Interview: Mike Belton – Council Member and Vice-Chair of the UK Chapter, British Swiss Chamber of Commerce (BSCC)



"My major concern is investment into R&D in the UK universities and the fact European funding will disappear."

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Mike Belton of the British Swiss Chamber of Commerce discusses the capabilities of the organization, its role within the British and Swiss investment ecosystem, and how Switzerland can act as a model for the UK post-Brexit.

Can you start by introducing the British Swiss Chamber of Commerce so we can get a sense of the background, a sense of the capabilities and services in the chamber today?

The British Swiss Chamber of Commerce has been in existence for nearly 100 years. Our centenary will be 2020, which we are very excited about. It is a very impressive organization. Around 550 to 600 members in a typical year. And the thing that we are most proud of about the chamber is the fact that it is truly a British and Swiss chamber of commerce with large representation in both countries.

The main chapters are the UK chapter, which is based in London, and then we have significant chapters in Zurich, Geneva, Bern, and Basel. Bern has driven our life sciences push. It is one of the six economic pillars of the chamber because of its importance to both the Swiss and the UK economies. It is very much a focus for the chamber as it looks to continue to make itself very relevant in the economic life of both countries for indirect investment, research and startup finance.

Just for the chamber, we think we are underrepresented in our life sciences/pharma membership. It's been very much focused on banks, insurance, consulting, and we want to round that out to more economic pillars, including life sciences and pharma. In the UK we work very closely with the Swiss Embassy and their economic development hub. The embassy here hosts the economic development hub of the Swiss government for the UK and Ireland. Fortunately for us we get on very well, we host joint events, and they share an interest in the life sciences and pharma space.

Do you organize any life sciences-specific events?

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Last year the Swiss hub held a masterclass "How to Operate a Life Sciences Business in Switzerland." BSCC attended that event, helped with the delegates list, and then we were there to assist and build our potential membership list. As part of the UK chapter of the BSCC, one of our stated initiatives in 2018, is to host our first life sciences/pharma event under the BSCC banner, which will take place in October.

It will be hosted at the embassy in their fantastic facilities. Alexandre Fasel, Ambassador of Switzerland to the UK, will attend the event and will invite certain people from Swiss pharma and life sciences companies. Both of the ambassadors – the Swiss Ambassador to the UK and the British Ambassador to Switzerland and Lichtenstein – are honorary co-chairs of the BSCC. They are both extremely active in the organization, attend many of the events and really help us in all aspects of promoting both countries' economies.

It is interesting to hear that you have this very close relationship to the embassies. You can work on both the geo-political and business levels.

It works really, really well. If we have UK companies that are looking to invest in Swiss entities, or the other way around, we can not only give them the professional services contacts, but we can also give them the embassy contacts. And again, both embassies are very proactive in promoting investment into their countries, or the growth of their own companies into other areas. So yes, we have a very close and strong link.

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You mentioned that you're wanting to build your competencies in life sciences and for the first time you are setting up events. If we look at your membership, what proportion of your membership ratio would be involved in life sciences?

Ten percent or less are life sciences and pharma today.

Why do you think that is given the sector is of massive significance in both the Swiss and British economies?

I think that because of the importance of the sector in both economies, the business drive is that the major companies will have a life of their own and they don't always need the support of a chamber of commerce. They are not on an SME level, they are already so global. They have their own links to government and professional services, many of which are in-house in those organizations. So, I don't think the chamber has been a focus for that type of companies.

As we started to look at this, certainly in the UK a year or so ago, we asked where are we getting traction? Startups. Links to universities are becoming extremely important for us as well as links to the financial services industry, particularly for those companies focused on venture capital and startup funding. There are a number of really strong developing investment firms in London and startups are of course interested in reaching out to them. We are therefore having success in attracting entrepreneurs, small SMEs, which maybe have established themselves in one location – either Switzerland or the UK – and then start to see the benefit of either the network or a physical presence in both markets.

Also, obviously, with Brexit, nobody knows what's going to happen. We've hosted numerous meetings about Brexit, as has every other chamber of commerce in London. And it depends on who is speaking, what day of the week it is, and what you're told. I for example had lunch with a medical imaging company executive on Monday. They are solely UK-based for now, and they are now giving serious consideration to establishing a presence in Switzerland so that if Brexit is not resolved in a favorable way for British businesses looking to enter the European market, they will be able to do it through Switzerland.

So that's where we are getting traction. We are with the economic hub at the embassy again facilitating information, know-how, links to experts – people who have done these things before.

Give us a sense of your own perspective on Brexit.

This is purely my own perspective. My major concern is investment into R&D in the UK universities and the fact European funding will disappear. Some of the countries that the UK is approaching to fill that funding gap can be good candidates, but the question is will it come as quickly and at the same scale as it has come from Europe? I doubt it.

Where do you think that funding will come from in the future?

Japan. India. But for me it's all tied to the larger picture of immigration and wanting it controlled. We already have a problem with India because we've limited the access for Indian students wishing to come to British universities. And the British universities are something we should be truly proud of. They are on a par with American Ivy League and global leaders. And in the sciences, life sciences, I would argue that they are ahead of many of the Ivy League.

But we seem to be wanting to undermine that whole structure, by limiting access for students wishing to come in. And then, just as importantly, putting barriers to those successful students staying and building lives and businesses in the UK. This is what has been a great part of the success of the UK for many years: we are a very open country. Some would argue we are too open, which is one of the backlashes that led to the Brexit vote. But the ability to attract best-in-class young talent to this country, to our universities and then to allow them to stay, to become innovators, entrepreneurs, is something that we have to find a way to protect.

The actual message of Brexit is somewhat damaging to that, in that many people say, "Why should I come to the UK if I'm not going to be made welcome or feel unwanted." I have lived as part of the global expat community for 30 years. My kids grew up in that sort of environment, and I must say it is very difficult for me. I did not vote for Brexit and regret this vote. The European Union was politically doing some things that I think the British government, and many other governments, and their populaces struggled to understand and support. But economically, we have to be there. And it will damage the UK economy. UK businesses and business leaders, have always looked at overseas and will continue to do so. But there will be an impact on the domestic economy without a doubt.

We should go to Japan to look for university funding for sciences and other things. The Japanese are one of the largest sources of FDI in the UK. It's mainly through the automotive industry. But if Nissan can't get access to the European market tariff-free…

How can Switzerland act a model to the post-Brexit UK?

The question is indeed what can Britain learn from Switzerland, in the sense of building the post-Brexit UK? Having lived in Switzerland for nine years, observing the Swiss – certainly their political groups and their parliament – I have noticed that they have a very interesting relationship with the EU. My own personal view is that Switzerland will never be in the EU. They will never give up the Swiss Franc and I would argue that they shouldn't.

But there is a cost to being outside of the EU and being surrounded by the EU. And that is, the Swiss, whether they like it or not – and quite often they don't like it – have to follow European legislation and rules. There was a few months ago the vote on immigration in Switzerland – which

has now been resolved in a sort of compromise that did not reach the wishes of the Swiss public in their referendum. But the matter has gone away because unemployment is not a pressing problem in Switzerland.

But the Swiss have learned to live with the EU. They contribute financially to it and have to take the rules and regulations. Everyone has said that it is a model Britain can look at, many politicians but also many business groups. The Swiss themselves say “Look it’s not the best relationship but we did not want membership, therefore this is what we ended up with.” And they have made it work. The borders are fairly seamless. There are no barriers to trade and services. Banking regulations and banking issues are a slightly different matter though.

One could argue that in life sciences, there are barriers, in the sense of having a parallel regulation system with Swissmedic, which causes delays for Swiss patients to receive a for example already EMA approved medicine as companies have to go through a lot more bureaucracy….

That is a price that the Swiss are happy to pay. The regulations are – and you will know this better than me – in respect to pharma, yet very closely aligned to EMA.

But as we were saying, more delays, which ultimately affects decisions on when to launch products in Switzerland.

I can take that point. But you know, the Swiss government have been very proactive in terms of the UK. Swiss Ambassador Alexandre Fasel and the Swiss embassy have talked consistently over the last two years about the “mind the gap” policy. To make sure that, on the day Brexit happens, there will be no gap between British and Swiss trade rules and regulations. So that British-Swiss trade can go on as seamlessly as possible. The Swiss – and I will give them immense credit for this – have been working on this from day one. They have been talking to their UK counterparts, so that “mind the gap” initiative is underway.

The Swiss are not in Europe, but they’ve still tried to find the best compromises. What can Britain learn from elements of that relationship, that Britain might be able to emulate themselves? Do you think there are any lessons that the UK can learn from the Swiss example of being decisively outside the UE but still in it to a certain degree?

Look, there are lessons to be learnt. There is an immediate mood to say, let’s adopt the Swiss approach to Europe. But then that crosses a lot of the red lines that have been drawn, certainly by the people that felt strongly in favor of Brexit. The Swiss, in effect, give control over legislation, and

therefore the courts, in and around trade disputes, to the European courts. Which the British have said no to. Also, the British say they don't want to make contributions into the EU once they have left.

I believe we are heading towards a hard Brexit. And then we will have to take a step back and figure out how we're going to trade with the EU and other major trade partners. But the one thing I do feel very strongly about is that some British politicians are fairly naïve in thinking that some of the large countries and trading blocs outside of the EU will be waiting for us with open arms with fair and equitable trading agreements in hand. The world has moved on.

We have indeed heard from a few that they have high hopes with the US… But for the US, the UK is a drop in the ocean.

It is indeed a drop in the ocean. There's no such thing as a special relationship. And you have a US government that is anti-trade. If you think of the large commonwealth economies, they all have trade deals. For example, Canada with the EU, or Australia and New Zealand with China and Asia. They are not going to come back and welcome the UK with open arms.

What about the evolution of business wins, between the UK and Switzerland and what the BSCC stands for?

They will continue to be extremely strong as the two countries have a lot in common: they are outward-looking, they are entrepreneurial, they are proud. And they are developed economies that understand that standards of living are driven by GDP and GDP growth. And neither markets on their own are big enough to support the lifestyle that people have. Both countries are therefore trading nations, and that's what they have in common.

When executives and friends meet through the BSCC, it is very much "How can we help each other develop trade links." And it's not just investing in each other's countries it is, "How can we jointly go and tap bigger markets." And while there are many things where the two countries are different, those overriding similarities, in business and political life, I think will always tie the two countries together.

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