Switzerland

Introduction

Switzerland is a landlocked country in Central Europe. Neighboring countries include Austria, France, Italy, Liechtenstein, and Germany. The geography of Switzerland is mostly mountains (Alps in south, Jura in northwest) with a central plateau of rolling hills, plains, and large lakes. The government system is formally a confederation but similar in structure to a federal republic; the chief of state and head of government is the president. Switzerland has a modern market economy in which the prices of goods and services are determined in a free price system. Switzerland is a member of the European Free Trade Association (EFTA).

Key Economic Facts

- **Income Level (by per capita GNI):** High Income
- **Level of Development:** Developed
- **GDP, PPP (current international $):** $733.14 billion (2022)
- **GDP growth (annual %):** 2.06% (2022)
- **GDP per capita, PPP (current international $):** $83,598.45 (2022)
- **External debt stocks, total (DOD, current US$):** $604,546,000.00 (2011)
- **Manufacturing, value added (% of GDP):** 17.82% (2022)
- **Current account balance (BoP, current US$):** $81.46 billion (2022)
- **Inflation, consumer prices (annual %):** 2.84% (2022)
- **Labor force, total:** 5,024,491 (2022)
- **Unemployment, total (% of total labor force) (modeled ILO estimate):** 4.20% (2022)
- **Imports of goods and services (current US$):** $506.41 billion (2022)
- **Exports of goods and services (current US$):** $605.58 billion (2022)

GDP Composition (%)

- Agriculture: 1%
- Industry: 24%
- Services: 72%
- Manufacturing: 18%

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

- **Corruption Perceptions Index:** 7 / 178
- **EY Globalization Index:** 5 / 60
- **Global Competitiveness Index:** 5 / 141
- **Global Enabling Trade Index:** 11 / 136
- **Global Manufacturing Competitiveness Index (GMI):** 12 / 40
- **Index of Economic Freedom:** 4 / 179
- **International Logistics Performance Index (LPI):** 13 / 160
- **Inward FDI Potential Index:** 21 / 139
- **KOF Index of Globalization:** 5 / 185
- **Networked Readiness Index (NRI):** 7 / 139

Weaknesses

- Small, open economy (foreign trade = 116% of GDP) and landlocked
- Swiss franc as a safe-haven currency
- High dependence on trading and financial services
- High housing prices with rising vacancy rates
- Exposure of banks to real estate (85% of domestic loans); two banks account for half of domestic assets
- Demographic ageing compensated by immigration (33% of the working population is foreign)
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Strengths

- Political, economic and social stability and consensus; role of direct democracy
- Close relations with the EU
- International financial center, headquarters of international groups and organizations
- Limited sensitivity of exports to foreign exchange due to the emphasis on high technology and quality
- Very strong public and external accounts
- European crossroads with excellent communication network

Risk Assessment (Provided by Coface)

Country rating: A2 - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low on average.

Business Climate rating: A1 - The business environment is very good. Corporate financial information is available and reliable. Debt collection is efficient. Institutional quality is very good. Intercompany transactions run smoothly in environments rated A1.

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