



BAK

economic intelligence

Global Industry Competitiveness Index (GICI) 2022

Results for the
chemical and
pharmaceutical
industry

November 2022

Published by
BAK Economics AG

Contact
Klaus Jank
Project Management
T + 41 61 279 97 24
klaus.jank@bak-economics.com

Michael Grass
Member of the Executive Board
Head of Sector Analysis
T +41 61 279 97 23
michael.grass@bak-economics.com

Address
BAK Economics AG
Güterstrasse 82
4053 Basel
T + 41 61 279 97 00
info@bak-economics.com
www.bak-economics.com

Images
iStock

Copyright
The entire content of this publication, especially text and graphics, are protected by copyright. The copyright is held by BAK Economics AG. The study may be quoted citing:
Source: BAK Economics.

Copyright © 2022 by BAK Economics AG
All rights reserved

Editorial

Encouraging news from our chemical, pharmaceutical and life sciences industries: Switzerland again holds its second place in competitiveness in this year's Global Industry Competitiveness Index. What are the reasons for this success, and can we maintain our place at the top of the world rankings in the future?

This study by BAK Economics on behalf of scienceindustries shows: Switzerland's good framework conditions have once again been a contributing factor in our member companies' ability to maintain their high level of innovation. However, these positive framework conditions are not given and must be continuously analyzed, improved and expanded.

This includes, in particular, sustainable relations between Switzerland and the European Union: around 50 percent of our exports go to the EU. We depend on highly qualified specialists, scientific excellence and networking with the European research community, especially within the framework of "Horizon Europe". We cannot compensate for this loss on our own.

Falling behind is not an option - let's untie the knot in the Switzerland-EU relationship and create opportunities to strengthen our innovative power!

Zurich, November 2022



A handwritten signature in blue ink, appearing to read 'M. Leuenberger', written in a cursive style.

Dr. Matthias Leuenberger
Chairman scienceindustries

Executive Summary

The Swiss chemical-pharmaceutical industry is highly competitive: it ranks second place in the Global Industry Competitiveness Index (GICI) 2022 – a global comparison of chemical-pharmaceutical locations. However, Switzerland has lost some ground in terms of market position and innovation compared to previous editions of the GICI. Digitization remains a major weakness. In addition, uncertainty about future relations with the EU represents a significant risk. If access to the Horizon Europe research program remains restricted, this will put a strain on the innovative strength and competitiveness of chemical-pharmaceutical companies in Switzerland.

BAK Economics has calculated the GICI on behalf of scienceindustries for the third time in 2022. The GICI measures competitiveness of chemical-pharmaceutical industries around the globe in four domains: "Performance", "Market position & efficiency", "Innovation & technology leadership" and "Location quality". In the 2022 edition of the GICI, Switzerland comes in second place behind the US. Switzerland benefits from a well-balanced profile of strengths. Ireland loses last year's top spot and slips to 3rd place. Four European locations follow on positions 4 to 7: Sweden, Denmark, the Netherlands and Belgium. The Asian trio of China, Singapore and Japan complete the list of top 10 locations.

The top 10 most competitive locations in the chemical and pharmaceutical industry



Source: BAK Economics

Switzerland achieves particularly good results in the areas of "Performance" and "Location quality". In terms of performance, Switzerland ranks first worldwide due to the high growth in value creation and productivity. In terms of location quality (taxation, regulation, etc.), Switzerland reaches an excellent second place.

Compared to 2021, Switzerland slips from third to fourth place in the domains "Market position & efficiency" and "Innovation & technology leadership". A clear weakness in Switzerland is digitization. The country is in danger of falling behind both in the implementation of digital technologies in the healthcare system and in the digital penetration of chemical and pharmaceutical research and development.

Focus topic in 2022: Swiss relations with the EU

The focus topic of this year's GICI deals with Switzerland's relations with the EU. The breakdown of the negotiations on the institutional framework agreement endangers the economic advantages of the bilateral agreements in the medium to long term. The high level of competitiveness of the chemical-pharmaceutical industry in Switzerland is also coming under pressure.



Lack of full association to Horizon Europe: Researchers and companies from Switzerland currently only have limited access to Horizon Europe, the world's largest research and innovation funding program. The longer this situation persists, the more likely it is that Switzerland's innovative strength will suffer. Switzerland's current strengths are endangered, because a decline in research activities reduces the potential for future product innovations and economic growth.



Potential abolition of the free movement of persons: The chemical-pharmaceutical industry is more dependent on access to foreign workers than almost any other industry. Without the free movement of people, the shortage of skilled workers would worsen, and administrative costs would rise. The result would be a deterioration in the location quality of Switzerland. The growth potential could no longer be fully realized.



Future access to the EU market uncertain: The EU is the most important trading partner of the chemical-pharmaceutical industry in Switzerland. The agreement on the elimination of technical barriers to trade is therefore of high importance. If mutual conformity assessments are no longer updated, costs and the administrative burden will rise. As a result, EU locations will gain in attractiveness compared to Switzerland.