Interview: Urs Gasche – President, FASMED, Switzerland



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The President of FASMED—the Swiss medical technology industry and trade association—elaborates on the plans to join forces with Medical Cluster, the other national medical technology organization, and highlights the current challenges facing the industry in Switzerland.

Mr Gasche, you have a very interesting background, in the sense that you have never actually worked in the medical devices or diagnostics industry, yet you are the president of one of Switzerland's key associations in the field. Could you therefore please introduce yourself to our international readership and share the reasons why you became president of FASMED?

As a politician, I held a multitude of cantonal positions including the director of finance of the canton of Bern. In 2010 I became president of the board of BKW—a Swiss energy company—and in 2011 I was elected to the national parliament of Switzerland. Economic and political experience, together with my background as an attorney were considered useful competencies for the new president of FASMED. As my partner in our law firm was retiring, he asked me to join FASMED as president and lead the association in 2013. Although I did not have any medical industry specific know-how at that time, I had the political knowledge and network to bring value to the organization. It is of utmost significance for associations such as ours to have direct contact to members of parliament.

How does FASMED differentiate itself from other associations in Switzerland?

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It is important to understand how the association system in Switzerland works. FASMED is the Swiss medical technology industry and trade association. The trade part is important, as we have the domestic market on one side and the important export side of the business on the other. There are other sectorial and member associations and we act as the national umbrella organisation, representing the interests of the diverse medical technology sector to policymakers, the administration, other stakeholders (i.e. the healthcare sector), and the general public.

We are not the only association; there is an originally regional cluster organization (from Bern) which developed into a national medical devices industries organisation called “Medical Cluster.” We are currently working to form one single association.

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Today, committees of more than 100 people from 240 member companies work actively within FASMED on solutions to strengthen Switzerland’s positioning as a hotspot for the medical technology industry, i.e. to make innovative, high-quality medical technology available to a higher number of patients more rapidly.

To what extent do the agendas of the associations align?

The agendas align less than the focus and mission of both associations. The vision and activities of Medical Cluster aim to position and promote Switzerland as the world’s premium location for the development, production, and distribution of medtech products, whereas our focus is the legal, political and economic environment and the regulatory framework – here FASMED is representing industrial interests at large. These goals are complimentary and that is why we decided to come together as we believe we can combine both aspects. Our goal is not simply to create a new name, but to merge the two associations. The aim of the planned alliance is to join forces to improve conditions and strengthen the position of the Swiss medical technology industry. In June 2017, a new association named SWISS MEDTECH will be founded. This will result in the most important association in the Swiss medical technology industry with the combined influence of over 600 member companies.

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What are the (political) areas of interest of your members in Switzerland today?

One of the current hot topics is the solution for the introduction of the mass immigration initiative, which is a significant problem for our members and would also safeguard the bilateral agreements. Our industry requires liberal regulation for recruitment of qualified personnel, as well as the maintenance of the Mutual Recognition Agreement (MRA) for medical devices. The mutual recognition of conformity assessments of new products is part of the framework of the Bilateral Agreements with the EU. And the free movement of goods with EU trading partners requires an equal legal system playing ground.

Another area of interest for our members is tax competitiveness: The industry is calling for the (rapid) implementation of the upcoming Corporate Tax Reform III vote results so that Switzerland may remain internationally competitive and continue to be an attractive medtech location for national and international SMEs and corporations. Tax relief for research and development is also imperative. The introduction of a Patent Box would allow favourable tax treatment of profits from innovative activities.

What are the challenges faced by FASMED members when dealing with Swiss regulatory authorities?

One of the biggest challenges is managing the increasingly complex and growing number of regulatory requirements, for the certification of new products for instance, which produce a flood of documentation and inhibit innovation. Moreover, rising costs force companies to stand out from the crowd through quality and innovation – which ideally should reach the patient as soon as possible. It currently takes ten years to develop and receive regulatory approval for a new product, and another five until an innovation is accepted into the Swiss DRG hospital system and reimbursed by health insurance providers. This is not in the patients' interest. In this sense, Urs Gasche has prompted a parliamentary interpellation to the Federal Council to take a position (https://www.parlament.ch/de/ratsbetrieb/suche-curia-vista/geschaeft?AffairId=20164033).

Just how significant is the medical technology industry to the Swiss economy?

Switzerland continues to showcase a strong medical technology industry. According to the 2016 SMTI study, based on data derived from a survey of 350 companies, the sector generated sales of CHF 14.1 billion in 2015 (USD 13.8 billion) – representing 2.2 percent of the entire gross domestic product (GDP), and an increase of CHF 0.8 billion over 2014 (USD 0.78 billion). Since 2010, the SMTI has shown a constant increase in turnover of around six percent per year; well above the average GDP growth. In 2015, the industry was comprised of approximately 1,350 manufacturers,

suppliers, service providers, and trade and distribution companies. They employed 54,500 individuals: 1,500 more than in 2014 representing an increase of 2.8 percent. At the same time, labour productivity reached approximately CHF 260,000 per employee. All these success factors illustrate the considerable importance of medical technology for the Swiss economy.

What is the relevance of the domestic market to your members?

According to the 2016 SMTI sector study, both domestic firms as well as global players such as Johnson & Johnson Medical, Medtronic, Zimmer Biomet, and Biotronik, have continued their production in Switzerland – this despite the strong Swiss franc.

The majority of companies will continue to invest both in Switzerland and abroad. The largest share is planned for marketing and sales, followed by production, and R&D. 86 percent of companies are planning investments in Switzerland, mostly due to the availability of highly qualified personnel and the efficiency of Swiss labour productivity.

And export activities?

According to the SMTI 2016 report, medical technology exports have averaged around CHF 10 billion (USD 9.8 billion) per year since 2010, and amounted to CHF 10.6 billion (USD 10.42 billion) in 2015; actually increasing in the top destinations: USA and Germany. For producing members, exports comprise approximately 90 percent of total turnover and have remained constant despite the strong Swiss franc.

The US is one of the largest export markets for Swiss medical technology companies. How do you think this will develop in the future, given the new administration?

With CHF 2.6 billion (USD 2.55 billion), the USA is indeed the top export destination and one of our most important trading partners. The Swiss Federal Council and government are committed to maintaining free trade between both countries. However, protectionism and trade barriers in the form of customs duties announced by the new US president are not in the interest of the Swiss economy, and especially not in the interest of strongly export-oriented Swiss medical technology companies.

What are the competitive advantages for a medical technology company to being located in Switzerland?

The entire medical technology industry benefits from Switzerland’s traditional workplace advantages. These include premium technologies, high levels of quality, a broad base of

knowledge and innovation, first-class universities and research institutions, as well as political and economic stability. Over the years, a relatively large number of established family enterprises and SMEs have taken advantage of the strong partner networks available within their region. Micro-clusters of companies and institutions have developed out of the historical clockmaking, machinery, and pharmaceutical industries.

Compared to other leading medical technology countries such as Germany, Ireland, the USA and Singapore, Switzerland especially impresses with its highly-qualified personnel. This is the result of the excellent dual education system, including leading technical universities, a liberal labour market, and through innovation-friendly conditions which provide many opportunities for the transfer of knowledge. In addition, taxes will stay comparatively low in the future (assuming they remain so after the planned Corporate Tax Reform). Switzerland has a well-developed health care system with high hospital density and willingness to pay for medical technology products. Furthermore, direct contact to the authorities is ensured and protection of intellectual property is achieved through a simple registration process.

The medical technology sector has experienced constant growth since 2010, what are the factors that allowed the sector at large to achieve that?

Swiss medical technology companies have done their homework in recent years. They have adapted business strategies and structures: constantly improving operational excellence and exhausting their potential for increased productivity and cost efficiency. While suppliers continue to focus on optimizing processes and the education and training of personnel, more than 90 percent of manufacturers are looking to improve and expand distribution, strengthen product innovation and rejuvenate their product portfolio. In the past, the industry could rely on stable and liberal regulations. Recently, we have seen indications of a negative trend, for example, the mass immigration initiative and an increase in market access regulation.

What is the final message you would like to be heard around the world?

The medical technology and the pharmaceutical industries are both affected by global pricing competition and the rising tide of regulations. They are also confronted with uncertainty concerning bilateral contracts with the EU, future tax burdens, and increasing domestic cost pressures. The pharmaceutical and medical technology industries are extremely crucial for the Swiss economy and the entire health care system. It is therefore imperative that we join forces and strengthen our industry through a larger association with more than 600 member companies. We also wish to further intensify our collaboration with our partners and the authorities. Only together can we successfully promote Switzerland as an attractive location for the future.

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