

Media release

“Switzerland must remain a world leader as a location for the chemical and pharmaceutical industry”

Zurich, 11 November 2022. **The Swiss chemical and pharmaceutical industry ranks second in the international ranking of BAK Economics. This is confirmed by the “Global Industry Competitiveness Index 2022” commissioned by the business association scienceindustries. The study also shows that without a sustainable relationship with the EU, Switzerland is in danger of losing its attractiveness as a location for said industries.**

“Switzerland must remain a world leader as a location for the chemical and pharmaceutical industry,” said Matthias Leuenberger, Chairman of scienceindustries, at this year’s annual event of the Chemistry Pharma Life Sciences business association. “The framework conditions have to be right for this: in the long term with a view to integration into the European research arena, and in the short term with a view to the implementation of the OECD tax reform and the securing of patent protection. In the case of the tax reform, it is particularly important that the additional revenues are reinvested in Switzerland as a location for research.” Their relevance was also underscored by the “Global Industry Competitiveness Index 2022” (GICI 2022) prepared by BAK Economics.

Swiss chemical and pharmaceutical industry leads (almost) everywhere

Switzerland as a location for the chemical and pharmaceutical industry continues to rank second in the “Global Industry Competitiveness Index”, which measures the competitiveness of said industries worldwide. At the top, however, there was a change: the USA climbed back to the top position this year, replacing Ireland, which fell to third place. The fact that Switzerland was able to hold its place is still due to the favourable conditions prevailing here.

“The Swiss chemical and pharmaceutical industry is one of the top four countries in all four components of the GICI ranking,” says Michael Grass, who headed the study at BAK Economics. “In the ‘performance’ segment, Switzerland ranks first in the world due to its high growth in value added and productivity. It ranks second in ‘location quality’ thanks to the attractive tax regime, liberal labour market regulations and infrastructure quality.”

Highly competitive – weak points in digitalisation

In contrast, Switzerland slipped from third to fourth place in the other two measured areas: in the ‘market position & performance’ domain, Switzerland is one of the world’s largest and most productive locations for chemicals and pharmaceuticals. Compared to the previous year, however, China is catching up. In terms of ‘innovation and technological leadership’, Switzerland remains at the top of the list for expenditure on research and development (R&D), R&D personnel and world-class patents per employee.

But there is still room for improvement in the area of digitalisation. Stephan Mumenthaler, Director of scienceindustries, explains: “Weaknesses remain in the implementation of digital technologies in the healthcare system and the digital penetration of research patents. If a major effort isn’t made, Switzerland will be in danger of losing track, especially compared to other European locations.”

Relationship between Switzerland and the EU puts competitiveness under pressure

Against the backdrop of the catching-up of the European competition – Sweden, Denmark and the Netherlands in particular excel with strong research locations and full participation in the EU’s Horizon Europe research programme – a stable relationship between Switzerland and the EU is crucial. The unilateral suspension of negotiations on the institutional framework agreement presents Switzerland with major challenges in the medium to long term. According to the GICI study, the first negative consequences are already a reality.

Switzerland's currently restricted access to the Horizon Europe research programme is jeopardising the innovative strength of the Swiss location. This has negative consequences for product innovations and value-added growth in the chemical and pharmaceutical industry. A possible abolition of the free movement of persons and the associated worsening of the shortage of skilled workers would have a major impact on the quality of the location.

Threat of technical barriers to trade if MRA is not updated

The EU is the most important trading partner of the Swiss chemical and pharmaceutical industry. That is why the agreement on the dismantling of technical barriers to trade is of great importance. If mutual conformity assessments are no longer updated in the future, the result would be higher costs and more administrative work in the short term, such as what the medtech industry already has to cope with today. In the long term, lower investments and fewer relocations are expected to reduce the country's attractiveness as a location.

This year's scienceindustries annual event therefore also focused on the importance of bilateral relations with the EU. Martina Hirayama, State Secretary for Education, Research and Innovation, said: "The Federal Council's aim is to associate itself with the EU Framework Programmes for Research and Innovation as quickly as possible. Switzerland is ready to negotiate with the EU in this regard." In the ensuing panel discussion, which was also attended by Peter Grünenfelder, Director of Avenir Suisse, everyone agreed that an agreement must be reached quickly with the EU.

Further information:

Stephan Mumenthaler, Director

stephan.mumenthaler@scienceindustries.ch, telephone: +41 79 593 91 63

Pia Guggenbühl, Head of Public Affairs & Communications

pia.guggenbuehl@scienceindustries.ch, telephone: +41 79 566 60 10

About scienceindustries:

scienceindustries, the Swiss Business Association Chemistry Pharma Life Sciences, works to ensure excellent international framework conditions for its around 250 member companies. The Chemistry Pharma Life Sciences industry employs some 74,000 people in Switzerland. As Switzerland's biggest export industry, it makes an important contribution to Swiss prosperity. Swiss Chemistry Pharma Life Sciences rank second behind the US for competitiveness and are thus among the best in the world when it comes to performance, market position, innovation capacity and technological leadership.