



# **mexico and switzerland** **reaching for the next level**

Economic Mission of Federal Councillor Johann N. Schneider-Ammann, 13 – 17 February 2013  
Swiss Business Delegation

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## **¡Hola!** A long-standing friendship exists between Mexico and Switzerland, and both countries have a strong interest in intensifying relations.



Rudolf Wehrli, President

A handwritten signature in black ink, appearing to read 'R. Wehrli', on a white background.

The full potential between Switzerland and Mexico has not yet been tapped, and we feel sure that our visit will strengthen and deepen our bilateral ties.

Economic ties between Switzerland and Mexico were established in the 19th century, and favourable conditions have encouraged Swiss investment in your country ever since. Today, Mexico is a key market in Latin America with huge growth potential. Switzerland is one of the most important investors in Mexico, with total capital in 2011 amounting to 6.2 billion Swiss francs. More than 45,000 people are employed by Swiss companies in Mexico. The modernisation and diversification of its economic structure open up new opportunities for Swiss business. On the other hand, our country is characterised by a high degree of political stability, a flexible labour market with access to well-qualified personnel, a strong concentration of innovative high-tech companies, outstanding infrastructure and an attractive taxation system. Switzerland is an open economy with a strong international orientation, and therefore attaches a great deal of importance to its foreign trade policy. For our companies, non-discriminatory access to growth markets and an open domestic market are crucial factors for success.

The main pillars of Switzerland's foreign trade policy are its relations with the EU, the multilateral framework of the World Trade Organisation and free trade agreements with other states.

**“My organisation is committed to strengthening bilateral relations and intensifying trade and investments with a view to securing long-term and sustainable business relations.”**

Both Mexican and Swiss companies will be able to draw enormous benefits from intensive cooperation between the two countries. On the global market, those companies are best able to position themselves which succeed in finding the best partners in the areas of research, innovation and production. And this is where Mexican and Swiss companies complement one another perfectly through their global value chains, in both the industry and the services sector. Mexico and Switzerland have undertaken new commitments in the framework of the EFTA-Mexico Free Trade Agreement, which entered into force twelve years ago, strengthening bilateral trade. This agreement has considerable potential for development and is complementary to agreements on the avoidance of double taxation and on the protection and promotion of investments.

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## FACTS & FIGURES

# Comparison of the economies of Mexico and Switzerland

		
SURFACE AREA	1,964,375 km <sup>2</sup>	41,290 km <sup>2</sup>
CAPITAL	Mexico City	Bern
POPULATION	115.0 million	8 million
POPULATION GROWTH RATE	1.1 percent	1.0 percent
OFFICIAL LANGUAGES	Spanish	German, French, Italian and Romansh
FORM OF GOVERNMENT	Federal presidential constitutional republic	Parliamentary-democratic confederation
PERMANENT MEXICAN POPULATION IN SWITZERLAND	2,559	
PERMANENT SWISS POPULATION IN MEXICO		5,128
CURRENCY	Mexican peso (MXN) (1 MXN = 0.072 CHF)	Swiss franc (CHF) (1 CHF = 13.80 MXN)
GROSS DOMESTIC PRODUCT	1.163 billion US dollars	524 billion US dollars
PER CAPITA GROSS NATIONAL PRODUCT	10,123 US dollars	67,074 US dollars
ANNUAL GROWTH RATE	3.97 percent	1.8 percent
INFLATION RATE	4.0 percent	0.7 percent
MOST IMPORTANT SECTORS	Electronics, food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, consumer durables, tourism	Mechanical engineering, chemicals/pharmaceuticals, financial services
MAIN TRADE PARTNERS	USA, China, EU	EU, USA
EXPORTS	349.6 billion US dollars	206.2 billion US dollars
IMPORTS	350.9 billion US dollars	184.8 billion US dollars
FOREIGN DIRECT INVESTMENT	303.1 billion US dollars	936.8 billion US dollars
FOREIGN DIRECT INVESTMENT OUTFLOW	10.7 billion US dollars	72.6 billion US dollars

**Tapping the potential** Swiss trading companies set up in Mexico in the 19th century, and favourable conditions have encouraged investment there ever since. Today, Mexico is a key market with huge growth potential and could serve as a hub in Latin America. Both countries have developed strong ties, which should be further intensified to tap the full potential of bilateral relations.

### Trade in goods and services

In the past decade, bilateral trade has increased steadily. In 2011, Swiss exports – especially pharmaceuticals, chemicals, watches and machinery – grew by 5.3 percent over the previous year to reach 1,530.1 million US dollars, while imports from Mexico – primarily pearls, refined lead, drugs and machinery – totalled 1,205.7 million US dollars, an increase of 39 percent in comparison with 2010. Trade in services has gained in importance as well.

### Direct investments

According to the statistics of the Swiss National Bank, the volume of Swiss direct investments in Mexico is around 6.2 billion Swiss francs. Swiss investors view Mexico as an attractive market with huge growth potential, notably in the areas of infrastructure (transportation, equipment and manufacturing),

mining (excluding oil and gas), business support services, food industry, machinery and equipment manufacturing and basic chemicals. Numerous companies are currently active in Mexico with representative offices, production sites or joint ventures, and together they have created around 45,000 jobs. In the last few years some Mexican companies discovered Switzerland as attractive investing site.

### Bilateral interest and outlook

Swiss trading companies set up operations as long ago as the 19th century, and favourable conditions have encouraged investment there ever since. Swiss businesses view Mexico as a highly attractive market for sourcing and investment. Switzerland is one of the most important investors in Mexico. In May 2012, OSEC opened a Commercial Office in Mexico City for the purpose of further promoting trade. Last but not least, Mexico is seen as a hub and springboard in Latin America. The sustainability of this positive assessment depends on the future devel-

opment of the general and legal conditions. This includes eliminating trade barriers and bureaucratic obligations by export goods and services from Switzerland to Mexico. But in Switzerland, too, further efforts could be made to create even better conditions for both foreign and domestic companies.

Statistics show that the Swiss and Mexican economies both have sector-specific strengths and are complementary. However, non-tariff barriers remain in place. An update of the comprehensive free trade agreement would help to more effectively tap the huge potential for bilateral trade (cf. product specific rules of origin PSR).

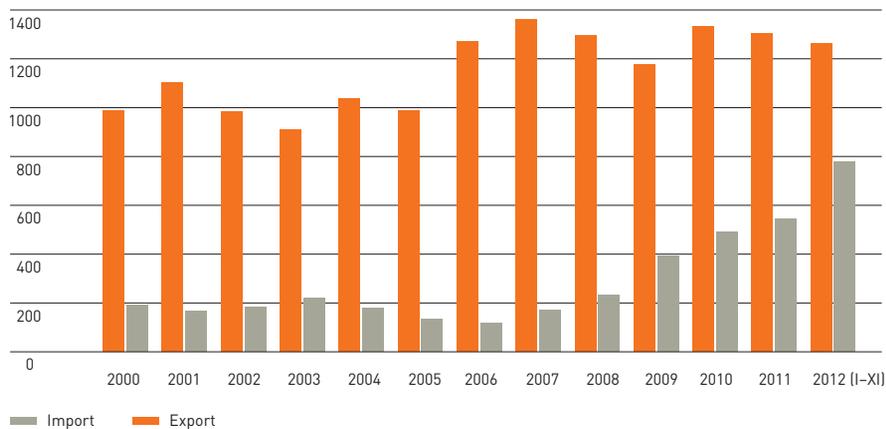
### Agreements of economic relevance (selection)

- ▶ Trade agreement: date of entry into force, 2 September 1950
- ▶ Double taxation agreement: date of entry into force, 8 September 1994 (revised text concluded 18 September 2009)
- ▶ Agreement on investment protection: date of entry into force, 14 March 1996
- ▶ Free trade agreement between the EFTA States and Mexico: date of entry into force, 1 July 2001
- ▶ Agricultural treaty: date of entry into force, 1 July 2001



### Swiss-Mexico bilateral Trade

In million Swiss francs, since 2000



Source: EZV 2012

FACTS & FIGURES

## The Swiss economy



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**99%** OF ALL BUSINESSES IN SWITZERLAND ARE SMALL AND MEDIUM-SIZED COMPANIES WITH LESS THAN 250 EMPLOYEES.

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MULTINATIONALS CONTRIBUTE **34%** TOWARDS SWITZERLAND'S GDP.

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IN SWITZERLAND, **7.4 BILLION** WORKING HOURS ARE RECORDED EACH YEAR.

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IN 2011, THE AVERAGE MONTHLY WAGE IN SWITZERLAND WAS **5,928 SWISS FRANCS**.

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FOREIGN NATIONALS ACCOUNT FOR **23%** OF THE WORKFORCE IN SWITZERLAND, AND AROUND TWO-THIRDS OF THEM COME FROM EU OR EFTA MEMBER STATES.

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**Switzerland is one of the most competitive economies in the world** Its success is based on a well-balanced sector mix, good interaction between multinationals and small and medium-sized companies, plus a comparatively sound economic and financial policy.

Switzerland and its products enjoy an excellent reputation abroad. Our products and services are considered to be innovative and of high quality, as well as extremely dependable.

#### Open economy

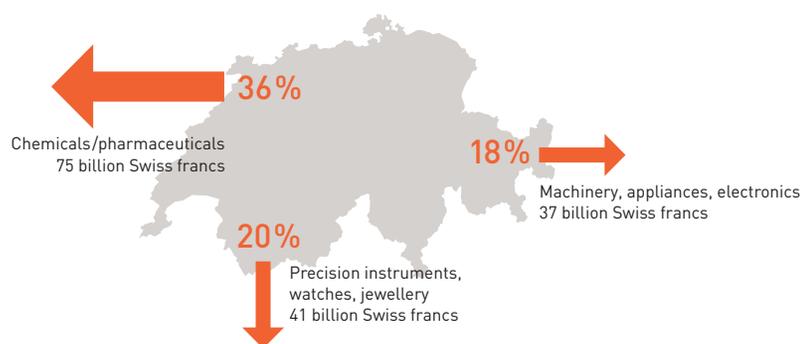
Switzerland fares very well in an international comparison, and is characterised by a high degree of social and economic stability. It possesses a good and diversified education system, outstanding research institutions, a flexible labour market, well developed infrastructure, a smoothly functioning healthcare system and a high degree of legal security. Switzerland also has very low inflation, low taxes, a low level of national debt and a low unemployment rate. And low interest rates also open up attractive opportunities for the financing of investments.

#### Export nation

Switzerland is an open economy in which the level of exports in proportion to the country's gross domestic product (GDP) has increased sharply in the past few decades, and is now 54 percent. Our prosperity therefore depends to a very large extent on international trade in goods and services, and on cross-border investment activity.

#### Main export industries

Exports account for 54 percent of Swiss GDP

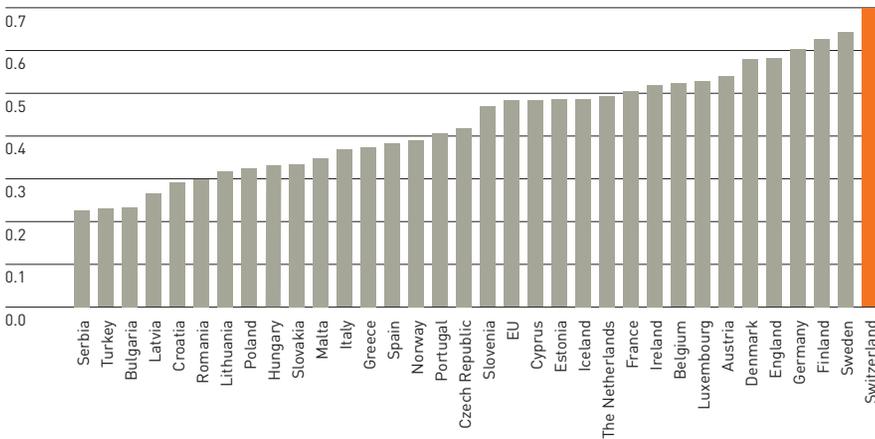


**“Each day, Switzerland currently exports goods worth 540 million Swiss francs.”**

# Innovation is the cornerstone of Swiss success

## The Global Competitiveness Index 2011 – 2012

Top Ten



Switzerland is leading in innovation worldwide.

Source: Summary Innovation Index 2012.

### Innovation, education and research

Thanks to a successful policy of promoting innovation, Switzerland is very well positioned in the areas of innovation, education and research. Wherever possible it avoids government intervention in the private sector. Switzerland possesses a number of renowned universities, as well as many leading companies that carry out research here and are highly active in developing new products. This requires sufficient room for manoeuvre and investments with a long-term focus. But it is already becoming apparent that growing international competition is making it increasingly difficult to maintain a position as a favourable business location.

#### INVESTMENTS IN EDUCATION AND RESEARCH

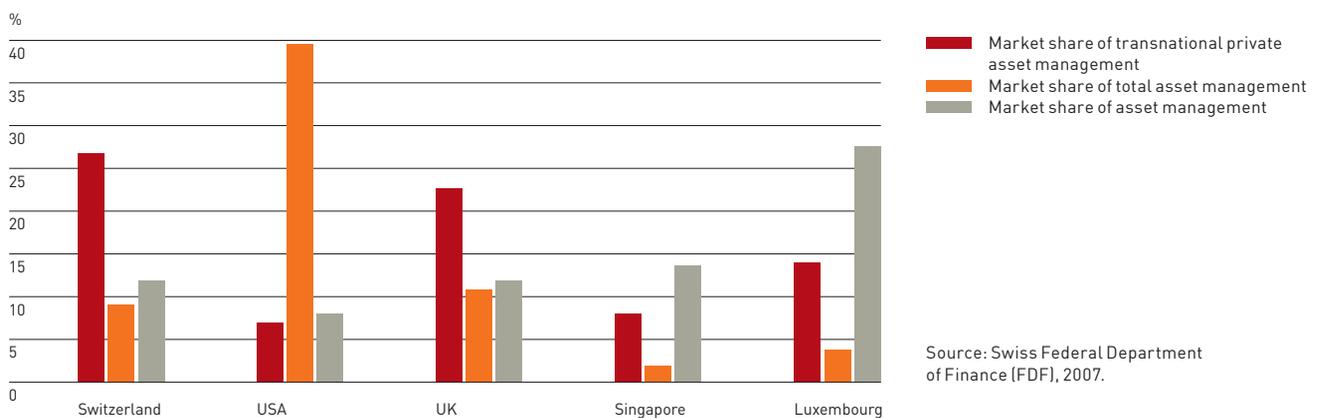
**16.3 billion Swiss francs** were invested in research in 2009.

Public funding for education amounted to **27 billion Swiss francs**.

Private companies contributed **2.9 billion Swiss francs** towards vocational education.

## Switzerland is a leading financial centre

### International comparison of asset management and financial sectors in percentage of GDP



Source: Swiss Federal Department of Finance (FDF), 2007.

### Financial centre

Switzerland's financial centre is not only internationally renowned for its service, quality and stability, it is also of major economic importance for our country. It contributes more than 10.3 percent to the value added in the Swiss economy. As of the end of 2010, the number of people directly employed in banks, insurance companies and other financial institutions (full-time equivalents) was around 196,000, i.e. 6 percent of the entire gainfully employed workforce. Swiss banks rank amongst the world leaders in wealth management: Three Swiss banks can be found in the top ten in a ranking of the world's biggest wealth managers. At the end of 2011, assets under management in Switzerland total around 5,300

billion Swiss francs. Swiss banks are market leaders in cross-border private banking, with a market share of 27 percent. About 29,000 employees work in the segment of wealth management for foreign clients. They generate a value added of around 8 billion Swiss francs.

"The Swiss financial centre is in the process of repositioning itself, as the 2015 Financial Centre Strategy shows: the Swiss banks are concentrating on the acquisition and management of tax-compliant assets. With this in mind, work in the past year focused particularly intensively on the introduction of a flat rate tax with Germany and the UK. Issues relating to regulation and the interac-

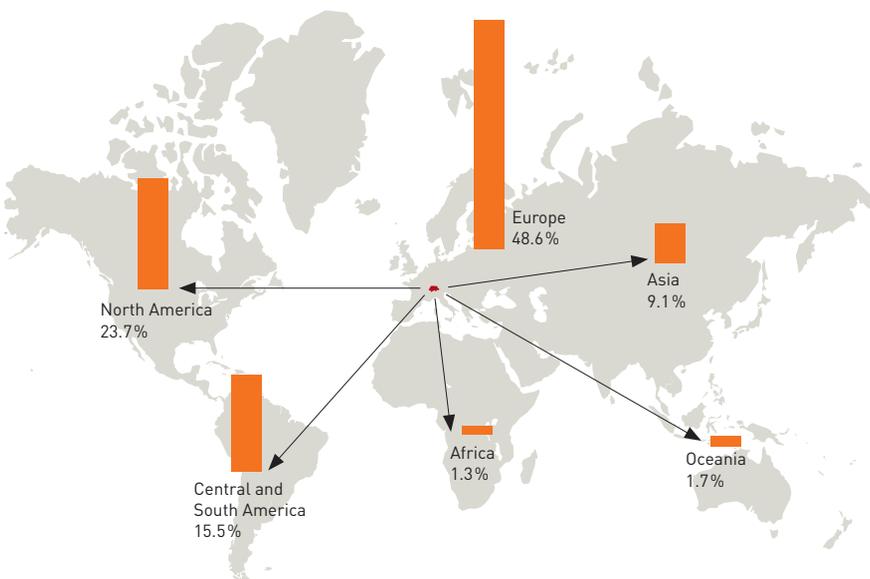
tion with business are also high on the list of priorities, as is the creation of new growth potential in Switzerland and abroad."  
(Swiss Bankers Association)

#### DIRECT INVESTMENTS

Switzerland is one of the world's leading countries in terms of networking with global markets. As of 2011, its stock of direct investments abroad was 1060 billion US dollars, or 154 percent of GDP. By way of comparison: Swiss companies with direct investments abroad employ approximately 2.4 million personnel in their foreign subsidiaries and factories, and are also major employers at home.

## Switzerland – a global hub

### Capital stock of Swiss direct investments abroad



# 1060

Stock of Swiss direct investments abroad (2011, in billion US dollars)

### Switzerland as host nation

Switzerland is located at the crossroads of the main historic transport routes through Europe, and enjoys a long-standing tradition as a host nation. Over 160 countries are represented in Switzerland through diplomatic and consular missions, as well as permanent missions to the Office of the United Nations in Geneva, the World Trade Organisation and the Conference on Disarmament. Twenty-six intergovernmental organisations are based in Switzerland (23 in Geneva, 2 in Bern and 1 in Basel), seven of which are part of the United Nations system. Seven

quasi-intergovernmental organisations are based in Switzerland (5 in Geneva and 2 in the neighbouring canton of Vaud), and approximately 250 non-governmental organisations which act as advisers to the United Nations are domiciled in Switzerland. Several thousand international conferences take place here each year, and are attended by over a hundred thousand delegates from all over the world. The international community in Switzerland numbers around 40,000, including diplomats, international civil servants and their families.



FACTS & FIGURES  
**economiesuisse**



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**100,000** COMPANIES ARE AFFILIATED TO ECONOMIESUISSE

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**100** TRADE AND INDUSTRY ASSOCIATIONS

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**20** CHAMBERS OF INDUSTRY AND COMMERCE

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**50** INDIVIDUAL MEMBERS

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BETWEEN 1991 AND 2011, THE SWISS ELECTORATE VOTED ON **189** ISSUES

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THE AVERAGE PARTICIPATION IN VOTES IN 2009 WAS **45%**

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ECONOMIESUISSE HAS CONDUCTED **74** CAMPAIGNS FOR THE ECONOMY (SINCE 1992)

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**92%** SUCCESS RATE FOR CONDUCTED CAMPAIGNS

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**18** EXECUTIVE COMMITTEE MEMBERS

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**69** COMMITTEE MEMBERS

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**7** EXPERT COMMISSIONS

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**9** MEMBERS OF THE MANAGEMENT BOARD

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**50** EMPLOYEES IN ZURICH, BERN, GENEVA, LUGANO AND BRUSSELS

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# The voice of the business sector

economiesuisse's mission is to preserve entrepreneurial freedom for all businesses, to continuously improve Switzerland's global competitiveness and to promote sustained growth as a prerequisite for a high level of employment in Switzerland.

## United under one roof

economiesuisse represents the interests of the economy in the political process, and advocates optimal economic conditions based on open markets. Our members include numerous individual companies, 20 cantonal chambers of commerce and 100 trade and industry associations. Together, our members represent 100,000 Swiss companies of all sizes that are active on the export or the domestic market and have a combined total of 2 million employees in Switzerland. They come from a broad variety of sectors, such as banking, construction, consulting services, chemicals and pharmaceuticals, energy, trade, hotels and tourism, information technology, communication and media, plastics, machinery, electrical engineering and metals, foodstuffs, paper and cardboard, tobacco, telecommunications, textiles and clothing, transport, watchmaking, packaging, insurance, advertising, cement industry...

## Promoting competitiveness

economiesuisse represents the interests of its members in the political arena and towards the general public in all areas of economic policy. It sets out to secure ideal conditions for Switzerland as a business location, and promotes the competitiveness of the Swiss eco-

nomy and its companies. It is committed to the principles of free trade and competition, as well as corporate social responsibility.

## Influencing the political process

economiesuisse maintains close and frequent contact with the federal government, administration and Parliament. It is our duty to identify political issues and topics that are of importance for the economy, and

to exert an influence through intensive lobbying at all stages of the legislation process. We accomplish this by participating in expert groups, formulating petitions and motions, participating in consultation procedures, constantly monitoring decisions by the Federal Council and Parliament, and participating in referenda. Here we regard cooperating with likeminded organisations and utilising the resulting synergies as a central factor.

## Internationally networked

- ▶ economiesuisse operates an office in Brussels which also secures the presence of the Swiss Employers' Confederation. It functions as an interface to BUSINESSEUROPE, the European industry and employers' association, as well as to services of the EU Commission, the Swiss Mission to the EU, and to EFTA.
- ▶ At the international level, economiesuisse maintains intensive ties with other business organisations.
- ▶ As the umbrella organisation for Swiss companies, it is a member of BUSINESSEUROPE, the International Chamber of Commerce (ICC) and the Business and Industry Advisory Committee (BIAC) to the OECD.
- ▶ For the ICC, economiesuisse manages the secretariat of the Swiss national committee. ICC Switzerland also operates the secretariat of the Swiss UN Global Compact network and co-ordinates involvement in the "Stop Piracy" sensitisation campaign aimed at combating the counterfeiting of goods.
- ▶ Together with SECO, economiesuisse organises high-level business delegations to accompany members of the Federal Council or senior government officials on visits to major economic partners.

# Contacts

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## Contacts economiesuisse



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