

by Florian Diener, Managing Partner and Founder of Diener Advisory GmbH, a Swiss-based management consulting firm advancing client missions through smart strategy, responsible management, close collaboration and integrity. The firm provides services in management consulting and interim management for companies and institutions of all industries and sizes with an emphasis on finance, and accounting, organisational effectiveness, business process improvement, outsourcing, near shoring, restructuring, cost optimization, transaction advisory and succession counselling. The firm's record of success includes advising manufacturing companies, manufacturers of speciality chemicals for construction and industry and most of the "Big Five" professional service and consulting firms. An exclusive network of independent business consultants, change management coaches and financial experts means Diener Advisory offer the highest level of quality of advisory services – with double digit growth, year over year, providing clear evidence of the firm's exceptional strategy and service offerings.

The economy in Switzerland is very business friendly. Switzerland was recently ranked second among the most competitive countries in the world (Source: IMD World Competitiveness Yearbook 2013). What is the reason?

Switzerland has a long tradition of low inflation rates, low capital costs and a high level of purchasing power. Its economic and financial stability leads to a very favourable investment climate in Switzerland. The gross domestic product is considerably well above the European Union (EU) average. The Swiss franc holds the status of an important international reserve and diversification currency.

The Swiss political system is built on principles of federalism and direct democracy –something unique in Europe. Through referenda, initiatives or compulsory resolutions, voters are allowed to directly influence the political process. The stability of the political system guarantees the utmost reliability for investors, corporations and the economy. Official multilingualism (German, French, Italian and Romansh) and the coexistence of different cultures (more than 23% of the country's population is non-Swiss) have led Switzerland into a climate of openness and tolerance.

The Swiss labour market is very liberal. Limited regulations, a liberal employment law and moderate social security costs are attractive factors for investors and corporations. The unemployment rate is well below 4%, and employees are generally well-educated, highly trained, highly productive and very motivated.

Switzerland is a hotspot for education, research and development, technology and innovation. Renowned universities like the University of St. Gallen (an elite educational institution for economy and law), the ETH in Zurich, the Lausanne Swiss Federal Institute of Technology and the European Organization of Nuclear Research (CERN) in Geneva, are just a few examples of top-level research and innovation capacities.

Switzerland has a very attractive tax system with moderate tax burden for individuals and corporations. The flexible tax system is structured on the principles of federalism. Taxes are paid on a federal government level (the corporate income rate is 8.5%), canton and commune level. Due to strong tax competition



between cantons and communes, the choice of location can be significant with respect to the effective tax burden. Depending on the business case and planned investment projects, corporations can even be exempted from taxes. In addition, Switzerland has entered into agreements with many key industrial nations and countries to prevent individuals and corporations from a double taxation burden.

The natural beauty of its environment, its best-in-class infrastructure, a top school system, a well-developed healthcare sector, an exemplary social security system and a secure and clean environment offer very high standards of quality of life.

Due to its long tradition of economic and financial stability, Switzerland is recognized as one of the world's major financial centres with enormous expertise in private banking, asset management and insurance. The extraordinary quality of services is highly valued by private clients and institutional investors. As an example, Switzerland hosts one of the world's largest asset managers: UBS Wealth Management is the largest private bank in the world, with more than \$540 billion in assets under management. The Swiss Stock Market is the third largest in Europe, based on the value of equity trading.

Other dynamic sectors of the Swiss economy are food, pharmaceuticals, life sciences, engineering, building materials and chemicals, shared services, bio-, medical- and environmental technology, as well as micro- and nanotechnology.

Switzerland is geographically located in the centre of Europe. The European Union is its largest trading partner. Almost two-thirds of Swiss exports go to the EU and four-fifths of its imports come from the EU. Although Switzerland is not a member of the EU, bilateral and free-trade agreements enable the free exchange of goods and services in a market with more than 500 million consumers. A part of these agreements is unlimited freedom of movement for EU and EFTA nationals. This includes access to the Swiss labour market. The latest Swiss referendum "against mass immigration" sought to target the EU directive on freedom of movement by limiting immigration through quotas. The implementation of the referendum is now a challenge for Switzerland. The consequences of the referendum have already had an impact on EU-sponsored education and research programs. Constructive talks with the EU need to follow, but Switzerland will certainly remain the safe haven for investors.



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