Interview: Martin Naville – CEO, Swiss-American Chamber of Commerce, Switzerland

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Martin Naville, CEO of the Swiss-American Chamber of Commerce, discusses Swiss exports to the US, global competitiveness and innovation rankings, and why the Swiss-US relationship will only continue to grow stronger in the coming years.

In 2015, the US was the most important destination for Swiss direct investment abroad, amounting for 239 billion Swiss Francs (242.6 billion USD) – over 18 percent of all direct investment abroad. Equally, Switzerland is an important destination for American direct investors. How would you characterize the trade relationship between the two countries?

The importance of the US, as a key trading partner for Switzerland, remains underestimated. Over the last five years, the US has, by some distance, been our fastest growing trading partner out of our top 10 export partners. Indeed, in this period, Swiss exports to the USA have increased by 37 percent. Likewise, over the same period of time, Swiss imports from America have increased by 48 percent. Such an increase in trade has not been driven by issues such as currency fluctuations, but by an increasingly strong and diversified relationship. Swiss pharmaceutical exports account for approximately 47 percent of our trade with America, followed by machinery and watches. Switzerland is uniquely global with four times more global Fortune 500 companies per million inhabitants than any other country. We have two of the largest pharmaceutical companies in the world (Novartis and Roche), the second largest food company (Nestlé), the second largest heavy equipment manufacturer (ABB), the largest cement company (LafargeHolcim), the largest reinsurance company (SwissRe), one of the largest insurance companies (Zurich Insurance) and two of the largest banks in the world (UBS and Credit Suisse).

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America plays an extremely important role in our leadership position across many fronts. Historically, the Swiss economy has always been extremely open. Indeed, as a country with a relatively small population, we have had no choice but to be open to the world. Being competitive on a global scale is essential, and being competitive from a fiscal point is crucial. In this light, our on-going tax reforms will play a key role in ensuring that we remain an attractive investment location, particularly given the growing international competition. Our excellent level of education, world-leading universities, with the two best technical universities in continental Europe in ETH Zurich (Swiss Federal Institute of Technology), and Ecole Polytechnique Fédérale de Lausanne (EPFL), well developed infrastructure, and an openness to foreigners, have all been key to Switzerland’s success.

What are the most salient issues when it comes to preserving the relationship between these two countries and what are the most pressing issues for the Swiss-American Chamber of Commerce?

Over the last 20 years, the development of the Swiss economy has been extremely impressive. While it is true that over the last five years we have faced a number of challenges related to the banking environment, immigration, our relationship with the European Union (EU) and taxation, our economy remains strong. In 2015, Biogen made a historic investment decision in Switzerland, with a billion-dollar biotech manufacturing plant in Luterbach, in the canton of Solothurn. Construction is going on as we speak. Indeed, the Swiss environment remains conducive to international investments. As Swiss Amcham, our members consist of a large number of multinational companies, large and small, of both Swiss and foreign origin.

Zurich is the world´s smallest great global city. Basel has a very important status as a global pharmaceutical cluster, comprising the entire value chain, from research and production to commercialization. And Geneva hosts a unique cluster of wealth managers and an amazing commodity trading cluster. A key focus of my attention today is to ensure that Switzerland remains a country with open borders. This concerns more than the free movement of people within Europe, but includes remaining open to people from across the world. Our major growth industries rely heavily on foreigners. 24 percent of our population today are not Swiss-born. Unlike many other AmChams around the world, 70 percent of our members are Swiss companies. Our goal is not in itself to help individual American companies establish a presence in Switzerland. Instead we work on comprehensive issues that are of concern to a large number of the international companies with Swiss operations.

What factors explain the particularly close Swiss-US relationship?

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Swiss companies have traditionally been fast when it comes to exporting to the US. As a country, we are particularly skilled at selling to North America, an environment with plenty of complexities and one that is particularly competitive. Indeed, we are far ahead of the likes of Germany and France when it comes to taking advantage of the latest trends in the US. Particularly for pharmaceutical companies, having direct access to leading American universities is extremely important. This for example explains why Novartis's R&D headquarters are located Cambridge, Massachusetts. The majority of breakthrough innovations, in all industries, and pharmaceuticals is no exception to the rule, have come from the US. It is fair to say that the Swiss pharmaceutical industry is favored, to a large extent, by American processes and innovation.

The relationship is driven by similar markets, a similar system of law, and comparable value chain transactions. America and Switzerland are two of the most decentralized countries in the world. Indeed, America drew inspiration from the Swiss model of federalism, and likewise Switzerland replicated the ideas behind the American constitution. In terms of business, a large number of Swiss managers have gone to America for training and many large American corporations have important regional activities in Switzerland.

You have been CEO of the Swiss-American Chamber of Commerce since 2004. What would you say have been the most notable achievements, in terms of strengthening the US-Swiss relationship, over the last 12 years?

Over the last 12 years, Swiss exports to America have doubled in volume, going from 10.6 to 14.5 percent of all Swiss exports between 2004 and today. When I took up my position at AmCham, exports of Swiss goods to America were of similar size as exports to France or Italy. Today they are larger than exports to France and Italy combined! Within the next 10 years, I envisage Swiss exports to the US to make up around 18 to 20 percent of total exports and surpass exports to Germany, today our largest export market

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In any global competitiveness ranking, Switzerland and America have always been amongst the top five in the world, and hopefully they will continue to be so. The same is true when it comes to innovation. Indeed, our two countries have a lot in common. I am convinced that the breadth and depth of the relationship will only continue to increase in the years ahead.

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