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Taxation works as door opener here in Zug, while we prioritize talent attraction and education

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Bernhard Neidhart, head of Office for Economy and Labor in Zug, introduces us to the Canton of Zug and explains how the region became a hotspot for pharma.

To begin Dr. Neidhart, could you please introduce us to the Canton of Zug? How does Zug's "value proposition" compare to the other locations in Switzerland?

Stability, reliability and competitive taxation are generally important aspects that have to be fulfilled in order to be shortlisted amongst other attractive business locations in Switzerland. Taxation works as door opener here in Zug, while we prioritize talent attraction and education. Switzerland is a high-cost country. Hence, we have to invest in people, which ought to include highly qualified employees from the local or the international community. To fulfil requirements for expats, we create a family-friendly environment, which means supporting international schools and having an English-speaking service sector. Additionally, infrastructure and accessibility are very important in Zug. More than 37,000 employees commute to work daily from Zurich, Lucerne or even Basel. Not to mention the significance of being connected to a large range of destinations across entire Europe and the world.

We're here today because Zug, although the smallest canton in Switzerland, is one of the major centers for the life sciences industry in Switzerland with a significant presence from companies like J&J, Roche Diagnostics, Novartis, Amgen, Biogen, Bristol Myers Squibb, Shire and Abbott. The list goes on and on. How did Zug come to be the "pharma valley" of Switzerland?

The Canton of Zug does not have a cluster policy. We are focusing on all of the industries and try to provide the companies with *'the best overall package'.* The seven areas that we prioritize are business friendliness, stability, taxation, talents/education, accessibility, internationality, quality of life and of course overall effective business environment. The success story of the Canton of Zug lies within the equal treatment of all businesses. Another example is the recent emergence of the Crypto Valley Zug, companies specializing in crypto currency and block chain technology. A lot of people often ask me what we as Zug's cantonal office have done to attract them, but to be honest, it is driven by private initiatives from the companies to set their operations here.

This is to say, that we never had an agenda to specifically attract pharma, biotech or medtech businesses. Recognizing what Zug had to offer to international businesses in general, Abbott, Bristol Myers Squibb, Johnson & Johnson and many more came during the sixties and seventies. Since then, more and more companies have followed. Roche bought Tegimenta many years ago, and in doing so established their presence in Rotkreuz. Today, Roche is the single biggest employer in the region employing around 2,500 permanent staff members.

Of course, there is a difference between the financial and real economies in Zug. In terms of employment and physical operations, how important are the life sciences to Zug's economy relative to other sectors?

The life science cluster accounts for around 6,700 jobs, from which 2,700 include (top) management positions, the rest are positions in R&D, production, supply chain, HR, marketing, and so on. All in all, this equals to around six percent of all the jobs in the Canton of Zug.

Switzerland has other hotspots for the pharma industry – like Basel, Geneva, Zurich and Lugano. How does Zug's "value proposition" compare to these other locations in Switzerland?

The strength of Zug is that all important criteria for the wellbeing of an international company fulfil the requirements on a very high and international competitive level, independent on the kind of industry. Above these general and overall conditions, it is the positive effect of clustering, which shows a lot of synergies for each single company.

Where do you see room for improvement?

The potential of improvements is mainly on the federal, but not on the cantonal level. In economic terms Zug is the most international canton. Therefore, it is very important for us that Switzerland has a strong standing within the international community. We need free trade agreements, because companies operate in Switzerland for the purpose of trade. None of the international companies come here because of the Swiss market with eight million people, but for the EU market with 500 million people. Zug and Switzerland are regional hubs for companies looking to run operations not only in Europe but across Asia and Africa. Thus, improvements are firstly established on the national level and then we try to collaborate with other administrations. The legal frame is given, but sometimes small improvements can help businesses to achieve more success.

In addition, our priority here in Zug is to make the residing companies happy because these are the companies that act as drivers in terms of workplaces and annual growth. If companies are performing well, they will promote the canton better than our small team in the Economic Promotion Office ever could. We have close relationships to organisations and discuss what is feasible in terms of legislative, infrastructure or educational changes. For example, there was a high demand for IT specialists so we established a new department at the University of Applied Sciences purely focusing on IT studies. Our parliament invested one million Swiss Francs; the rest was raised through private sponsorship and the university itself. Finally, we rely on a strong network with other multipliers like the big four professional services companies, real estate developers, lawyers etc. Basically, all services that are necessary and demanded by the multinationals are available in Zug. Last but not least, Zug’s promotion office staff participates on a few roadshows by themselves. Generally, our promotion and success are heavily driven by the companies that are here already; and we work as a support mechanism for them.

Do you have a final message to European executives? What is your commitment to the businesses here in Zug and in particularly to the pharma industry?

Overall, Zug has a good reputation for a long-term stability, a business-friendly mindsetting and a highly competitive attractiveness for international business. The prominent presence of many internationals shows the strengths of the canton. The most recent case is Tesaro, which founded their oncology specialized company in Zug without any initial involvement or promotion from us. When it comes to the pharma cluster, Shire recently published a media release where they explained their move to Zug from Lausanne. The cluster effect played the key role, especially concerning the regional strong talent pool.

Also, knowledge sharing is much more convenient. To illustrate that, we have a forum for technology driven companies (named Technology Forum Zug) with 130-140 companies where the pharma cluster is, of course, included. The forum organizes events like “digital health” in order to benefit from each other. For example, Johnson & Johnson recently organized an event where it shared the knowledge on withholding taxes. Overall, cluster effects described by Shire are highly acknowledged and appreciated in Zug.

Is there one highlight regarding Zug and the pharma industry here that you would like to share?

There are many highlights. A very recent one is Biogen. We supported Biogen’s international headquarters move from Paris to Zug a number of years ago. More recently, when Biogen decided to build their billion-franc manufacturing plant, the company contacted Zug’s cantonal office first. Of course, Zug is too small to accommodate this sort of facility. So, we encouraged Biogen to collaborate with Greater Zurich Area AG, our regional promotion agency, and the national federal agency S-GE. Finally, the Canton of Solothurn was chosen as the best place to make the investment for the production plant. Not to forget Roche Diagnostics, Amgen, Shire and many more, which are accelerating Zug’s success. These kinds of companies are the Canton of Zug’s best promoters!

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