

# The Swiss Environmental Market at a Glance

**Traditionally, both the political and personal cultures in Switzerland include a strong sense of responsibility to the environment today and a commitment to preserve it for future generations. Switzerland was one of the first countries to adopt strong environmental laws, which in turn led to the development of environmental technologies much earlier than in other countries.**

More recently, Swiss environmental legislation has been developed jointly by government and industry representatives, and this co-operation has led to the creation of progressive laws and policies that are favourable to the environment, and, at the same time, encourage the conduct of business in new and profitable ways. As a result, companies and research institutes based in Switzerland are leaders in developing cutting-edge envi-

ronmental technologies in numerous areas of prevention and remediation, including:

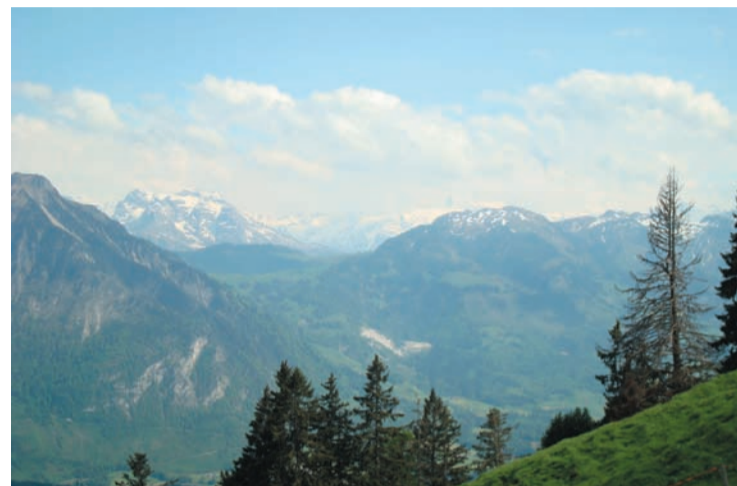
- Water Treatment
- Air Pollution Control
- Instrumentation and Control Systems
- Waste Treatment and Recycling
- Power Generation and Recovery

Due to many of the financial, political and tax opportunities detailed in this article, Swiss companies are extremely competitive and known for their quality, reliability and precision.

## Government Backing for Innovation

Federal office for the Environment (FOEN) allocates four million Swiss francs per year to support the development of pilot and demonstration plants and the further efforts required to bring these technologies to the market. Since the start of 1997, 125 FOEN projects have been approved, half of which are pilot and demonstration plants. Projects are selected for funding based primarily on their realization potential, but also if they are viewed as being in the public interest. FOEN contributes up to 50% of the proposed project costs. Alternatively, other funding is available through the Commission for Technology and Innovation (CTI), which is part of the Federal Office for Professional Education and Technology to finance applied R&D projects.

FOEN has also published a brochure entitled 'Multilateral Financing Institutions and Business Opportunities in the environment Sector,' designed to assist small and medium sized businesses in identifying sources of funding for exporting environmental technology and for bidding on international environmental projects.



## Switzerland's Environmental Situation

Switzerland's water resources are used for a variety of different purposes, including drinking, power generation, transport, irrigation and leisure activities.

The Federal Office for the Environment (FOEN) is responsible for protecting these resources from pollution and from overuse. It also has the task of flood prevention. Protection of waterways is inscribed in the Swiss Constitution.

Water quality is constantly monitored. The FOEN has two programmes to oversee this task. The National Long Term Investigation of Flowing Swiss Waters (NADUF) is responsible for rivers, while The National Network for Groundwater Quality Observation (NAQUA) monitors ground water.

The drinking water that comes out of Swiss taps is as pure as bottled mineral water - and 500 times cheaper.

Air pollution is a constant source of concern. The different types of pollution are dangerous to human health and damaging to the environment as well as to buildings and monuments.

The pollutants include nitrogen dioxide (NO<sub>2</sub>) and volatile organic compounds and come from a range of different sources, mainly road transport (in particular diesel engines) and industry. Other pollutants are benzene, sulphur dioxide, carbon monoxide and ammonia.

Technical improvements have helped to reduce the emission of pollutants in the last two decades or so, but whereas industry is much less polluting than formerly, the increase in transport of all kinds has more or less cancelled out the gains made in this area by technical advances.

## Swiss Support for Industry

R&D activities in Switzerland benefit from the support of both the government and from the private sector. The country has a large number of world-renowned institutions, which are actively involved in research programs in all areas of basic and applied sciences.

Priority on applied and trans-disciplinary research is widely recognized in Switzerland that environmental research efforts must focus on know-how which can be put into practice in the near future, as well as transdisciplinary research, which crosses the boundaries of numerous scientific and social fields of study, thus developing solutions which are compatible with the economy as well as the environment.

## Federal Initiative to Strengthen Technology Transfer

In 2005, the federal government launched an initiative to strengthen technology transfer from scientific institutions to private industry. A consortium has been created to unite all major partners in the field of the environment and sustainable energy. This consortium is led by the Institute of Environmental Technology, which is part of the Basel Institute of Technology and Management.

## The Federal Institutes of Technology

The two Swiss Federal Institutes of Technology, in Zurich (ETHZ) and in Lausanne (EPFL), are among the most important players in environmental research in the country. Keeping in line with the national strategy for



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sustainability, these institutes emphasize global sustainable development and transdisciplinary methods in their teaching and research programs.

### Federal Institute for Environmental Science and Technology

The key research issues for this institute are the development of concepts, technologies and strategies for efficient water use and the preservation of the integrity of lakes, rivers and streams from problematic trace elements and endocrine-disrupting substances. They are jointly funding a Professorship for Environmental and Resource Economics, focusing on related societal issues with the University of St. Gallen.

### Institute for Environment and Engineering

The Institute for Environment and Engineering ('UMTEC') is part of the University of Applied Sciences in Rapperswil. UMTEC conducts application-oriented research and development in fields such as solid waste processing, purification of industrial effluents, secondary treatment of diesel exhaust, mechanical process engineering and instrumentation and control systems.

### Universities

Swiss universities around the country contribute substantially to environmental research, having significantly increased their activities in this field in recent years. These activities cover all key areas of environmental research, and they have developed cooperation and coordination centres for environmental sciences researchers around the country. Significant research activities are taking place at the universities in Basel, Berne, Fribourg, Geneva, Lausanne, Neuchâtel, St. Gallen, and Zurich, as well as at several of Switzerland's Universities of Applied Sciences. In many cases, the applied research conducted at these academic institutions is directly relevant for companies involved in the commercialization of their products.

### Switzerland – An Ideal Location

A skilled, entrepreneurial and productive workforce has always been key for the success of a company. For companies developing new technologies, a qualified workforce is even more important.

- Switzerland's vocational training system is oriented towards the needs of technology companies. A majority of young people complete an apprenticeship and obtain practice-oriented training 'on-the-job'.
- Switzerland counts German, French and Italian – three of the most frequently used languages in Europe – among its national languages. English is also widely spoken and accepted as the main business language in the country.
- More than 16% of the country's total active workforce comes from EU countries.
- The Bilateral Agreements with the EU provide for free movement of labour, further increasing the availability of a skilled and multilingual workforce.

At first glance, Swiss labour costs may seem relatively high compared with neighbouring countries. However, a closer analysis of the overall labour costs reveals important advantages of the Swiss marketplace:

- Switzerland has lower additional payroll costs, such as social security contributions, than most other European countries.
- Swiss workers are among the most productive in the world in terms of value-added per hour worked.
- With an average of 1,856 annual working hours, the labour force in Switzerland works more hours per year than in any other European country.

When all of these factors are considered, Switzerland remains a very cost-effective business location.



### A Business Friendly Tax Environment

The tax environment is a key factor in deciding on a business location for your company. Switzerland offers companies a very favourable tax environment with moderate overall taxation.

Swiss federal corporate income tax is levied at a flat pre-tax rate of 7.8%. When cantonal and communal income taxes are also considered, the overall ordinary tax rates can range at an average of 21.3%, which is a very moderate level compared to other European countries.

In order to limit the number of tax controversies, the Swiss Tax Administration commonly attributes to companies a notional profit upon which tax is levied. Where coordination or management services are offered to group companies (e.g. technical, administrative or scientific assistance, including research and promotion activities), the profit assessable in Switzerland is generally considered to be 5% of total overhead.

### Attractive Withholding Tax Regime

Switzerland has a comprehensive group of income and capital tax treaties that provide for repatriation of profits with a minimal final withholding tax burden. Further-more, Switzerland does not levy withholding tax on interest or royalty payments to foreign companies.

As an additional incentive, full or partial income and capital tax relief may be granted on federal, cantonal and municipal levels for up to ten years, depending on the number of jobs created in Switzerland through the investment project.

### Cooperative Tax Authorities

In addition to the low income tax burden, Switzerland is known for a traditionally cooperative and constructive relationship between taxpayers and tax authorities. Advance tax rulings are extensively used in order to minimise future tax uncertainties and risks.

Overall, the benefits of the Swiss tax system can play a significant role in the success of your company.

### CONTACT DETAILS

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