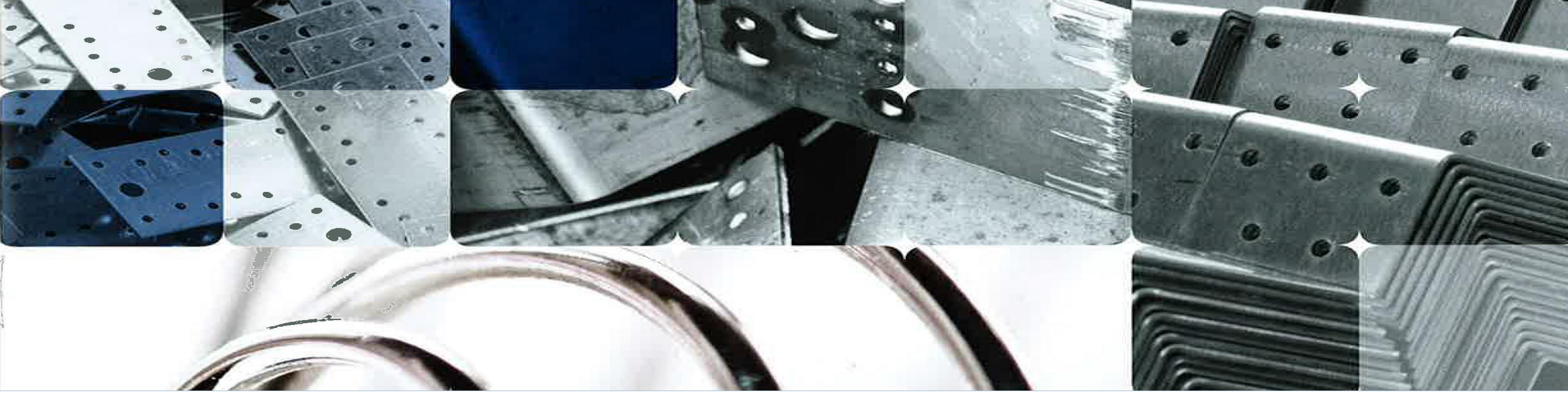


Economic situation Switzerland

International Congress of Spring industry

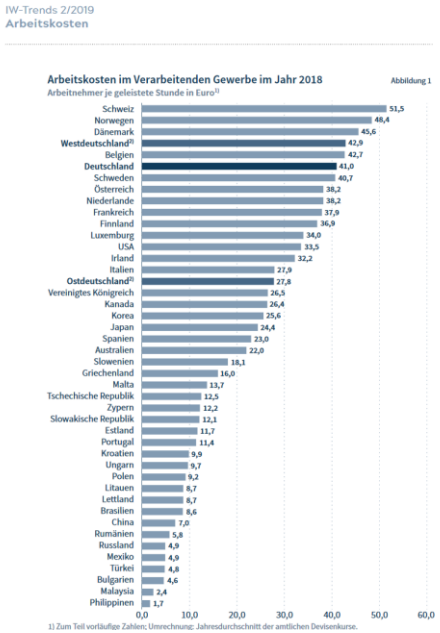
Hamburg, Sept. 2019

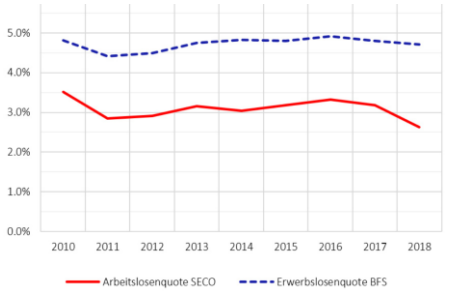
Switzerland – Topic list of the economic situation

- Overview about the economic situation in Switzerland
- Which are the greatest challenges for the spring industry
- Development of material prices
- Development of labor costs
- Development of electricity costs
- Which are the biggest business markets for springs
- Which are the biggest and most important export markets
- What are the biggest trade barriers

Switzerland – economic situation

- Currency of Swiss Franc is continuously appreciating, especially against Euro
- Unemployment rate remains below 3% (since long time)
- Hourly rates are among the highest in the world
- Tax situation and labor laws in Switzerland are favorable for enterprises
- Bigger companies, i.e. the spring customers, focus on high value goods and services, during strong currency appreciations in 2012 and 2015 a lot of Swiss companies outsourced their manufacturing; both to China and South East Europe (Ru, Bu, Hun)



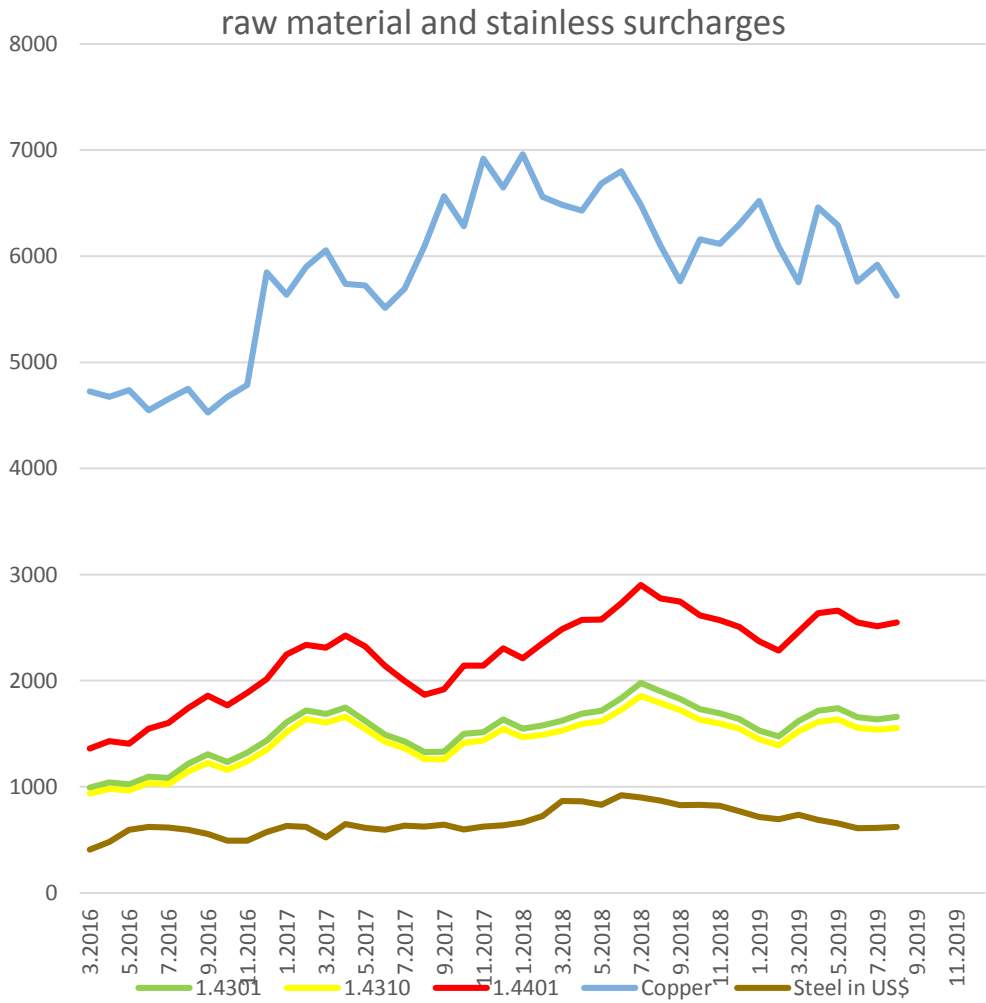


Switzerland – Biggest challenges for spring industry

- Old customers disappear while new industrial companies come on the market; this means a constant change in customer base
- Small series production; big series often are moved to low cost countries
- Price for well trained people remains high because of low unemployment rate

Switzerland – Development of raw material prices

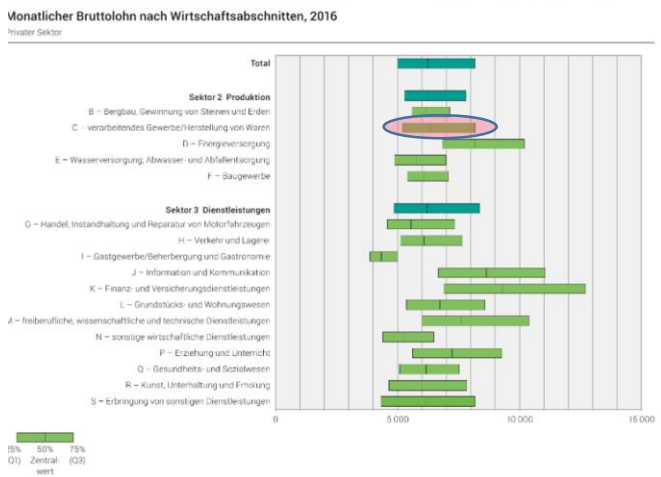
- Raw material are the same as for Western European spring suppliers
  - Alloy surcharges are the same
  - Service centers offer across borders as there are very limited customs between Switzerland and West Europe. I.e. Swiss spring industry is purchasing in Western Europe (and probably beyond).
- Some foreign spring suppliers seem to offer based on fake certificates
- No shortage of any standard material



Switzerland – Development of labor cost

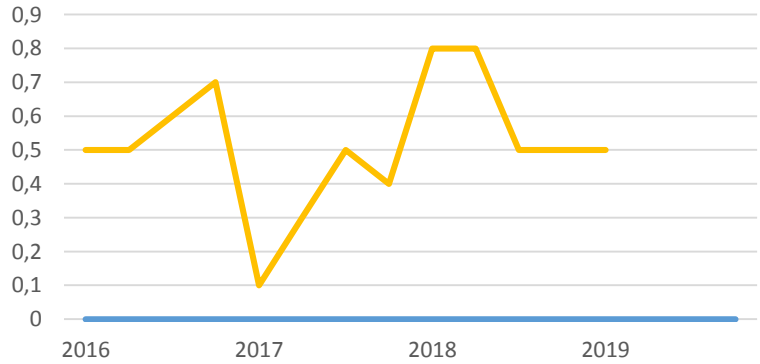
- Skilled labor cost continue to rise with a rate of 0.5-1%
- Unskilled labor rather 0.5% increase
- Skilled labor more difficult to get, thus continuing upward pressure on labor cost
- But financing cost to establish automation very low in Switzerland

Monatlicher Bruttolohn nach Wirtschaftsabschnitten



Salary level (data 2016, but no significant change since then)

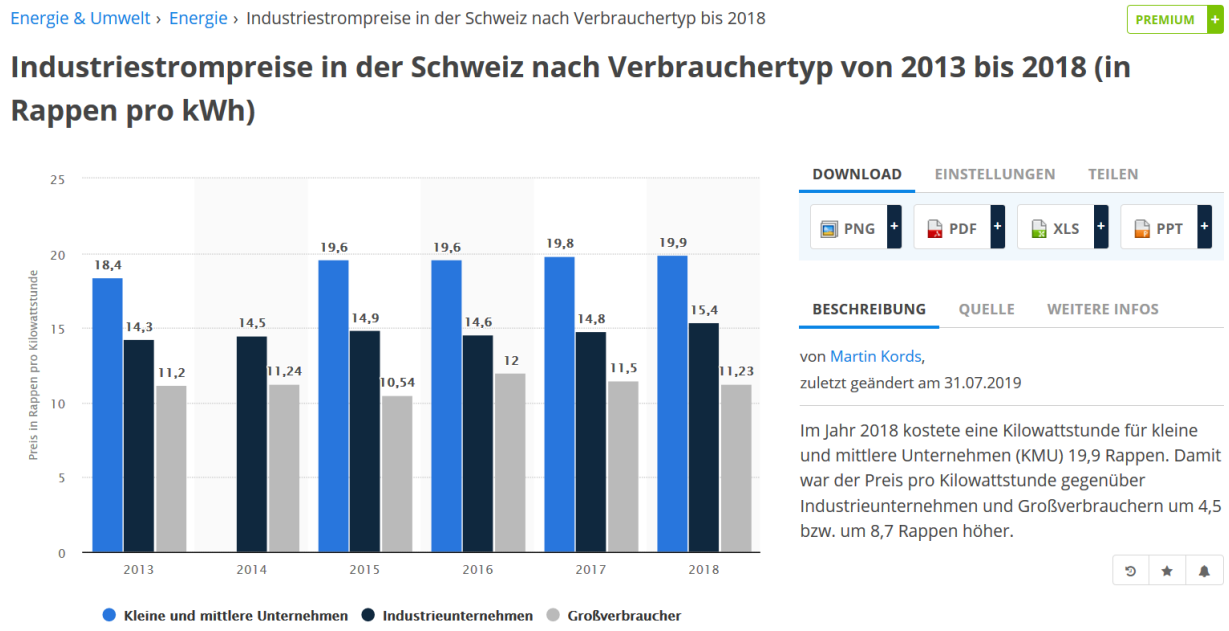
Quarterly change of brut salary Switzerland 2016-Q2 2019



Switzerland – Development of electricity cost

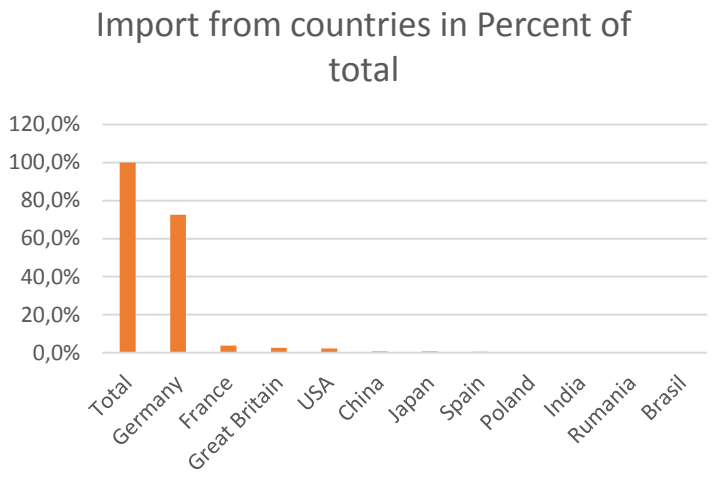
- Electricity cost in Switzerland quite low:
  - based on a consumption of 975’000 Megawatt hours, all-in cost (fix and variable portion) of CHF 0.105/kWhr or Euro 0.095/kWhr (excl. VAT)
  - Difference between night and day electricity approximately CHF 0.015/kWhr
- Electricity cost stable the last years
  - No high cost for green energy
  - Opening to European electricity market has helped in keeping prices down

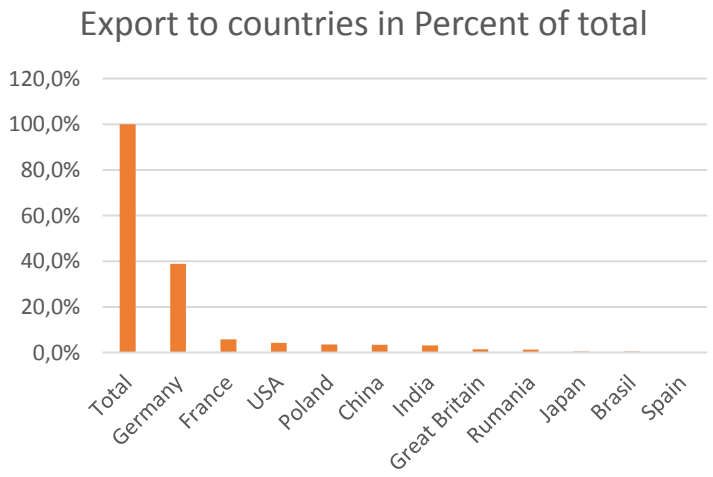
In light grey the typical price for a so called industrial big consumer, more than 600‘00 kWhr per year



Switzerland – Biggest markets for springs (made from steel)

- Import from, official statistics
  - Germany: 72%
  - France: 3.8%
  - Great Britain: 2.5%
  - USA: 2.2%
- Export to, official statistics
  - Germany: 38.9%
  - France 5.8%
  - USA 4.2%
  - Poland: 3.6%
  - India: 3.2%

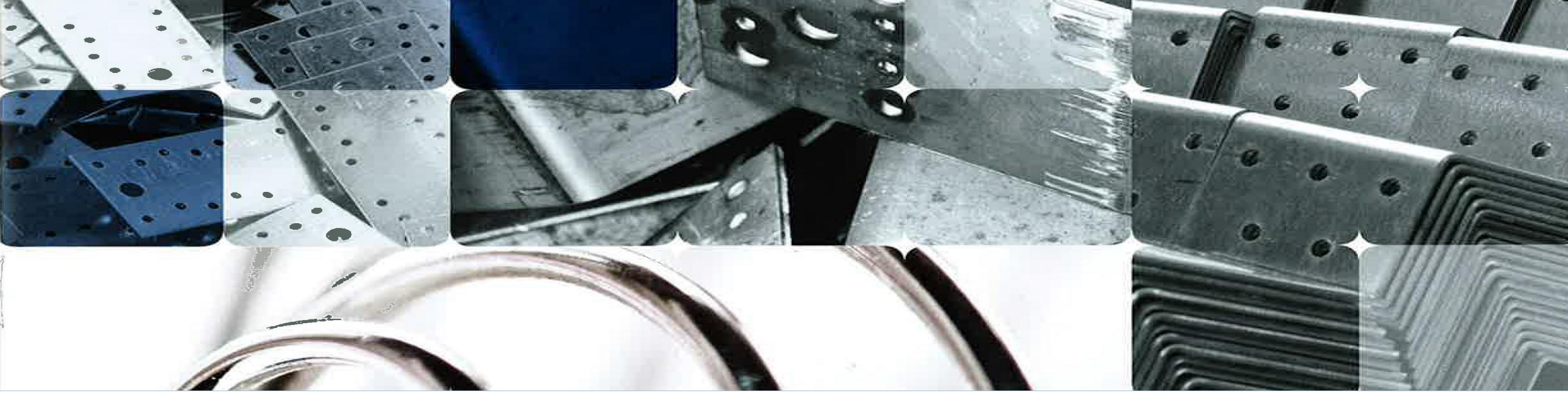




- Biggest markets / branches; estimation
  - Automotive
  - Watches
  - Industrial, Tool machines
  - Electrical /electronic switches
  - Textile machines
  - Medical

Switzerland – Biggest trade barriers

- Free Trade agreements in place with, i.e. no trade barrier by customs:
  - EU
  - South Eastern Europe
  - Middle East
  - China
  - Japan
  - Canada / Mexico
- Tariffs for major countries with no trade agreements, some trade barriers by customs:
  - USA 3.9%
  - India 10%
  - Russia 12.5%
- Other trade barriers (unofficial)
  - Time for processing customs
  - Currency
  - Unclear laws, laws procedures and execution
  - Different dimensions (Imperial versus metric)
  - Special rules and norms
  - Language
  - Culture



Thank you

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