

Switzerland

<p>Overview</p> <p>The Swiss Confederation of Switzerland is a landlocked federal state in Europe, which borders Germany, France, Italy, Austria and Liechtenstein. The country has a strong tradition of political and military neutrality but also of international co-operation, and is home to many international organisations. In recent years, the Swiss have brought their economic practices largely into conformity with those of the European Union in an effort to enhance their international competitiveness. Full EU membership is a long-term objective of the Swiss government, but there is considerable popular sentiment against this.</p> <p>The financial sector is a pillar of the Swiss economy accounting for 11% of its GDP. Switzerland is the world leader in private banking: according to some estimations approximately 30% of the world's private wealth held outside the owners' countries of residence is managed in Switzerland. Switzerland also plays a significant role in terms of capital market transactions: in 2004 the Swiss stock exchange ranked sixth in the world in terms of market capitalisation. Switzerland is not an offshore jurisdiction as such, but it is nonetheless a low-tax jurisdiction, having a series of specialised corporate forms which can be used by international investors and multinational companies to reduce their tax bills to a significant extent.</p>	
<p><u>Current Time</u></p> <p>(World Time Server)</p>	<p>Motto:</p> <p>None</p>

Online News Sources

Swissinfo: Switzerland's news and information platform in English- www.swissinfo.org

Business Environment

While Switzerland is not a member of the European Union, it is a member of European Free Trade Association (EFTA). The agreement allows goods to move between Switzerland and the EU free of quotas and without customs barriers. Government has been negotiating bilateral sectoral agreements with the EU. Bilateral agreements covering seven sectors (research, public procurement, technical barriers to trade, agriculture, civil aviation, land transport, and the free movement of persons) was approved by referendum in May 2000. The agreements entered into force on 1 June 2002. Current bilateral negotiations with the EU (known as 'Bilaterals II') focus on customs fraud, environment, statistics, and trade in processed agricultural products. Negotiations on pension funds, student and youth exchange programmes, media, the taxation of savings and police and judicial cooperation (under the Schengen and Dublin accords) also are underway. A second set of bilateral accords, more financially oriented, was signed in mid-2004.

In June 2003 the Swiss government approved a concession that Swiss banks would levy a withholding tax on EU citizens' savings income held in Swiss accounts. The tax would increase gradually to 35% by 2011. Switzerland would transfer 75% of the funds to the EU. Switzerland is a member of the UN, the World Trade Organisation, the International Monetary Fund, the World Bank, and the Organisation for Economic Cooperation and Development.

The Swiss financial system is regulated by the Swiss Federal Banking Commission (SFBC) for banking and securities, the Federal Office of Private Insurance (FOPI) for insurance and reinsurance, and the Federal Office for Social Insurance (FOSI) for pension funds. Swiss law makes no regulatory or supervisory distinction between onshore/offshore or resident/non-resident activities. In Switzerland, there are neither offshore-licenses nor is there preferential treatment for offshore activities. No shell-branches or brass-plate banks are admitted. The majority of board members must be Swiss citizens residing in Switzerland.

A private limited company (Aktiengesellschaft - AG) must have a minimum authorized share capital of Sfr100,000 fully issued and paid up. The minimum par value is Sfr100 per share. Upon incorporation a capital duty of 3% of the capital is payable. The company must have at least three shareholders who can be nominees. The company must have at least one director who must be a Swiss citizen residing in Switzerland. Additional directors can be appointed. A majority of Swiss directors must be maintained at all times. The company must maintain financial accounts. An annual independent audit is a statutory requirement. Directors' and shareholders' meetings should be held in Switzerland.

A private limited company without shares (Gesellschaft mit beschränkter Haftung - GmbH) is similar to the private limited company by shares. However the owners' equity participation is registered in the commercial register. A public limited company (Aktiengesellschaft - AG) is able to offer its shares for public subscription after obtaining approval from the Swiss authorities. The rules and regulations imposed are governed by stock exchange and Swiss authorities.

Taxes

The central government corporate tax rate is 8.5%. The tax levied by central government is deductible. The country is a confederation of 23 cantons (20 are 'full' cantons and six are called 'half' cantons), each of which separately provide a mix of tax concessions. Local government tax rates (Zurich) range from 9.9% to 24.7% on a progressive scale. Zürich also charges a 0.37% corporate capital tax. Central government withholding tax is 35% on interest and 35% on dividends regardless of the domicile of the recipient. The tax may be recovered if there is a double taxation agreement. Details of all double taxation agreements and tax rates are available from the Swiss Federal Tax Administration (www.estv.admin.ch) site.

Stock Exchange

The Swiss stock exchange (SWX) was formed in 1995 by a merger between the country's three existing exchanges in Geneva, Basle and Zurich. The SWX is a central link in the value chain of the Swiss financial marketplace. It organises, operates and regulates key aspects of Switzerland's capital market. Stocks, bonds(CHF-denominated bonds as well as international bonds) Exchange Traded Funds (ETFs, known as exchange-traded index funds) and warrants are traded on the SWX. In terms of turnover, the SWX operates Europe's largest market segment for listed and exchange-traded warrants. The SWX is subject to Swiss law. The Federal Act on Stock Exchanges and Securities Trading (SESTA) prescribes the concept of self-regulation, which obligates the SWX to meet international standards in its regulatory activities. The SWX itself is supervised by the Swiss Federal Banking Commission (SFBC).

Key Contacts

The Swiss Stock Exchange

Selnaustrasse 30
Postfach
CH-8021 Zürich
Tel: +41(0)1 229 21 11
Fax: +41(0)1 229 22 33
E-mail: swx@swx.com
Internet: www.swx.com/

[LocationSwitzerland](#)

Website run by the Federal Office for Economic Development and Labour, providing information for companies and persons wishing to set up business activities in Switzerland. In German, French and English.

State Secretariat for Economic Affairs
Gurtengasse 3
CH-3003 Berne
Switzerland
Tel: 41 (0)31 323 07 10
Fax: 41 (0)31 324 86 00
E-mail: invest@seco.admin.ch

[Federal Commercial Registry](#) (www.zefix.admin.ch/english.htm)

Contains about 320,000 active and cancelled Swiss business names and names of associations and foundations. About 40,000 branch offices of Swiss and foreign companies are included.

[OSEC](#) (www.osec.ch)

Official trade promotion organization. Includes a [Swiss Export Directory](#) (www.osec.ch/en/trade/sed/index) which can be searched by company name, product or trademark.

Key Stats

Country Information

Official name: Swiss Confederation. The country is a confederation of 23 cantons (20 are 'full' cantons and six are called 'half' cantons), each of which separately provide a mix of tax concessions. Area: 41,285 sq. km. (15,941 sq. mi.). Population: 7,489,370 (July 2005 estimated). Capital: Bern (population 122,000). Other major cities: Zurich (341,000), Geneva (176,000), Basel (165,000), Lausanne (116,000).

Language

Four official national languages: German (63.7%), French (20%), Italian (6.5%) and Rhaeto-Romanic (Romansch) (1%). Many Swiss usually speak one language fluently and have some basic knowledge of another language and of English. Most federal documents are published in German, French and Italian. The decisions of the Swiss Federal Supreme Court are handed down either in German, French, Italian or Rhaeto-Romanic, but are not officially translated into the other three languages.

Currency

Swiss franc. US\$1 = Sfr1.24 Swiss franc (September 2005)

Legal system

The Swiss court system is divided into civil, criminal, and administrative courts at the canton (state) level. The [Federal Supreme Court](#) is the final court of appeal for civil and criminal cases. It also deals with public and administrative law cases and arbitrates in disputes between the federal government and the cantons and in disputes between two or more cantons. The court has no discretion to refuse to hear a case. Judges are elected by the Federal Assembly. The [Federal Insurance Court](#) in Lucerne is a special department of the Federal Supreme Court which hears only disputes concerning public-law insurance claims.

Government

Switzerland is governed by the Federal Council (executive branch) and the Federal Assembly (parliament). The Federal Council has seven members or ministers elected individually by the Federal Assembly for a four-year period. Each year a different member becomes federal president. A federal councillor cannot be removed from his post before the four-year period is up. Each federal councillor runs one of the seven federal departments. The Federal Assembly is bicameral, composed of the Council of States and the National Council. The chambers, which hold equal rights, meet normally for four sessions a year, each of about three weeks. The National Council has 200 members, with seats distributed according to the number of inhabitants in each of the 26 cantons (states). Members are elected for four years. The Council of States has 46 members elected for four years in 21 multi-seat constituencies and five single-seat constituencies representing 26 cantons and half-cantons.

Federal Council (2005)

Federal Council or Bundesrat (in German), Conseil Federal (in French), Consiglio Federale (in Italian) elected by the Federal Assembly usually from among its own members for a four-year term
elections: president and vice president elected by the Federal Assembly from among the members of the Federal Council for one-year terms that run concurrently; election last held 8 December 2004 (next to be held December 2005). Samuel SCHMID elected president; percent of Federal Assembly vote - 70.7%; Moritz LEUENBERGER elected vice president; percent of legislative vote - 64.8%).

Chief of state: President Samuel SCHMID (since 1 January 2005); Vice President Moritz LEUENBERGER (since 1 January 2005); note - the president is both the chief of state and head of government
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Political Parties

Alliance of Independents' Party (Anton Schaller, president); Christian Democratic People's Party (Adalbert Durrer, president); Freedom Party or FPS (Roland Borer); Green Party (Hanspetev Thuer, president); Radical Free Democratic Party (Franz Steinegger, president); Social Democratic Party of Switzerland (Ursula Hafner, president); Swiss People's Party (Christoph Blocher, president); Ticino League; Swiss Democratic Party; Liberal Party; Workers' Party; Evangelical People's Party; Union of Federal Democrats.

Elections

The government is formed by the Social-Democratic Party, the Radical Democratic Party, Christian Democratic Party, and the Swiss People's Party. The last elections were held on 19 October 2003. The next is due to be held in 2007. Election results for the National Council/Council of States: Swiss People's Party (SVP) 27.7% (55 seats/7 seats); Social-Democratic Party (SPS) 24.2% (52/6); Radical Democratic Party (FDP) 16% (36/18); Christian Democratic Party (CVP) 12.9% (28/15); Green Party (GPS) 7.7% (13/0); Liberal Democratic Party (LPS) 2.5% (4/0); Evangelical Party (EVP) 2.5% (3/0); Seven other parties hold a total of nine seats. Source: Federal Elections 2003.

Economy

Switzerland has a sophisticated manufacturing sector, and a large services sector concentrated on banking and insurance. Switzerland's 400 banks account for about a third of the world's offshore private banking market catering to wealthy individuals. Wealth management is a Sfr3.4 trillion industry in Switzerland. About Sfr2 trillion of the funds are held by foreign clients. Swiss banks are responsible for around 11% of the country's gross national product. Machines and electronics accounted for 27% of exports in 2000, chemicals and pharmaceuticals 26% and instruments, watches and jewellery 15%. Switzerland remains a safe haven for investors, because it has maintained a degree of bank secrecy and has kept up the franc's long-term external value. Reflecting the anemic economic conditions of Europe, GDP growth dropped in 2001 to about 0.8%, to 0.2% in 2002, and to -0.3% in 2003, with a small rise to 1.8% in 2004. Even so, unemployment has remained at less than half the EU average. (CIA World Factbook)

Gross domestic product (2004 estimated)
1.8% real GDP growth.

Balance of Payments (2001)

Exports of goods: US\$78.86 billion. Imports of goods US\$77.9 billion. Financial services US\$7.07 billion net. Investment income US\$22.75 billion. Current account balance: US\$24.85 billion.

Inflation rate (CPI) (2004 estimated): 0.9%

Labour force (2004 estimated): Unemployment 3.7%. Employed: about 3.77 million of which 69% in the service sector and about 27% in industry, crafts and construction.

Financial year = calendar year.

Public holidays (2005)

1 January (New Year's); 2 January (Epiphany); 25 March (Good Friday); 28 March (Easter Monday except in Luzern, Nidwalden, Obwalden, Solothurn and Zug); 5 May (Ascension); 16 May (Whit Monday or Pentecost); 1 August (Confederation or National Day); 25 December (Christmas); 26 December (St. Stephen's Day). 31 December (New Year's Eve). In addition each canton has their own public holidays.

Time zone

GMT+1. The clock goes forward one hour on the last Sunday in March and back to normal time on the last Sunday in October.

Restaurant Guide

We recommend:

Baur Au Lac Rive Gauche

Talstrasse 1, Zurich
Zurich 8001

Tel: 41 (0) 1 220 5020

Internet: www.bauraulac.ch

Blu

Seestrasse 457, Zurich
Zurich 8038

Tel: 41 (0) 1 488 65 65

Internet: www.blu-restaurant.ch