

Interview: Franz A. Saladin – Director, Basel Chamber of Commerce, Switzerland

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Franz Saladin details the unique scope and operations of the Basel Chamber of Commerce, the history of pharmaceuticals in Basel, and the importance of continuously developing the industry within the region and in Switzerland more generally

The Basel Chamber of Commerce is unique in Switzerland due to its broad scope and sheer number of activities and initiatives. Could you begin with an overview of the Chamber's mandate?

Our organization is special in that it is comparatively large for a chamber of commerce in Switzerland. Membership of a chamber of commerce is not compulsory in Switzerland as it is in Germany and France, so we have to assure that we attract and retain members. A few hundred years ago, chambers of commerce in Switzerland began to assemble the interests of the industry in order to work with the political system and communicate as one voice with the authorities.

One of our projects has the specific mandate of developing and implementing a life sciences strategy for the region. We have a life sciences committee within the chamber of commerce, and within the committee we develop action plans that we discuss with governmental authorities before we implement them in a common Life Sciences Cluster Initiative.

What is the history of the life sciences project and how did it come to be the Chamber's responsibility?

This is an untraditional mandate that was first proposed by a board member both of Roche and at the Basel Chamber of Commerce. It was him who initiated a committee specifically for the life sciences and in 2004 we began to develop our first life sciences strategy. Some of the projects that have been successfully implemented from this include incubators and the Switzerland Innovation Park. The main accomplishment has been putting the life sciences sector on politicians's agendas.

The life sciences industry has developed throughout the canton's history, having begun from dye manufacturing 150 years ago. The region was known for silk weaving which needed dyes, so much

of the dye industry relocated here from France because the French did not have strict patent laws at the time. Out of this the specialty chemical industry began which led to agro-chemistry, and now life sciences. Now we aim to support this industry, which including secondary effects contributes approximately 40 percent of GDP.

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During your long history with the Chamber, what have been some of the main milestones?

One of the major milestones has been the innovation park. It was not an easy discussion to convince the Chamber's board which included representatives of companies like Roche, Novartis, and Syngenta, that we needed an innovation park. They told me that innovation is already happening in their companies. I convinced the board that it was impossible to depend on the future of life sciences as it is today, given the industrial developments of the past 50 years. We needed to be the ones supporting and developing the future of life sciences, which could be done in this innovation park. We could not create an innovation park for cancer research because this is one of the core businesses of regional companies and those would never do this outside of their own facilities, but we could and did bring together pharmaceuticals, micro technology, information technology, and fields that are not as well developed within life sciences and could be developed further in future. It is critical that we foster innovation in new fields. We currently have a university hospital and some smaller med-tech players present and now need more space in the park.

What are some of the other most prominent industries in the canton of Basel?

The second most important industry in which we have traditionally been strong is logistics. This is primarily due to geographical reasons - Basel lies in the very heart of Europe and as we have the River Rhine, railways, and roads that pass through Basel, as well as an airport. This industry faces challenges in terms of public perceptions because the public tends to associate logistics with noise and pollution. We have made it a priority to increase the acceptance of this industry.

Banking used to be more important but it has shifted towards Zurich. We have some insurance companies, but the financial services are not as prominent here as they used to be. In 2008 this actually helped our economy in comparison to other cantons because when the financial industry crashed, the pharmaceutical industry remained resistant. People still get sick no matter the economic situation.

The fourth most important is culture, with museums and art being very prominent in Basel.

What is the perception of Basel within Switzerland and of the pharmaceutical industry within the region?

People generally think of Basel as being wealthy and as being able to look after itself. When Basel pushes for something politically, the government is often more inclined to favor the mountain regions that lack industry and accessibility.

The industry itself is perceived much more favorably than it was in the past because we no longer have smoking chimneys. In 1986 there was a fire in one of the Sandoz factories that flooded the river with a reddish mixture of water, pesticides, and mercury. This was a pivotal moment for environmental regulations in Basel which have been a priority for the city ever since. The industry has now become very clean and environmentally sustainable which has improved public perceptions.

We have had problems in pricing where the costs of medications have been under pressure. The cost of healthcare is rising globally and we have a mandatory insurance program that everyone must pay for each year.

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We have met with a number of leaders looking to foster a more entrepreneurial spirit within Switzerland. What is the Chamber doing to this end?

I would highlight the innovation park, but in addition to this we have had conversations within high schools and with universities to educate young people on how to start a company. We also have had dialogues for getting to the root of the problems holding entrepreneurship back, and in determining whether it is lacking in Basel. There are more new companies formed by trend close to technical high schools like in Zurich or Lausanne, which are more conducive to entrepreneurship.

Another reason is that new graduates, after having studied chemistry or biology, can turn left for Novartis or right for Roche which means that there is less motivation to take the risk of becoming an entrepreneur.

The last reason is that the character of the Swiss is completely different to that of i.e. Americans. From what I noticed while in Boston, the mentality there was focused on creating a company, selling the company, and going on to do something else. In Switzerland, occupations can often be generational where a son will follow in his father's footsteps. This aspect of our culture is changing, but the Swiss still embrace risk less than many others. Or as we sometimes put it: "The Swiss get up early, but wake up late."

Basel is well known for the two industry giants: Novartis and Roche. We have also seen that multinationals tend to gravitate to Zug and the region around Lake Lemman where there are many biotech companies. Is there a feeling of rivalry within the industry and between the cantons?

We have 26 cantons and there is a positive rivalry. There are 26 different tax laws, and school systems and the rivalry keeps these aspects competitive. It is on a completely different level here, but Roche will tell you that they are planning to invest CHF 2 (USD 2.07) billion along the Rhine within the next few years, and Novartis is also investing considerably. The economic promotion agency will actively work with multinationals and corporations to attract them to the region, which is not an easy task given the minimal space that we can provide. Switzerland as a whole though is much more attractive in many ways in comparison to Germany and France due to our liberal labor laws and low tax structure, although we are expensive.

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On a personal note, you have a degree in chemistry, and a PhD in solar energy. What was it that attracted you to the Basel Chamber of Commerce?

I worked in the industry for several years and then I became politically aware. I was doing environmental policy among other things and my wife saw the job listing and realized that it described me. That is how I first began at the Chamber, where I was initially responsible for life sciences and the environment. The link between economics and politics requires someone that can translate between the two groups and I feel I provide this.

What are the most important things that you want to accomplish over the next five to ten years as director?

It is crucial not only for this region, but for the whole of Switzerland that we have an available international workforce, and I am concerned about the initiatives to reduce immigration. This region has become successful with an international workforce and we need these people to maintain it. We have good schools, safety, infrastructure, and a high quality of life here. All the resources and necessities for getting a company up and running are in this region, but we need the people that can turn these resources into economic value.

Is there a final message you would like to leave with our readers?

In the long-run, international companies need operations in the US, Asia, and Europe, and as a life sciences company there is only one location in Europe that caters to the specific needs of the industry: Switzerland.

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