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AN DER UNIVERSITÄT ZÜRICH

RECHT BERATUNG WEITERBILDUNG

Introduction to US business law

US-Swiss Trade Relations

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Repetition last time (1)

- > Business Regulations
 - > Free market economy („American Dream“!)
 - > Risk/chance vs. security
 - > Low state quota
 - > Fewer but substantial Governmental interventions
 - > Depending on the White House
 - > Most important players
 - > Important federal regulations
 - > Lobbying organisations (Chamer of Commerce, NRA, etc)
 - > Tax Law

Repetition last time (2)

- > Securities Regulations
 - > Securities Act 1933
 - > Securities Exchange Act 1934
- > IPR
- > Committee on Foreign Investment (CFIUS)
- > Trade Sanctions
- > Foreign Corruption Practicing Act
- > Money Laundering

US-Swiss Trade Relations

I. Size matters

> Area

- > USA 3'796'742 sq.mi
- > CH 15'940 sq.mi.

> Population

- > USA 322 million
- > CH 9 million

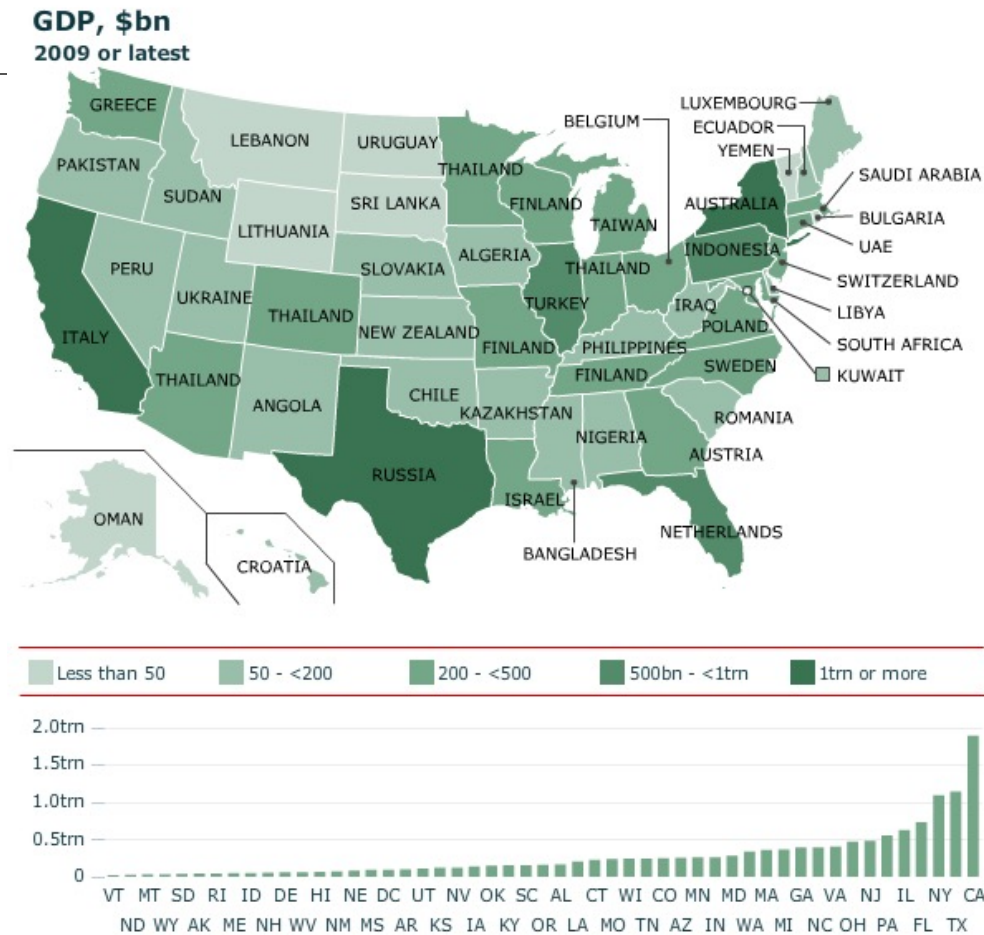
> Jobs

- > 86'000 jobs created by US companies in CH
- > 460'000 jobs created by Swiss companies in the USA

> Companies

- > 1'600 US companies in CH
 - > 500+ Swiss companies in the USA
-

USA: It's a whole world!



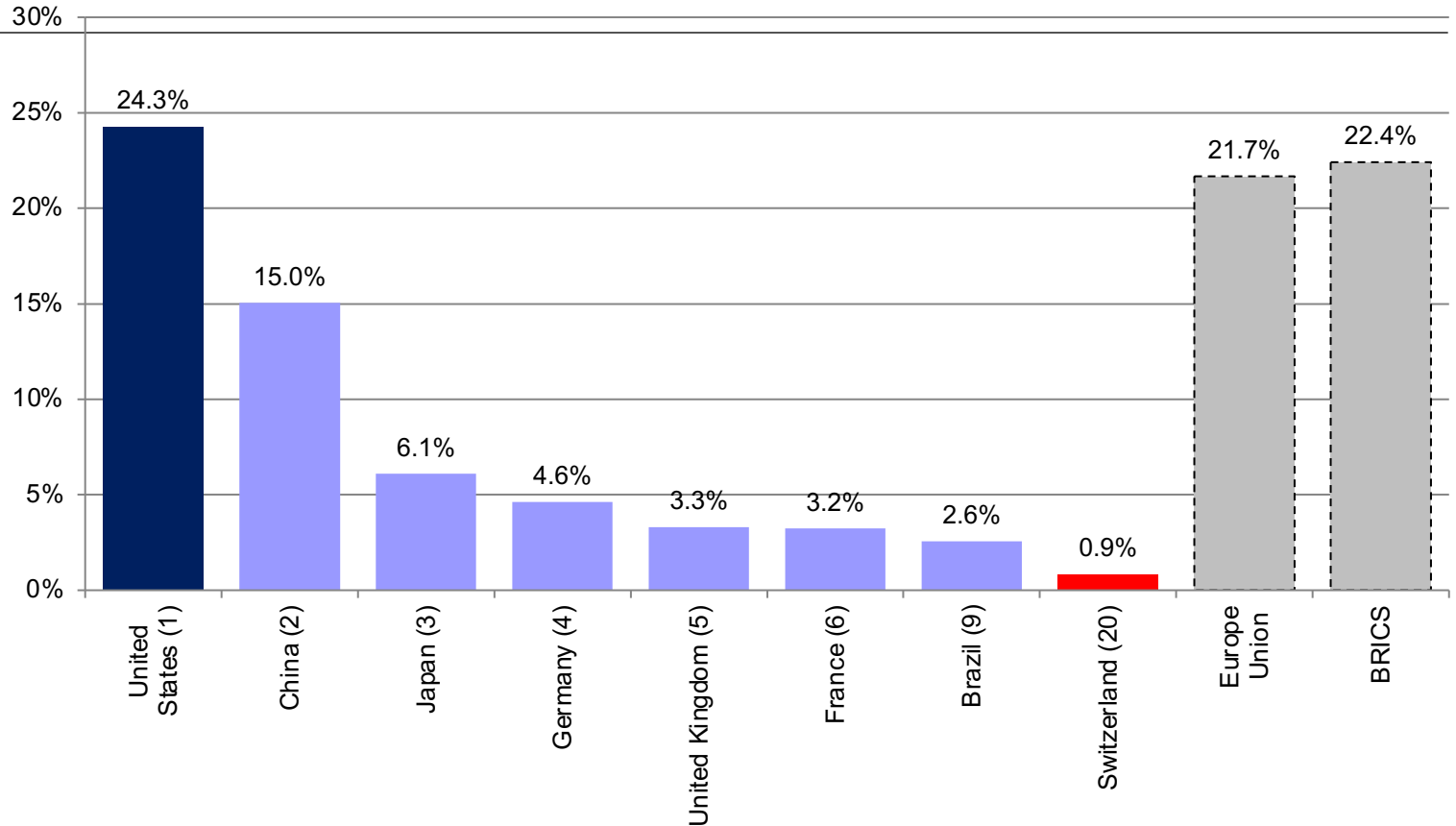
The biggest myths are not always right

- > USA will soon be surpassed by China
 - > We are in the final days of the economic superpower USA
 - > No more entrepreneur spirit!
 - > Growing protectionism
 - > Weird laws make doing business in the USA extremely dangerous
 - > You can't make money in the USA
 - > The US don't care about Europe anymore
-



US Economy is the largest and it will stay there for some time

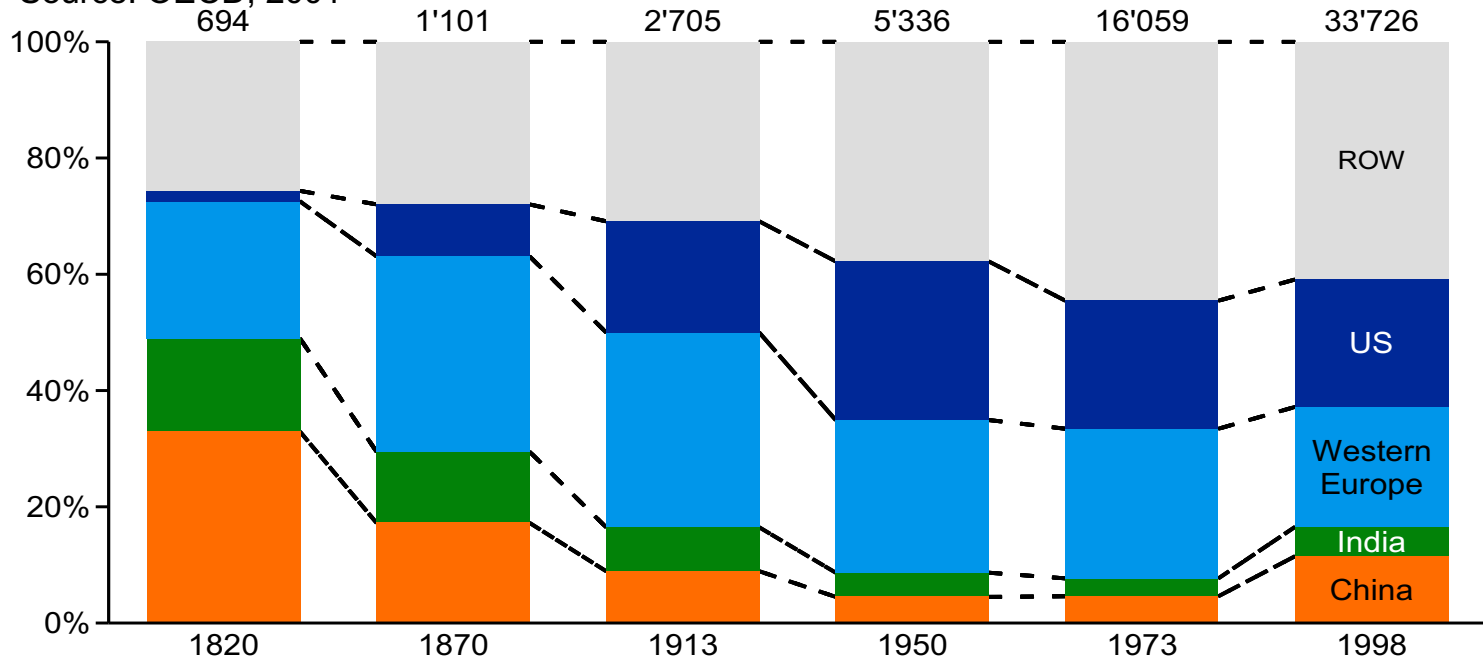
GDP 2017
in % of
world
economy



20th century dominance of US/Europe was an anomaly historically

Relative GDP share development of key economies 1820-1998
(Billion 1990 US\$)

Source: OECD, 2001



US dominant is key aspects

- > >50% of Nobel prizes
 - > 45% of global market capitalization
 - > Approx. 70% of financial trades have at least one US counterpart
 - > 94 of the 100 top trading partner of the USA have a trade surplus
 - > 18% of the Global GDP is US consumers (savings anyone?)
 - > World reserve currency: What else?!
-

Doing business in the USA

Tips of practitioners (I)

- > Extremely competitive market
 - > Very sophisticated clients
 - > Close personal contact is key
 - > «The American Way» is the only way to succeed in America
 - > Business and life is generally more entrepreneurial
 - > Speed is higher than in Europe – Time is money
-

Doing business in the USA

Tips of practitioners (II)

- > Everybody is open to change
 - > Good social competence and humor are necessary
 - > Americans accept risk in a positive manner
 - > Americans are proud to be American
 - > Be as American as possible, do not „Swissize“ American
-

Some personal observations



- > Very large and open market
- > Information easily accessible, people open for a first meeting
- > Clients are ready to test the „better mousetrap“ (esp. In B2B)
- > Employee hard-working, little influence of unions
- > Founding a company very easy, government offices business-friendly



- **No employee loyalty!**
- **No client loyalty!**
- **USA is so near and still so far!**
- **US-market is very large, but it is not one market!**
- **Champions League!**
- **You are liable even if you don't know!**

II. US-Swiss bilateral economic relations

- > Very good!
- > Goods and services from the US exported to CH
 - > USD 51 billion
- > Goods and services from CH exported to USA
 - > USD 52 billion
- > FDI from US to CH
 - > USD 155 billion
- > FDI from CH to USA
 - > USD 244 billion

III. CH Direct Investments in the USA (1)

- > US by far top destination for Swiss direct investment abroad
 - > 1/5 th = UK, Ca, F, D and Irland combined
 - > 4 times more than investments combined in BR, RU, IN and China
- > Manufacturing makes up the largest share of Swiss direct investment abroad
 - > 36% (chemicals and plastics, electronics, optical and watchmaking)
- > CH fourth-largest source of FDI worldwide (ahead of Germany)
- > CH second largest investor within the 35 OECD members

III. CH Direct Investments in the USA (2)

- > CH companies have long history of investing in the USA
- > CH 7th largest investor in the US
- > USD 224 billion (2014) = Germany
- > CH second-fastest growing country for FDI in the US (only Luxembourg more)

IV. Impact of CH Companies in the USA (1)

- > Swiss affiliates support more than 460'000 American jobs (2013)
- > Across all 50 states
 - > Big in
 - > TX (58'000)
 - > FL (34'000)
 - > NC (25'000)
 - > VA (14'000)
 - > NJ (41'000)
 - > NY (80'000)
 - > OH (26'000)
 - > CA (96'000)

IV. Impact of CH Companies in the USA (2)

- > New Mexico leads in growth of Swiss affiliate employment
 - > ND
 - > LA
 - > OK
 - > AK
- > Swiss affiliates' average salary tops USD 100'000
 - > Swiss investors pay highest salaries of all FDI (in average)
- > CH affiliates rank 5th in manufacturing employment
 - > JP, D, UK, F, CH
- > Chemicals top manufacturing sector by Swiss affiliate employment

IV. Impact of CH Companies in the USA (3) Rankings

- > Chemicals top manufacturing sector by Swiss affiliate employment
- > Swiss affiliates employ about a quarter-million Americans in services jobs
- > Swiss affiliates rank third in Finance and insurance employment (UK, CA)
- > Swiss affiliates outspend all other countries in Research & Development
- > Swiss affiliates third in R&D jobs (D, UK)
- > Swiss affiliates pay billions in US income taxes (JP, D, UK, CH)
- > California is home to the largest number of Swiss companies and affiliates

Interlocking Swiss and U.S. Economies

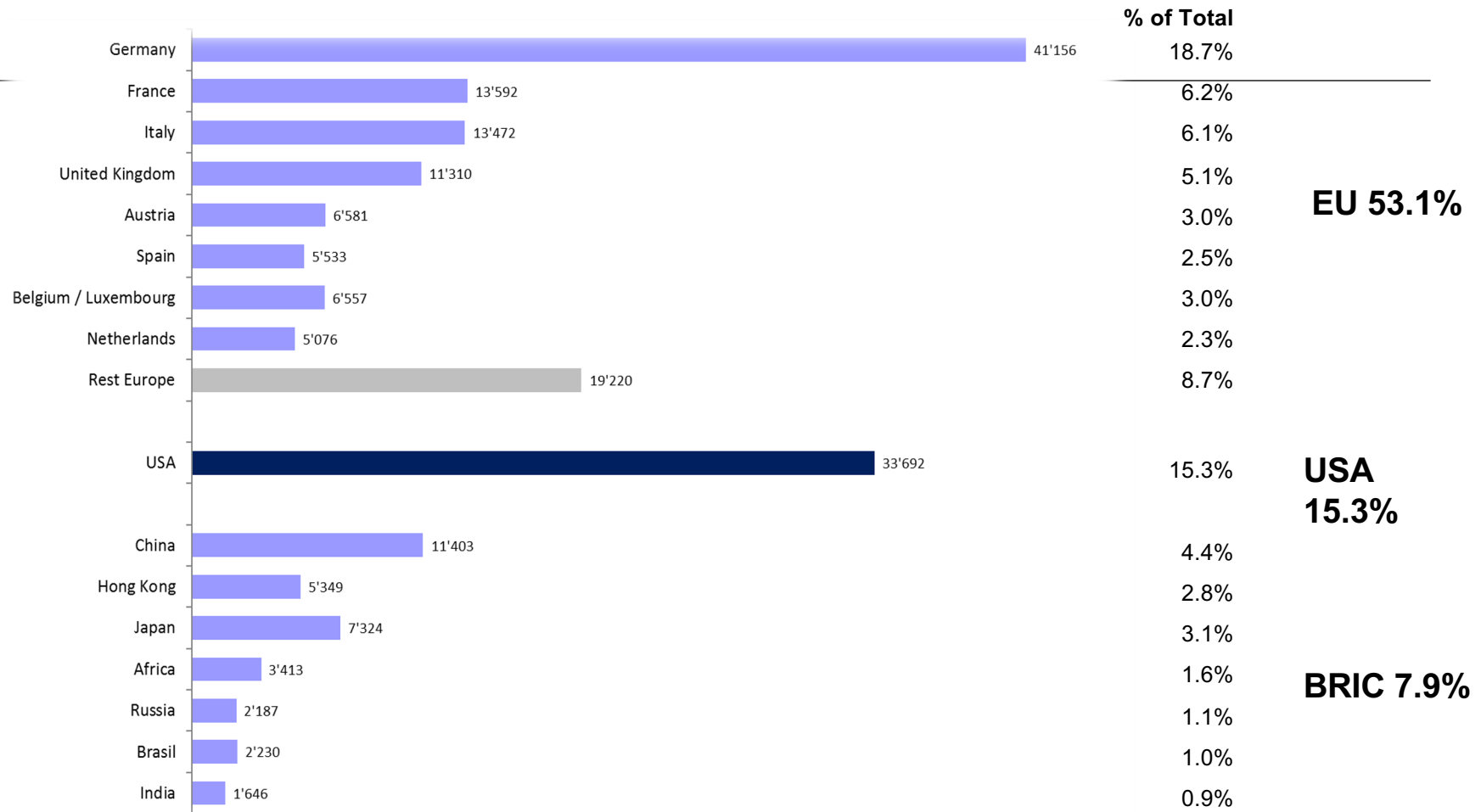
America is important for Switzerland:

- > USA is the 2nd most important export market (behind Germany); high positive trade balance and fast growth
- > USA is the most important foreign direct investor in Switzerland – by far!

Switzerland is important for the USA:

- > 6th largest foreign direct investor
 - > Small, but fast growing export market
 - > Important management platform for US multinationals
-

The most important export markets 2017



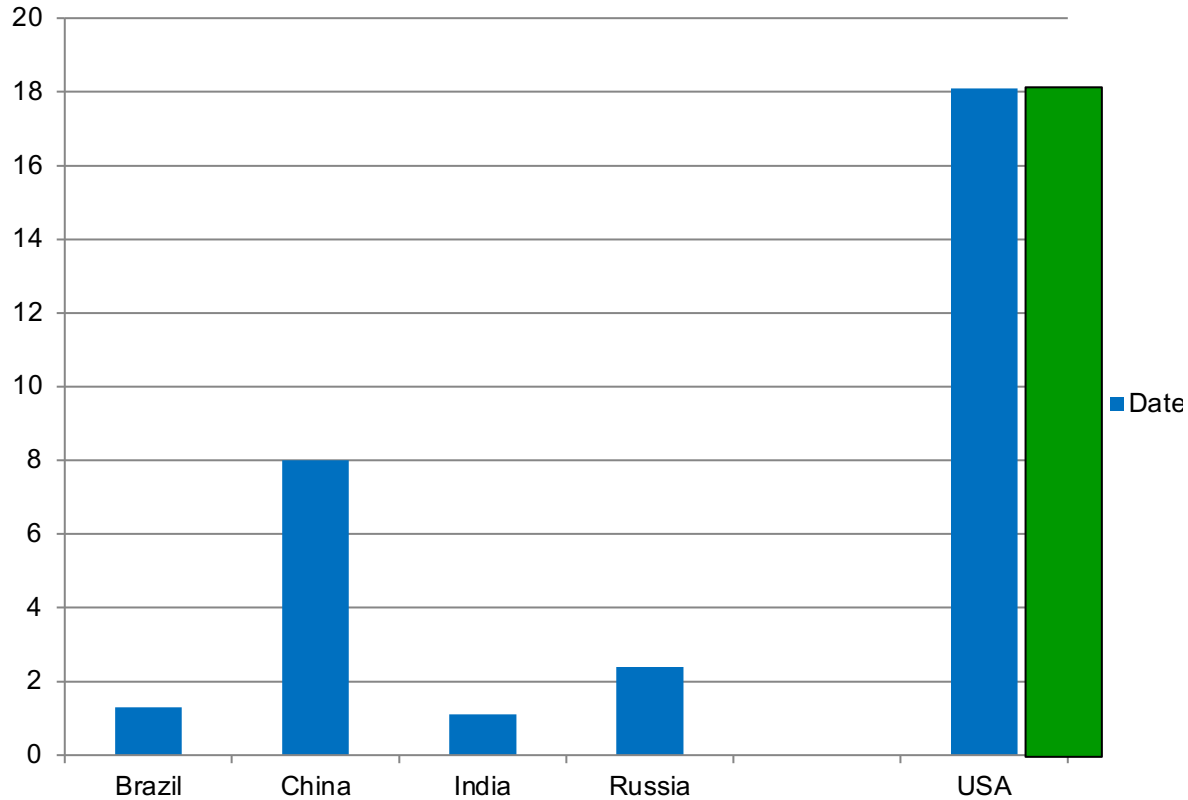
USA: The new «Export Locomotive»

	CH Exports 2012-2017
Germany	3.3%
Italy	-7.5%
France	-5.6%
EU	+4.8%
USA	+51.1%
BRIC	+13.1%

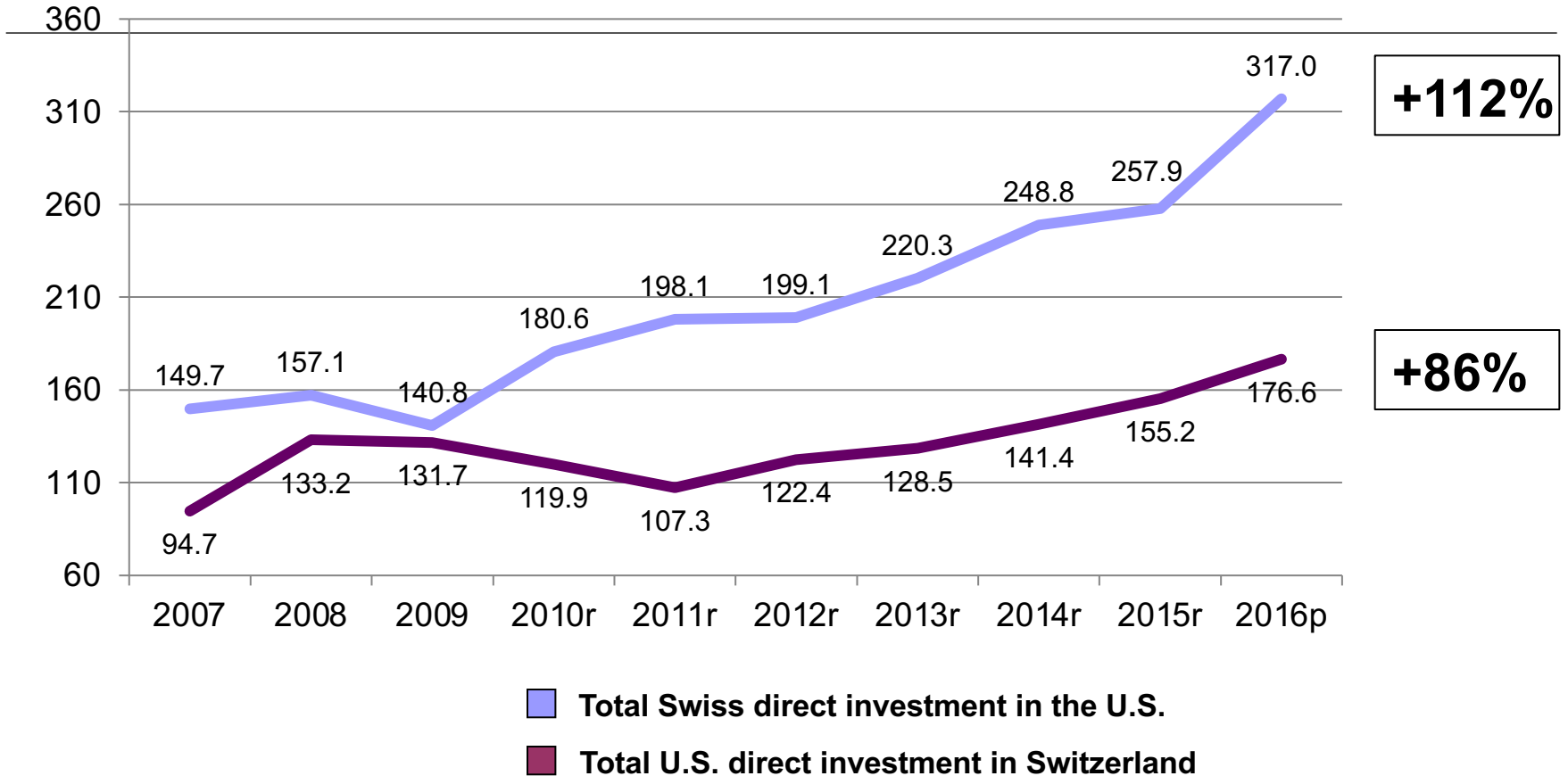
Total Export: +9.7%

Growth of Swiss exports since 1995

In CHF bn



Growing foreign direct investments – in both directions



Switzerland is a Magnet for Multinational Companies and Organizations

**Global Fortune 500
Companies
per mio inhabitants**

1. Switzerland 1.93

2. Netherlands 0.78

3. France 0.56

4. Japan 0.53

5. United Kingdom 0.50

6. Belgium 0.46

7. Ireland 0.44

8. United States 0.42

8. Germany 0.42

10. Singapore 0.39

...

15. Sweden 0.32

...

20. Italy 0.17

Additionally, Switzerland is home to:

Foreign regional HQs:

P&G, Medtronic, Philipp Morris, Dow, Amgen, Caterpillar, eBay, Colgate, HP, HP Enterprise, IBM, Mondelez, Google, Biogen, Alcoa, Du Pont Caterpillar and many more.

International NGOs:

FIFA, ICRC, UNO, WHO, WTO, UNICEF, ITU, WWF and many more.

USA market key for large Swiss Multinationals

Zurich FS	>50%
Swiss Re	45%
Novartis	42%
Roche	39%
Credit Suisse	37%
Syngenta	34%
Nestlé	30%
Schindler	30%
SGS	21%
Clariant	28%
Holcim	20%
ABB	18%

Note: US revenue in % of total revenue
Source: Bilanz



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Swiss SME Successes in the USA

thermo⁺plan



 VICTORINOX



KUHN
RIKON
SWITZERLAND

Collano[®]

Innovation in Adhesives



PHONAK
hearing systems



 SYNTHES[®]

Welcome to the World
of Ricola[®] Natural Products



Ricola

SFS



METTLER TOLEDO

Swiss direct investors in the USA



US companies invest into the Swiss knowledge economy

Disney

IBM

Johnson & Johnson

ebay™

Google

hp

 Microsoft

DU PONT®

P&G

CATERPILLAR®

 Biogen™



AMGEN®

Pfizer

Baxter

V. US Trade with CH

- > Switzerland is a key export market for US –made goods
 - > 17th largest export market
- > Goods imported from CH
 - > Chemicals, Computer/Electronics, Machinery, Beverage, Tobacco, Metals
- > Services imported to US from CH
 - > Insurance, IP, transport, travel
- > US services exports: CH rank as seventh-largest worldwide
 - > (before D)
- > US services sales through US affiliates in CH rank as sixth-strongest worldwide
 - > Charges for use of IP, travel, transport, financial services

Switzerland Punches Way Above its Weight in the US Economy (video)

https://www.youtube.com/watch?v=Hm1SMLj5bjo&list=UUSGM212_5qoCL6yRX4RC1Jg

Free Trade Agreement CH - USA

- > Not (yet)?
- > First attempts some years ago
 - > Shut down by Swiss (agriculture!)
- > New talks?
- > A free trade agreement between USA-CH might increase trade within 5 years for more than 14 billion CHF
- > More than 40'000 new jobs (13'500 in CH) (Avenir Suisse)
- > Easy acces for CH industrie to the biggest market in the world
- > Protection against protectionist measures
- > Risk: less border protection for Swiss industries
- > No priority under President Biden

Learning from the USA?

- > Google
 - > Twitter
 - > Skype
 - > Apple
 - > Microsoft
 - > Amazon
 - > eBay
 - > Facebook
 - > LinkedIn
 - > Uber
 - > AirBnB
-

Where are similar firms from China, Russia, India, Europe?

Next time

**Legal Education/Attorney at Law/
Repetition/Questions/Exam**