland's positive balance

In spite of stiff competition caused by globalisation, in spite of recession, the crisis on the real estate market which had a serious impact on domestic economic development, the Swiss economy is able to report a surplus thanks to an increase in exports! According to the Neue Zürcher Zeitung NZZ dated 28-8-1997, the **real data** are as follows:

- The **surplus from the balance of payments** for the years 1993 to 1996 is **22% higher** than 1992 (average: CHF 26.1 billion);
- The **average annual foreign investments in Switzerland** (business and financial operations) are **282% higher** (CHF 45.9 billion) than in 1992;
- The **average annual foreign direct investments** in Switzerland (for the establishment of, participation in or take-overs of participations in Switzerland through foreign capital) were **308% higher** than in 1992 (CHF 2.45 billion; average for the years 1993 to 1996);
- In 1996, Switzerland's **traditional balance of payments surplus** amounted to CHF 26.4 billion, the highest level since the record surplus achieved in 1993.

## 7. Exports and gross national product

- **Switzerland's exports** increased year by year from CHF 92.1 billion in 1992 to CHF 98.6 billion in 1996, i.e. **by 7%** in real terms – in spite of the seriously recessive state of the economies in our most important export markets, and in spite of a significantly higher external value of the Swiss franc.
- **Switzerland's gross national product (GNP)** nevertheless increased year by year from CHF 352.2 billion in 1992 to CHF 377.6 billion in 1996, i.e. **by 7.2%** in real terms (as a result of the home-made real estate crisis, these figures are however not entirely significant). (*Source: 1996 statistical data published by the Swiss Federal General Directorate of Customs*)
- The **growth of exports to the EU/EEA states** amounted to CHF 54.3 billion in 1992 and increased to CHF 57.9 billion in 1996. This development experienced significant acceleration in 1997. In the first half of the year exports alone to these countries totalled CHF 40.4 billion, i.e. **8.7% more than in the first half of 1996** (in real terms). (*Source: monthly report September 1997, Swiss National Bank*)
- The strong growth of exports in the first half of 1997 reflects the manner in which Swiss trade and industry is able to exploit the economic upswing, thanks to the fact that it has been able to restructure far more effectively than its counterparts in the EU nations.

## 8. Level of wages in Switzerland

Contrary to the predictions ventured by Official Switzerland, our country has been able to maintain its leading position with regard to the level of wages even though it is not an EU member. According to a very recent study<sup>6)</sup>, **Switzerland tops the list of all European countries even when the data are adjusted on the basis of the cost of living index.**

## 9. Companies setting up operations in Switzerland – also from EU countries

Contrary to the predictions of Official Switzerland, a significant number of foreign companies are setting up operations in Switzerland. Since voter rejection of EEA membership a **large number of different companies have settled in Switzerland**, or have confirmed plans to expand operations in the future. Although no data with names and numbers of companies setting up in Switzerland are available, Appendix 6 on page 24 shows that the number is large, and that the companies concerned are **eminently future-oriented, high-quality establishments in the export field.** Surveys and studies show that these companies decided to establish operations in Switzerland not only in spite of Switzerland's non-membership in the EU/EEA, but **precisely because our country is not a member.** As stated in 6. above, the relevant investment figures are higher for the years after 1992 than for that year.

## 10. Relocation of operations out of Switzerland as a result of EEA rejection?

Contrary to the predictions of Official Switzerland, foreign direct investment in Switzerland has recorded significant growth since the no to EEA membership, and no exodus of companies to adjacent countries has taken place **as a result of the 'no' vote.** The possibility cannot be excluded that individual companies – most likely of the textile industry (as a consequence of the then unresolved problems concerning passive finishing traffic) or the food industry – invested in the EU. However, I am not aware of any concrete examples in this context.

Over the past five years, **foreign investment** by Swiss companies has been flowing primarily to **low-wage countries**, especially by the machine and textile industries to **Asia** and the **Near East** or to the **USA** (the latter is a favourite of the chemical industry thanks to the freedom of research in the field of biotechnology and gene technology). In European countries, however, disinvestment has been practised by holding and trading companies for **tax reasons**, to Holland and Luxembourg in particular, due to the fact that Switzerland failed to change its tax laws in good time, and to thus retain its formerly privileged position in the holding sector! This has nothing whatsoever to do with EEA rejection.

## 11. Unemployment in the European Union and in Switzerland

Unemployment is high **throughout Europe** – the consequence of **recession** and the massive **pressure** generated by the markets of the East, of Asia and of the USA (the catchphrase in this context is **globalisation**). For the same reasons **Switzerland also has a high rate of unemployment**, aggravated further by the most severe **construction and real estate crisis** since the Second World War.

The Swiss business community has however tackled the necessary adjustment measures with a great deal more consistency and success than the other nations of continental Europe.

As shown by the standardised unemployment figures<sup>7)</sup>, Luxembourg, Switzerland and Norway have the **lowest levels of unemployment**. Of interest in this context: Switzerland's figures are as low as they are despite the fact that it has the by far highest proportion of foreigners of all European countries.

It is also worth noting that Switzerland has **by far the lowest number of jobless persons under the age of 25: 4,5 %**

It must be remarked that **8,8% of all foreigners in Switzerland are without work, compared with 2.8% of Swiss citizens**<sup>7)</sup>. This high number of unemployed foreigners – resulting primarily from the crisis in the construction industry, and from the high rate of immigration – must be attributed to flaws in the political handling of these problems. Freedom of movement for persons would boost this jobless figure as the wage levels are significantly higher in Switzerland than in the EU<sup>8)</sup>.

That Swiss unemployment is currently dropping as a result of the general economic upswing (5 years after EEA rejection) is a further indication that the cause is not to be found in EEA rejection, but in general economic and structural developments.

## 12. Switzerland: highly attractive for EU countries

Persons from EU/EFTA states acquiring Swiss citizenship, total:

1992: 5,472

1996: 8,554

Share of EU and EFTA states in immigration:

1992: 46.5%

1996: 47.9%

Share of EU and EFTA states in emigration:

1992: 71%

1996: 63.8%

## 13. Switzerland's prosperity continues to top EU rankings

Taking into account the fact that statistical data of this kind must be interpreted with caution, the following table nevertheless shows the development of the gross national product (GNP) per capita income, standardised in USD:

EU country	1993 / US\$	Ranking	1995 / US\$	Ranking	Change in USD	Change in %
Luxemburg	37'320	1	41'210	1	+ 3'890	+ 10,4 %
Switzerland	35'760	2	40'630	2	+ 4'870	+ 13,6 %
Denmark	26'730	3	29'890	3	+ 3'160	+ 11,8 %
Germany	23'560	5	27'510	4	+ 3'950	+ 16,8 %
Austria	23'510	6	26'890	5	+ 3'380	+ 14,8 %
France	22'490	7	24'990	6	+ 2'500	+ 11,1 %
Belgium	21'650	8	24'710	7	+ 3'060	+ 14,1 %
Netherlands	20'950	9	24'000	8	+ 3'050	+ 14,6 %
Sweden	24'740	4	23'750	9	- 990	- 4,0 %
Finland	19'300	11	20'580	10	+ 1'280	+ 6,6 %
Italy	19'840	10	19'020	11	- 820	- 4,1 %
Great Britain	18'060	12	18'700	12	+ 640	+ 3,5 %
Ireland	13'000	14	14'710	13	+ 1'710	+ 13,2 %
Spain	13'590	13	13'580	14	- 10	0,0 %
Portugal	9'130	15	9'740	15	+ 610	+ 6,7 %
<b>Average EU</b>	20'080		21'820		+ 1'740	+ 8,5 %

Source: Fischers Weltalmanach 1996 + 1998

Again in 1996, the Swiss gross domestic product per gainfully employed person (USD 76,872) places Switzerland in second place (top nation: Luxembourg; source: 'The World Competitiveness Yearbook 1997).

**Switzerland has retained its strong position.**

**EU membership would not be a source of prosperity for our country. It would be a threat to our prosperity.**



## V. Developments in Switzerland and abroad since 6 December 1992

### Evolution of the European Community into the European Union

- During the EEA debate, the EEA proponents declared that political union would not become a live issue for a long time to come. On 1 November 1993, however, the **Treaty of Maastricht** came into force. **Political union** thus **replaced the European Community EC**. The Treaty of Maastricht covers a **common foreign and security policy, a common interior and justice policy as well as the introduction of the European Monetary Union**. This means that EU membership would be even more disadvantageous for Switzerland than in 1992.
- In 1993 the **European Monetary System (EMS)** – the forerunner of a joint currency – collapsed, a bleak reminder of the hazards surrounding a common European currency.
- The **increasing centralisation** of the powers of decision necessitated a reworking of the Treaty of Maastricht; however, no tangible results were presented in the aftermath of the summit meeting convened for this purpose. Consistently ignoring the economic prerequisites, the subsequent **Treaty of Amsterdam** reaffirmed the introduction of the politically motivated **Monetary Union** and outlined the **expansion of the EU to the East**; however, no fundamental reforms were able to be initiated.
- **Unemployment rose steadily** throughout the EU, and reached record levels in individual EU nations, for example in Germany and France.
- Fulfilment of the convergence criteria for the Monetary Union has turned out to be a widespread, intricate process of number-juggling, and is creating **social tensions**.
- On a foreign policy level, the EU's inadequacies became apparent throughout the Balkan crisis.

### The drive for independence in the countries and regions

In contrast to the endeavours of the politicians to create a centrally controlled 'Supereurope', the people actually want understandable structures. Whilst the European Union continues to pursue a policy of ever-increasing concentration of power, an opposite trend is apparent all over the world: **never before in the history of mankind have so many independent nations been established as in the past 20 years**. In Europe, moves towards decentralisation are to be seen in Scotland, Wales, Northern Italy, Catalonia, Savoy and so forth.

### The Uruguay Round (GATT)

The World Trade Organisation WTO – of which Switzerland is a member along with 130 other nations - has been in existence since 1 January 1995. Its headquarters were established in Geneva, Switzerland! The WTO regulates world trade in goods and services, intellectual property and public-sector purchasing, and plays an important role in the lowering of trade barriers. **The trade concessions implemented by the WTO make it a lot easier for Swiss trade and industry to do business; in particular, the agreements make it largely impossible for the EU to apply discriminatory export barriers against Switzerland (customs duties, trading obstructions etc.).**

The threat of Switzerland being on the receiving end of discriminatory measures of this kind was a recurrent element in the campaign conducted by the Swiss government, parliament and trade and industry in the run-up to the EEA vote.

## Bilateral negotiations

Since 6 December 1992, important bilateral agreements have been concluded, and are now in force. The following agreements are especially significant:

- **The insurance agreement**, in force since 1-1-93.
- **Pan-European accumulation**, in force since 1-1-97. This agreement has **eliminated** what may justly be termed the **most serious handicap** for Swiss trade and industry arising from non-membership in the EU: obstacles in **passive finishing traffic**.
- **Agreement on mutual administrative assistance of the governmental agencies in the customs field** dated 1-7-97.
- Significant improvements have been achieved with the **joint certification agency** (TüV) in Thun, which allows Swiss companies to obtain comprehensive certification for the entire EU region.
- Also of importance: a number of **administrative-level agreements** (for example regulations governing VAT settlement, which place Switzerland virtually on the same level as a EU state).

The EU has linked the settlement of several currently unresolved issues (dossiers) to the freedom of movement of persons and to an agreement on transit rights through Switzerland. **Agreement on seven dossiers must hence still be reached.** 'Time is on our side' is the motto in this context; **these dossiers are of greater importance to the EU than for Switzerland.** Because the Swiss Federal Council is consistently creating its own time pressures, and because the EU is at the same time dangling the carrot of EU membership in front of our ministers' noses, the results of these negotiations will hardly be satisfactory. The negotiations – in particular the concluding negotiations for the transit agreement – reflect the amateurish procedure of the Swiss Federal Council.

**The introduction of free movement of persons – regardless of time frame and transitional arrangements – and the unrestricted transit for 40-ton trucks must be rejected.** If necessary, an appropriate referendum will have to be launched. The leeway for arrangements of this kind has already been clearly defined by the people's decision on EEA membership. **Conclusion at any cost of the negotiations (which have been running since December 1994) cannot be justified, all the more so in view of the fact that the Swiss economy is under no threat whatsoever from these quarters.**

## Conclusions from the developments in Switzerland and abroad

In contrast to the situation in 1992, joining the EU would today mean taking up membership in a POLITICAL UNION. The negative consequences for Switzerland would be far more serious now as a result of the course of developments in the EU since 6-12-92.

On the other hand, on the basis of the experience gathered over the past 5 years and thanks to the agreements concluded to date, in particular through the WTO, **Switzerland will find it much easier to pursue a non-membership policy than was feared in 1992.**

## **VI. Concluding remarks and future tasks**

### **1. The only feasible path**

The Swiss Federal Council and a parliamentary majority made membership in the EU a strategic foreign policy goal already in 1993 – in flagrant defiance of the will of the Swiss people. This is the situation against which Switzerland's current foreign policy activities must be measured – which is correspondingly inconsistent, faint-hearted and prejudicial to Switzerland's interests.

Action must be taken to counter the EU-myth and its soporific effect on critical thinking. We must not forget that the structure of the EU harks back to the antiquated planned-economy thinking of the sixties. Joining the EU will not solve the problems of the future and of future generations of Swiss citizens.

**Membership in the EU would comprehensively restrict the most precious asset a state can possess: liberty.**

**For the citizens of Switzerland, integration in the EU would mean:**

- **The end of the existing system of direct democracy**
- **The hand-over of political power from the people to the governments in Berne and Brussels**
- **The relinquishment of an independent foreign and security policy**
- **The abandonment of neutrality**
- **EU power politics instead of Swiss self-determination**
- **Restriction of the freedom of action**
- **Fuelling of unemployment**
- **Reduction of prosperity**
- **Lower wages**
- **Higher interest on borrowings**
- **Higher mortgage rates**
- **Additional and higher taxes**
- **VAT up from 6.5% to at least 15%**
- **Farewell to the Swiss franc and loss of national wealth**
- **Lifting of border controls and abandonment of a national immigration policy**
- **A loss of safety and security for the people of Switzerland**

Independence, liberty, direct democracy, neutrality and the prosperity of the people are precious assets which must be fought for without compromise.

**Securing political liberty goes hand in hand with securing economic liberty: an independent and sovereign Switzerland offers the opportunity to develop, in a framework of political independence, greater innovative vigour, a better economic performance and higher competitiveness than exists in the European Union.**

**Continuation of the well-proven policies of free trade and the preservation of independence and neutrality: this is the only feasible and successful path for Switzerland.**

## 2. Using our freedom of action and independence

The fight for liberty and independence is not enough to ensure Switzerland's ongoing success. **Liberty and independence are prerequisites, not solutions.**

Switzerland, too, must pass through a period of **structural change**. Simultaneously, the errors committed in the name of redistribution policies must be remedied.

The easier a national economy is to understand, the more flexible it is, the more smoothly it will be able to tackle the challenges posed by change and reshaping of flawed structures. **Highly manoeuvrable speedboats are more suited to this task than cumbersome tankers.**

It is also clear that **centralisation, standardisation and harmonisation are not the right ingredients in the recipe**, neither for the economy nor in the political sphere.

Switzerland has proceeded further in its new set of tasks than its European neighbours – yet we must nevertheless continue to push forward. The problems must be solved, not just overseen. And this applies to our main problem in particular, the sorry state of public finances.

The task is daunting, and requires a great deal of effort on the part of politicians as well as trade and industry. Of special importance in this context: **flexibility, creativity, consistency, stamina and the ability to get things done.**

## Appendix 1

### Investment in Switzerland after EEA rejection: facts and figures

- Eighty (80) new foreign companies were attracted to the canton Neuchâtel alone in 1994 and 1995. The upward trend remains unbroken since EEA rejection. ['DER BUND' on 22-1-96] Francis Sermet, Economic Development Promoter. In 1996 30 new businesses were brought in. ['BaZ' on 23-1-96]
- The headquarters of the German electronics components company Phoenix-Mecano and of General Motors have been moved to Switzerland ['BERNER ZEITUNG' on 23-4-93]
- Interton Hörgeräte AG of Germany: manufacture of electronic devices in Kerzers.
- Prélude SA of France: sale of care products from La Tour-de-Trême
- L Pack SA of France: sale of machines for the food industry from Dürdingen.
- Farchim AG (UCB) of Belgium: pharmaceutical and chemical products in Bulle.
- Plast-Labor AG of Germany: installation of new production lines, expansion of production capacities at the existing factory in Bulle.
- Cosmital (Wella) of Germany: expansion of research activities in Marly.
- C.M.D. Châtel Medical Devices SA (Nitricia/Aplimed) of Holland: manufacture of clinical feeding devices in Châtel-St-Denis.
- Iscar Metaldur SA of Israel: expansion and diversification of production in Villaz-St-Pierre.
- Wago Contact SA of Great Britain and Germany: production of electronic binders and connections in Domdidier.
- Schoeller Plast Transportbehälter Systeme AG of Germany: international distribution of containers from Romont.
- NBB Biotech GmbH of USA/CH: manufacture and sale of control and sterilisation devices in Galmiz.
- ZWG Industries of Germany: production and distribution of industrial machines in Bödingen.
- With its purchase of the Elvia insurance company, Allianz, Germany's largest insurance group, has become the number 1 foreign insurer in Switzerland. A major corporation based within the EU must have very good reasons to invest roughly 2 1/2 billion Swiss francs in 'go-it-alone' Switzerland. ['BeZ' on 1-10-94]
- R.P. Scherer Corp., US drug manufacturer with 18 works in 11 countries and annual sales of over CHF 650 million, largely realised in Europe, has opened its European headquarters in Zug. ['LuZ' on 8-2-95]
- Silicon Graphics is building new production facilities for computer systems in Cortaillod NE. Thirty million Swiss francs are to be invested in the expansion of the European technology and production centre in Cortaillod. 'Switzerland has consistently confirmed that it is the ideal location from which to serve European customers.' – Thomas Rohrs, Manager Silicon Graphics. ['DER BUND' on 22-1-96] Over the next five years, Silicon Graphics intends to create 260 new jobs in Cortaillod. ['NEUE ZÜRCHER ZEITUNG' on 29-4-97]
- *Stihl*, a company producing power saws in Waiblingen/Stuttgart, Germany, runs a profitable branch operation in Wil SG. Robert Schäfer, general manager of *Stihl* in Wil: 'We have opened up all the major markets of the world, from Tierra del Fuego to Argentina, from Poland to the USA, and are hence able to adapt swiftly to requirements. We supply our products to 132 countries world-wide. And we have succeeded only because we are not always whinging. Our business success is a source of satisfaction. In spite of higher gross wage costs than in the German parent establishment, the costs per hour in Wil are substantially lower, and profits are markedly higher. The personnel in Wil work a great deal more for their annual wages. Moreover, our people are a lot less absent due to sickness, and generate by far lower additional wage costs. All in all, the 250 employees of the Wil operation provide a yearly performance of 1,921 productive hours per person, compared with only 1,322 hours for their German colleagues.'
- The management of the French Michelin group (whose products include tyres) continues to give location Switzerland the thumbs-up: a research centre is to be completed in Givisiez in the canton Fribourg. From June of this year 50 research specialists will be working in the location on the outskirts of the town of Fribourg. Reasons given for this decision include the creative environment, peaceful labour relations and the broad supply of skilled labour. The Canton Fribourg is also home to Compagnie financière and a Michelin group distribution centre.
- An English investment company intends to acquire the Geberit group for CHF 1.8 billion. Founded in 1874 and domiciled in Jona (SG), Geberit is a European leader in the field of sanitary engineering. All participants agree that Switzerland is a good location. Doughty Hanson,

the buyer, controls Europe's largest independent fund for investment in companies. The leading position of the acquired company is to be preserved – from location Switzerland! ['Basler Zeitung' on 5-3-97]

- German weighing equipment manufacturer *Soehnle* is eliminating 160 jobs at its main Stuttgart plant. At its branch operation in Montlingen in the Canton of St. Gallen, however, the company intends to increase its workforce over the medium term, and to create an order processing centre and expand research activities. On the occasion of a media briefing, BoD member Armin Soehnle praised Switzerland as a business location, stating that in comparison to Germany wage costs were lower, employee morale higher and productivity better. 'The illness rate at the German parent works is 9% against not even 1% at the branch operation in Montlingen. Although one has to distinguish by branch and region, Switzerland as an industrial location compares well with foreign locations.' ['OLTNER TAGBLATT' on 6-9-96/'Basler Zeitung' on 9-9-96]
- In 1993 US corporation Rockwell acquired *Sprecher + Schuh*, a company based in the Canton of Aargau. In the meantime, 50 million Swiss francs have been invested, and a further 50 million francs are planned. The more than 1,000 jobs have been secured. ['Blick' on 29-10-96]
- Unnoticed by the public, the industrial jobs of the future are being created in the Canton of Vaud: Ares-Serono is building the world's largest and most modern biotechnology production centre in Corsier-sur-Vevey. The factory will cost 275 million Swiss francs, operations are scheduled to start in 1998. Switzerland – an industrial location in crisis? Over the past years, more than 500 high-tech companies with over 6,000 highly qualified employees settled in the region of Biel/Neuchâtel and in the Canton of Vaud. At a site near Vevey, 250 employees in 36,000 square metre premises will manufacture gene technology-based pharmaceuticals on an industrial scale. For the dynamic Ares-Serono group, Switzerland is the gene technology location of the future. Three hundred million Swiss francs are to be invested in operations in the French-speaking part of Switzerland in 1996 and 1997. In addition to investments in Corsier, the group is expanding production capacities in Aubonne VD. ['TAGES-ANZEIGER' on 22-3-96]
- US multinational corporation Medtronic, global market leader for pacemakers, has relocated its European headquarters from Brussels to Morges. Medtronic has been attracted by Switzerland's high social security and productivity, peaceful labour relations, good education and training system as well as by the university of Geneva as a centre of scientific research and the University Medical Center of Vaud in Lausanne with its world-wide leading cardiology department. The company has invested CHF 60 million in facilities by the Lake of Geneva. Morges is to be an administration centre as well as a production, research and training site. Roughly 200 jobs will be created. The research centre will house dozens of scientists tasked with the development of pacemakers and medical products. With a market share of 50 per cent and 11,000 employees, Medtronic is the undisputed global market leader in the field of pacemakers. ['SONNTAGSZEITUNG' on 7-4-96]
- The old-established shipping company Köln-Düsseldorfer Deutsche Rheinschiffahrts-Gesellschaft is relocating its centre of operations for river cruises from Cologne to Basel. As reasons for this deregistration in Germany and registration in Switzerland, and for the change-over to a new type of firm, managing director Thomas Weber cites tax advantages and lower social costs, plus anticipated flexibility gains. He pointed out that German laws restrict the scope of entrepreneurial freedom to an excessive extent, and that the response of authorities in that country is often characterised by ponderousness and a lack of willingness to reach a compromise. ['BASLER ZEITUNG' on 7-5-96]
- Intershop Properties USA Corp. (IPU), a leading property owner in the USA, will be relocating from Panama to Zurich. The company can thus benefit from the tax advantages granted under the holding privilege, and is correspondingly in a position to do without the double taxation agreement lost as a result of the EU.
- LEGO has invested dozens of millions of francs for a new plant in Willisau, where approximately 250 new jobs have been created and 200 more are planned. ['BeZ' on 8-9-94]
- US cosmetics company Mary Kay will locate its European production activities in La Chaux-de-Fonds, where it will create more than 150 jobs. ['TA' on 28-10-95]
- Cigarette manufacturer Philip Morris is investing over 100 million Swiss francs in Neuchâtel. ['TA' on 28-10-95]
- USA-Reynolds Tobacco has opened its export offices in Geneva. ['TA' on 28-10-95]

- Baxter International has set up a biotechnology centre in Neuchâtel for USD 110 million. ['F+W' on 21-10-95]
- AT&T, the world's largest telecommunications group with annual sales of over 98 billion Swiss francs, has chosen Geneva as location for its European decision centre: jobs for more than 200 people. ['LNN' on 25-1-95]
- IBM Microelectronics together with SGS Thomson Microelectronics will set up their high-tech site in Geneva: 300 new jobs. ['BaZ' on 1-2-96]
- Major corporation Sun Microsystems will open a Swiss branch, thus creating jobs. ['BaZ' on 1-2-96]
- A subsidiary of US corporation Johnson & Johnson wants to manufacture cardiac catheters in the canton Neuchâtel. This will create 150 new jobs over the medium term. With its 87,000 employees the group is the largest and most versatile manufacturer of products in the health sector. ['NLZ' on 31-7-96]
- First National Bank of South Africa (FNB) has opened a branch in Zurich (and not in the EU region).
- Sauter AG in Basel, an internationally renowned supplier of process control technologies for heating, ventilation, air conditioning and water supply products, employs approximately 1,600 people world-wide, of which 500 in Freiburg i. Br (Germany). The company is currently relocating jobs in the electronic assembly sector from there to the parent operation in Basel. ['LNN' on 11-2-95]
- Foreign-controlled Cilag AG has confirmed Schaffhausen as a company location. Over the coming years the company will invest a further 40 million Swiss francs in its operations there, thus creating 100 new jobs. This most recent investment takes the total volume of Cilag investment in the Schaffhausen location to roughly 200 million Swiss francs. ['SN' on 4-10-96]
- Computer software producer Oracle is relocating from Vienna to Schaffhausen.
- Protochemie AG, a subsidiary of Grünenthal GmbH, makers of pharmaceutical specialities, has applied its largest foreign investment to date in Mittlödi GL: CHF 25 million.
- German circuit board manufacturer Ruwel-Werke is taking over MultiBoard Electronic AG in Gams/SG, and plans to create 80 new jobs ['Ostschweizer Zeitung' on 7-10-97]
- German high-tech firm Carsten Binder & Co. is creating new production facilities for steam turbines in Gams/SG. The company also plans to relocate its research and development activities from Bavaria to Gams: up to 80 high-qualification jobs are planned. ['Ostschweizer Zeitung' on 7-10-97]

## Appendix 2

### Direct foreign investment in Switzerland 1993 – 1996

Total capital at end of year (book value) in CHF million

All companies

	1993	1994	1995
Total	57 277	63 828	65 662
Industrialised countries	55 946	62 667	64 668
EU 1	34 925	39 333	44 809
EFTA 1	3 344	3 726	21
Central and eastern Europe	94	74	116
Other european countries	68	78	79
North America	13 975	15 856	16 382
Other industrialised countries 3	3 540	3 600	3 282
Emerging countries	73	47	65
Developping countries	1 258	1 114	929
Middle East	663	598	554
Other developping countries	595	516	375

1 Until 1995 incl. Finland, Austria and Sweden

2 As of 1995, incl. Finland, Austria and Sweden

3 Japan, South Africa, Australia, New Zealand



### Appendix 3

## 1997: wage and price levels - a European comparison

Source: brochure 'Preise und Löhne rund um die Welt', published by UBS, 1997 edition, survey conducted in the 2<sup>nd</sup> quarter of 1997

<b>Car mechanic</b>		<b>Primary school teacher</b>		<b>Department manager</b>	
with completed apprenticeship and 5 years of professional experience, 25, single		approx. 10 years of professional experience in state school service, 35, married, two children		technical operating manager in a larger company, many years of experience, married, two children	
City	Net wages	City	Net wages	City	Net wages
Zurich	44 200.-	Zurich	75 200.-	Zurich	106 800.-
Amsterdam	19 000.-	Amsterdam	32 400.-	Amsterdam	54 600.-
Frankfurt	24 400.-	Frankfurt	46 700.-	Frankfurt	53 200.-
London	25 100.-	London	34 600.-	London	44 700.-
Milan	19 200.-	Milan	21 600.-	Milan	29 600.-
Paris	18 500.-	Paris	24 800.-	Paris	65 500.-
Vienna	24 200.-	Vienna	28 700.-	Vienna	62 800.-
Stockholm	23 600.-	Stockholm	25 800.-	Stockholm	45 200.-
Brussels	17 300.-	Brussels	23 200.-	Brussels	51 900.-
Madrid	19 500.-	Madrid	26 800.-	Madrid	31 500.-
Athens	14 200.-	Athens	17 000.-	Athens	29 300.-
Helsinki	17 800.-	Helsinki	23 900.-	Helsinki	42 900.-
Dublin	19 800.-	Dublin	35 900.-	Dublin	45 100.-
Lisbon	11 100.-	Lisbon	19 700.-	Lisbon	37 700.-
<b>Construction labourer</b>		<b>Sales assistant (female)</b>		<b>Engineer</b>	
semi-skilled or unskilled labourer, 25, single		apprenticeship, ladies' dept. in a large store, some years of selling experience, 20-25, single		university degree, 5 years in an industrial company, 35, married, two children	
City	Salaires net	City	saire net	City	saire net
Zurich	34 500.-	Zurich	39 100.-	Zurich	81 000.-
Amsterdam	22 200.-	Amsterdam	16 700.-	Amsterdam	41 600.-
Frankfurt	22 100.-	Frankfurt	20 200.-	Frankfurt	51 100.-
London	18 400.-	London	16 500.-	London	37 100.-
Milan	14 700.-	Milan	17 000.-	Milan	33 400.-
Paris	13 500.-	Paris	18 900.-	Paris	51 700.-
Vienna	20 400.-	Vienna	18 000.-	Vienna	51 400.-
Stockholm	25 800.-	Stockholm	21 800.-	Stockholm	33 400.-
Brussels	20 100.-	Brussels	17 700.-	Brussels	40 400.-
Madrid	13 700.-	Madrid	13 600.-	Madrid	36 700.-
Athens	14 800.-	Athens	9 500.-	Athens	27 600.-
Helsinki	19 100.-	Helsinki	16 100.-	Helsinki	33 900.-
Dublin	18 800.-	Dublin	19 800.-	Dublin	40 600.-
Lisbon	7 700.-	Lisbon	9 700.-	Lisbon	27 600.-
<b>Skilled worker</b>		<b>Credit officer</b>		<b>Secretary</b>	
Ten years of practical experience in a larger company of the metal industry, 35, married, 2 children		bank apprenticeship, 10 years of professional experience, 35, married, 2 children		for a department manager, 5 years of experience, one foreign language, 25, single	
City	Salaires net	City	saire net	City	saire net
Zurich	57 700.-	Zurich	82 500.-	Zurich	47 300.-
Amsterdam	28 900.-	Amsterdam	27 500.-	Amsterdam	22 100.-
Frankfurt	29 200.-	Frankfurt	43 700.-	Frankfurt	27 100.-
London	31 400.-	London	30 000.-	London	26 800.-
Milan	21 100.-	Milan	28 400.-	Milan	19 200.-
Paris	23 600.-	Paris	39 800.-	Paris	22 100.-
Vienna	31 800.-	Vienna	38 600.-	Vienna	27 600.-
Stockholm	26 400.-	Stockholm	24 700.-	Stockholm	23 300.-
Brussels	28 600.-	Brussels	31 200.-	Brussels	23 100.-
Madrid	20 000.-	Madrid	26 900.-	Madrid	20 400.-
Athens	18 700.-	Athens	18 700.-	Athens	15 000.-
Helsinki	25 600.-	Helsinki	21 900.-	Helsinki	20 000.-
Dublin	24 200.-	Dublin	34 500.-	Dublin	22 300.-
Lisbon	15 100.-	Lisbon	27 100.-	Lisbon	10 900.-

<b>Rent</b>			
for a 3-room apartment, unfurnished, incl. extra costs, customary conveniences, near city, per month			
City	expensive	average	Cheap
Zurich	3500.-	2100.-	1350.-
Amsterdam	1580.-	1290.-	970.-
Frankfurt	2090.-	1670.-	1370.-
London	5060.-	3720.-	2720.-
Milan	1640.-	1490.-	1320.-
Paris	2120.-	1600.-	1160.-
Vienna	1460.-	1020.-	800.-
Stockholm	1180.-	920.-	770.-
Brussels	1220.-	1020.-	810.-
Madrid	2280.-	1680.-	1190.-
Athens	1190.-	850.-	660.-
Helsinki	1150.-	990.-	870.-
Dublin	1560.-	1390.-	1170.-
Lisbon	1370.-	1150.-	1030.-

<b>Price level</b>	
Basket of goods with 111 articles and services and with 3 rental prices, Zurich=100 %	
City	
Zurich	100
Amsterdam	75
Frankfurt	86
London	101
Milan	77
Paris	91
Vienna	78
Stockholm	95
Brussels	75
Madrid	73
Athens	66
Helsinki	90
Dublin	78
Lisbon	59

## Appendix 4

# Unemployment in the European Union and in Switzerland

Standardised unemployment rates in % 1997 (august)

Switzerland	4,1
Norway	4,5 (may)
Belgium	9,6
Denmark	6,3
Germany	9,8
Greece	10,0 (1995)
Spain	19,8
France	12,5
Ireland	10,7
Italy	12,5 (july)
Luxemburg	3,5
Netherlands	5,6 (july)
Portugal	8,2
Great Britain	6,8
Austria	4,5
Sweden	9,9
Finland	12,6
EU 15	10,6
Total OCDE	7,2

### Registered unemployed persons, by nationality, in Switzerland (in September 1997):

Swiss: 2,8 %

Foreigners: 8.8 %

## Appendix 5

### Assessment of Swiss competitive strength

- Every year the Financial Times compiles a list of the most important European companies. In 1995 the list contained five Swiss companies in the top 25. As reasons for this strong showing the Financial Times lists the good development of the Swiss stock market, the rise in value of the Swiss franc, the radical restructuring triggered by the strong Swiss franc, the liberalisation of the domestic market, and rejection of EEA membership. In addition, it was stated that Switzerland has not been punished for EEA rejection, and that Switzerland stands as a positive advertisement for life outside of the EU. ['Neue Zürcher Zeitung' No. 17/1995]
- Switzerland maintains a strong presence (15 companies; 6<sup>th</sup> place) in the list of the world's 500 largest service providers (banks, insurance companies, major distributors) published by Fortune, the leading US business magazine. The three largest Swiss banks rank with the world's 100 major banking institutions, and if net income is applied as a yardstick they gain a significant number of places on the list: UBS is 12<sup>th</sup> by profit in the list of the 100 largest banks, Swiss Bank Corporation holds 18<sup>th</sup> and CS 22<sup>nd</sup> place. Generally speaking, it may hence be said that these three banks obviously operate with greater efficiency than their global competition. Switzerland's Raiffeisenbanken rank in 15<sup>th</sup> place on the list of the world's 50 largest savings banks. The world top 50 list of life insurers includes two Swiss companies: Rentenanstalt (25<sup>th</sup>) and Winterthur-Leben (49<sup>th</sup>). Migros holds 27<sup>th</sup> place and Coop Switzerland 45<sup>th</sup> place in the major distributors category, and thus belong to the world's top 50 distributors. They too report higher profits than their global competitors.
- According to Prognos, the European centre for economic research, Swiss productivity is the best in the world (130%), followed at quite a distance by Japan (118%). It is expected that our country will top the list also in 2005. ['LNN' on 23-2-95]
- 'Switzerland is the best commercial location in Europe, we must not join the EU. Membership would lead to a significant deterioration of the operating framework for our industry', said Georg Mandl, BoD chairman of Papierfabrik Netstal AG. ['Cash' on 23-6-95]
- 'Business location Switzerland is better than its reputation: in Switzerland, foreign companies find the best framework for trade and production in Europe.' This is the conclusion reached in a survey by the European Council of the American Chamber of Commerce published last week. More than 700 top executives took part in the survey; they ranked Switzerland first of a total of 23 surveyed countries, followed by Ireland, the Netherlands, Sweden and Israel. ['SoB' on 20-10-96]
- Professor Jan Kubes of the International Institute for Management Development (IMD), Lausanne: 'The competitive strength of the Swiss economy is intact.' He sees Swiss competitiveness on an upward trend, and says that foreigners rate Switzerland higher in attractiveness than the Swiss themselves do. He states that the Swiss production operations get a better rating than their European competitors in the 'Made in Switzerland' study compiled by IMD. He proposes depicting Switzerland more as an oasis than as an island in the centre of Europe. ['BeZ' on 31-5-96]
- Switzerland ranks 2<sup>nd</sup> behind Singapore in the list of 22 industrial locations (rated by labour productivity, labour and collective bargaining law, willingness to work and qualification level), much better than all other EU nations. [Source: Beri-Institut, Geneva]
- According to a study conducted by the Ifo-Institut in Munich, German business leaders rate the Czech Republic as Europe's most attractive location, followed by Switzerland. Advantages offered by a Swiss location include in particular the relatively long working hours, the low rate of absenteeism, and the high labour productivity (second only to Singapore). Moreover, the Germans hold the Swiss innovative spirit in especially high esteem. ['WW' on 24-2-94]
- A study states that only eight of 150 countries of the world have a free economy. The study – conducted by the Heritage Foundation in collaboration with the Wall Street Journal - comes to the conclusion that Switzerland has Europe's most liberal economic framework. The index bases its conclusions on a total of ten factors, including taxes, monetary policies, public spending and the black market. Other European countries on the list: Great Britain (7<sup>th</sup>), Netherlands (9<sup>th</sup>), Denmark and Luxembourg (11<sup>th</sup>) and Germany (20<sup>th</sup>).
- 'The citizens of Switzerland embrace gloominess and general dejection with the discipline typical of their national character. It is quite simply no longer fashionable to say something positive about Switzerland', says Fredmund Malik, BoD chairman of the MZSG Management Zentrum in St. Gallen and professor for business studies at the University of St. Gallen. 'Constant criticism is not a solution.' With regard to the state of the national psyche, Malik sees an enormous 'discrepancy between perception and reality'. He underpins his belief in a better

Switzerland with positive facts: the relative export performance of Switzerland is four times that of the USA, the relative current account surplus is twice as high as that of top performer Japan. In the Fortune top 500 list of world-wide leading companies, there are four times more Swiss than US companies (relative to the population figures), and eight times more Swiss than German companies.

- The McKinsey consultants take a similar view: 'Switzerland is a willpower nation. We are unified by the will to provide above-average performance. With regard to employees' motivation to work and their identification with the company, the IMD Competitiveness Report 1996 places Switzerland in the top three, behind Japan and Austria. And our country takes third place for labour productivity, too, preceded only by Luxembourg and Japan.'
- Roughly 6,000 executive staff of eleven Asian countries were polled for this year's survey conducted by the Far Eastern Economic Review. Nestlé as the best Swiss company was ranked in 11<sup>th</sup> place, just ahead of watch manufacturer Rolex (up to 14<sup>th</sup>). UBS achieved substantial ranking gains: thanks to good marks in the financial security category this major Swiss bank made one of the most impressive jumps up the ranking list (17 places). The executives rated the production quality at Rolex as the best of all international companies, relegating former number one BMW to second place. The good showing of the top-ranking Swiss banks is the reward for their excellence in the financial security category. In addition to UBS, which came in third, SBC moved up to fourth place, and CS managed a place in the top ten. ['Basler Zeitung' on 29-1-97]
- According to a study by Geneva-based World Economic Forum, Switzerland is one of the world's six most competitive nations. The first three places are held by Singapore, Hong Kong and New Zealand, followed by the USA, Luxembourg, Switzerland, Norway and Canada. Five of the six most competitive nations are small economic areas with small governments and low taxation rates, says the study. On the other hand, the EU lags behind many other parts of the world with regard to economic competitiveness – Germany is in 22<sup>nd</sup> place! The welfare system currently applied places too heavy a financial burden on the economy. [Swiss TV 'SF DRS' on 29-5-96]
- In the opinion of American and European businesspeople, Switzerland and Ireland offer the greatest location advantages. Switzerland's principal benefits are the banking system, the tax system, the social costs, the stability of its currency, the infrastructure and the qualification of its labour force. ['Neue Zürcher Zeitung' on 6-11-96]
- The Fraser Institute in Vancouver (Canada) publishes an annual report titled 'Economic Freedom of the World' which analyses the economic frameworks of 115 countries. The report is highly respected in professional circles, and takes a close look at privatisation, tax and trade policies, subsidies, international openness (!), protection of property etc. The top five nations are Hong Kong, Singapore, New Zealand, the USA and Mauritius. Switzerland enters the list as the top European country, in sixth place. The report specifies 'money and inflation' and 'international openness' (!) as particular strong points of our country. ['Neue Zürcher Zeitung' on 26-5-97]
- A further two studies also confirm the high competitive standing of Switzerland in an international comparison. The Lausanne Management-Institut IMD places Switzerland in 7<sup>th</sup> place world-wide, stating that this country has the ability 'to achieve enduringly high growth rates for the per capita gross domestic product'. According to the World Economic Forum (WEF), Switzerland takes 6<sup>th</sup> place amongst 53 surveyed countries around the world; in Europe, Switzerland gets the number one slot (ahead of all EU states). This result reflects the classic strengths of our country: the high qualification and productivity of the labour force, for example, and the country's strength as a financial centre, the good infrastructure, the stable political situation. ['TAGES-ANZEIGER' on 24-5-97]
- Switzerland experiences the fewest strikes of any country in the world – a weighty argument for Switzerland as a commercial location. 'World champion' in the field of industrial action is the EU state Greece, followed by Spain and Italy.
- Moody's credit rating for insurance companies places three Swiss companies in its global top five (Winterthur, Schweizer Rück, Zürich). ['Invest' 35/96]
- The president of the Swiss National Bank (SNB), Hans Meyer, described the current economic situation as being unsatisfactory but not dramatic. He stated that prosperity in Switzerland was – in spite of all the gloomy predictions – higher and more broadly distributed than ever before. ['NLZ' on 18-9-96]
- Leica boss Markus Rauh (St. Gallen) on the so-called location disadvantages in eastern Switzerland: 'What disadvantages? The structures here are equal to those to be found in the rest

of Switzerland and around the Lake of Constance. I cannot join the chorus of those who like to spread gloom about 'disadvantaged' eastern Switzerland.' [ThA' on 5-4-95]

- According to a 1996 study conducted by UBS, Switzerland will be one of only two European countries (the second being Ireland) which will manage to retain a slot in the next decade's global competitiveness top ten.
- The 'Global Competitiveness Report 1997' states that Switzerland will have the strongest growth potential of all European nations over the coming 5 to 10 years.
- The Benchmarking Study (IBM/IMD, 1996) found that 75% of all Swiss companies are internationally seen as being direct competitors; the corresponding European average is only 52%.

## Appendix 6

### **Swiss companies, too, have discovered the advantages of a Switzerland outside of the EEA and EU**

- Pharmaceuticals group Roche wants to invest approximately 500 million Swiss francs in its Basel location up to the year 2000. ['NLZ' on 27-4-95]
- In stark contrast to the stagnation of industrial investment predicted by 'insiders' in case of EEA rejection, Ciba-Geigy is now building new production facilities for over 200 million Swiss francs in Stein, Switzerland. ['SZ' on 1-10-93]
- From 1995 to 1997 ABB invested 25 million Swiss francs in so-called turbocharger test beds in the Swiss town of Baden for diesel engines for ocean-going ships, diesel power stations and locomotives. ['Schweizer Journal' 1/97]
- In Birr, ABB invested 100 million Swiss francs in the world's most modern facility (power station) for the development of gas turbine technology. The plant is located close to the ABB research centre Dättwil, the development departments Baden and the production facilities in Birr. The project underlines the importance of Switzerland as an industrial base for ABB: well-trained personnel, the availability of cheap capital and the competency required to translate research and development results into marketable products. ['Schweizer Journal' 1/97]
- The group reported significantly higher profits for 1993 than for the previous year and announced it was coping well with the recession. It also announced that Sulzer was building a centre for medical technology in Winterthur, an investment of roughly 50 million Swiss francs that would create 440 jobs. This large-scale project had been temporarily shelved following EEA rejection. In the meantime, the company studied possible foreign locations, but opted for Switzerland after examining the certification issue. ['DAZ' on 22-5-96]
- In Oerlikon, ABB Switzerland opened the newly constructed facilities Toro I and Toro II. Costing 150 million Swiss francs, the new buildings house the Engineering and Sales units. Replying to the question as to why ABB was investing in Switzerland, Josef Dürr, member of the ABB executive committee, said: 'It is a simple fact that Switzerland has traditional strengths in a number of fields. For example in electricity production, transfer and distribution. (...) Technology and competitive strength speak for Switzerland.' ['Neue Zürcher Zeitung' on 29-8-97]

## Appendix 7

### Interest rates and inflation in Switzerland compared with EU states

Countries	Inflation (sept. 96 -aug. 97)	Long term interest rates (sept. 96 - aug. 97)	Deficit (in % BIP, 1996)	Debt (in % BIP, 1996)	Participation EMU
Reference Values	2.6	7.7	3	60	
Belgium	1.8	5.9	3.2	126.9	oui
Denmark	2.1	6.5	0.8	71.6	oui
Germany	1.4	5.8	3.4	60.4	oui
Greece	6.3	11.2	7.6	112.6	non
Spain	2.4	7.0	4.7	70.1	oui
France	1.4	5.7	4.1	55.7	oui
Ireland	1.7	6.6	0.4	72.7	oui
Italy	2.3	7.5	6.8	123.8	oui
Luxemburg	1.3	5.7	- 2.6	6.6	oui
Netherlands	1.7	5.7	2.3	77.2	oui
Austria	1.4	5.8	3.8	69.5	oui
Portugal	2.3	6.9	3.2	65.6	oui
Finland	1.0	6.2	3.1	58.0	oui
Sweden	1.1	7.0	3.7	77.8	non
Great Britain	2.1	7.5	4.9	54.4	non
Switzerland	0.5	3.7	1.8	49.2	-

Source: 'Auswirkungen der Einführung des Euro auf die Bundesverwaltung und die SNB' ['Impact of the introduction of the Euro on the Swiss Federal Administration and the Swiss National Bank'], published by the interdepartmental work group 'EURO', October 1997