Interview: Daniel Küng – CEO, Switzerland Global Enterprise (S-GE)

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Daniel Küng, CEO of Switzerland Global Enterprise (S-GE), the Swiss export promotion agency, also responsible for promoting Switzerland as a business location, reveals how the increase in the value of the Swiss Franc has brought Swiss companies to become more innovative when it comes to selling their products abroad; how the digital transformation currently underway comes at the perfect moment for Swiss SMEs; and how the country´s pharma and chemical industries remain highly attractive for foreign investment.

You have been CEO of S-GE since 2004. What have been some of the key developments when it comes to promoting Switzerland as an export destination, while attracting more inward investments?

The increase in the value of the Swiss Franc has driven our companies to be even more creative and more innovative when selling their products abroad. They have succeeded in maintaining their markets shares in the international market, even though their products became more expensive. This has required a considerable focus on diversifying existing export markets, looking into new markets, and reducing exposure to the European Union’s markets. On the export promotion side, this has been the most important development over the past years.

In terms of the investment promotion, we are again on all the shortlists of foreign companies looking to establish new headquarters, be they global or regional. S-GE has been working hard to

inform potential investors about the advantages of being present Switzerland. In a world which is rapidly changing, we are more proactive in this regard.

What are the main challenges that Swiss SMEs face when looking to export their products and services?

The high value of the Swiss Franc is the number one challenge we face at present; while the sluggish growth of the emerging markets has also complicated matters. The on-going digital revolution, and the changing businesses models that this requires, has been another issue to contend with.

Alongside the export promotion side, as of 2008, SGE has also been responsible for promoting Switzerland as a business location abroad. How important was this change?

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It has been very important. By promotion Switzerland as a business location, we help bringing companies into our country which add value to our existing strong industry clusters, such as the life sciences – they strengthen the international orientation of the whole business location, they become suppliers or customers of Swiss companies, they exchange knowledge and bring new ideas. The new ones on their side benefit from the international ties that the existing exporters have already built all around the world. Both mandates thus complement each other perfectly, to the benefit of foreign and local companies. S-GE thus helps entrepreneurs in a holistic way, across the entire value chain.

S-GE runs 21 Swiss Business Hubs abroad, most of which are based in Swiss embassies. What role does this network play in your overall strategy?

It is one of our most important selling points. It allows us to inform Swiss companies regarding opportunities they may have in a foreign market. We can, for example, inform Swiss infrastructure companies about opportunities in a particular market, and then take them to the market on a delegation trip to meet the relevant stakeholders. Our Swiss Business Hubs can help our companies to enter the local networks within a market. Our hubs provide us with the basic information, which we can then disperse to our companies based in Switzerland. For foreign investors, they act as the first entry point to learn more about Switzerland.

In implementing its federal export promotion mandate, S-GE follows the principles outlined within Swiss policy on foreign affairs and foreign trade. How does Switzerland´s neutrality, when it comes to foreign policy, affect your mandate?

All of our activities are entirely in line with Switzerland's foreign policy, this means for example advising exporters on Swiss sanctions against the trade of certain products with certain countries, together with and in behalf of the State Secreteriat of Economic Affairs, SECO.

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What is the importance of the pharma and life sciences sector within your mandate?

For S-GE, it is one of our key sectors though, in the export mandate, it doesn't represent the largest client group. The sector is dominated by large multinationals, who are not S-GE´s core clientele. Our focus is on SMEs. That said, whether larger or smaller life science companies, they still play an important role in Switzerland´s pharmaceutical ecosystem; they are highly innovative, very competitive in the global markets, with a strong research and development base in Switzerland. This makes Switzerland an ideal business location for life science. In our investment promotion mandate, we find the life science industry to be one of the most interested. Only recently, Biogen – a major US biotech company – decided to open a manufacturing site in Switzerland, investing more than 1 billion CHF and creating about 400 jobs.

While today Switzerland remains an extremely attractive investment destination, there remains much concern, amongst investors, about Switzerland's continuing openness as a society, in light of questions around immigration and the country´s relationship with its largest trading partner, the EU. What has S-GE been doing to reassure foreign investors in this regard?

We have been explaining to investors the details of the current situation. Our authorities – federal, cantonal or municipal – our determined to find best solutions. We facilitate direct contacts between interested companies and the decision makers here in the country. Also, having gone through a period of uncertainty a number of years ago, we are now on a more stable and predictable path. The parliament's first chamber has just made a decision how to move forward with the EU. Foreign companies have a better idea of how Switzerland will develop as an investment location, than just about any other market at the moment.

Generally, we are a country that is innovation prone, with a focus on high-level technologies. Switzerland also provides a secure working environment, with a very stable and consensual political system, based on alliance building. I have lived in several countries throughout my career; when it comes to the balance between work and leisure, there is hardly a more attractive place to be than Switzerland. There are a lot of opportunities for foreigners in Switzerland.

What will be some of your key priorities, as the CEO of S-GE, over the next five years?

Our export promotion activities are helping Swiss companies to fully benefit from the digital transformation process that is currently underway; in particular when it comes to concurring new markets. S-GE believes that this digital transformation provides a huge opportunity for Swiss companies. If you want to be successful in the digital sphere, you must have a high level of technology, and a well-educated workforce that understand the issues that are at play. You have to be in a change mode, ensuring that your business model is fit for purpose. These are all areas where Switzerland is strong. The digital transformation comes at the right moment for Swiss companies. We want to help them leverage this opportunity, putting them in a stronger position for the future. Also, today, the point of economic gravity within the world economy is moving eastwards. We want our companies to be well positioned to take advantages of such developments.

When it comes to foreign investment promotion, our priority will be to demonstrate to the international investment community that Switzerland has made real progress over the last couple of years: sorting out some of the issues which had created some uncertainties, and becoming a more predictable and stable market. Switzerland is an exceptional market for any investor with a long-term vision.

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