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In collaboration with
Swiss-American Chamber of Commerce

Climbing higher

Securing Switzerland's competitiveness in a changing landscape

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Swiss-American Chamber of Commerce

Swiss AmCham is an organization addressing two large topics:

1. All issues impacting the free movement of goods, services, people and investments between the USA and Switzerland. This includes e.g., fiscal and regulatory issues, trade, immigration, working permits, protection of investments, non-discriminatory access to the markets and other key issues, as well as information to companies on the specificities of the Swiss and U.S. markets.
2. All issues impacting multinational companies (Swiss and foreign, large and small) operating in Switzerland. Successfully addressing these issues is also a big gain for the Swiss economy in its quest to compete for these multinational companies (gain and retain multinationals). The Swiss-American Chamber of Commerce is the largest association of multinational companies in Switzerland.

Swiss AmCham's goal is to inform the stakeholders on the above issues, to create effective networks, to address them and to take the lead (or co-operate) in lobbying said issues most closely aligned with the Chamber's capabilities. In this quest, the Chamber seeks close cooperation with all related associations and works with parliamentarians, government representatives, the media, key diplomatic personalities and the relevant companies.

Swiss AmCham receives no government financial support, neither from the Swiss nor from the U.S. side. 100% of the Chamber's revenues originates from the private sector.

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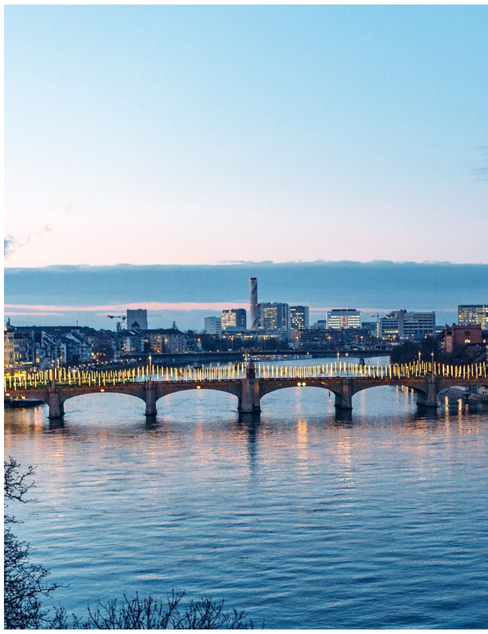


Preface

Switzerland has long played a role in the global economy that exceeds what its size would suggest, with multinational companies (MNCs) serving as a decisive factor in the country's success. Today, Switzerland is more productive than ever in terms of GDP and GDP per capita—yet it has also rarely been more exposed. Despite its small domestic market, the country generates economic output comparable to that of much larger European countries, supported by an exceptional concentration of MNCs, composed of Swiss firms that have expanded internationally and foreign groups that have selected Switzerland as a strategic base for global or regional activities. For much of the past century, Switzerland benefited from a global order in which small, open economies could leverage agility, institutional stability, and superior business conditions while operating within broadly predictable international trade and regulatory frameworks. Switzerland was widely regarded as Europe's most attractive location for multinational headquarters.

Yet the world has changed, challenging Switzerland's attractiveness for MNCs. The pace of change is accelerating, and global locations are diverging more sharply—some now outperforming Switzerland on specific dimensions, while others are falling behind. In this environment, Switzerland's strong political stability becomes even more valuable, but it is no longer sufficient on its own. Even historically attractive locations cannot rely on past success: Maintaining competitiveness increasingly depends on making the right strategic choices early and consistently. Complacency is not an option. Shortly after the publication of the "Switzerland Wake Up report" in 2019, the world faced a global pandemic that substantially changed how multinational corporations operate, accelerated technological advancements, and created further long-term implications.

Since then, the global environment has shifted even more fundamentally. Great power rivalry,

The question is not whether Switzerland attracts multinationals—it does—but whether it can actively maintain the conditions that support this attractiveness.

industrial policy, strategic subsidies, tariffs, and economic fragmentation have reshaped the rules of competition. Large economic blocs increasingly dictate terms, and global markets are now less neutral and more politicized than in the past. In 2026, Switzerland faces a challenging environment shaped by rising trade barriers, intensifying geopolitical tensions, uncertainty in Switzerland–EU relations, the implementation of OECD minimum tax, renewed US trade assertiveness, and a continuously strengthening Swiss franc. In this environment, the advantages that once enabled Switzerland to “punch above its weight” are no longer self-sustaining. The question is not whether Switzerland attracts multinationals—it does—but whether it can actively maintain the conditions that support this attractiveness.

Against this backdrop, it is an appropriate time to take a fresh look at how multinationals see Switzerland today, and to update the 2019 Switzerland Wake Up report.[1] The 2026 edition of that report refreshes the fact base on the role of multinationals in the Swiss economy, assesses how Switzerland’s attractiveness has evolved relative to competing locations, and identifies implications for safeguarding long-term economic prosperity and attractiveness in the global landscape.

For this study, we established an updated fact base (presented in Chapter 1), including a database of company relocations over the last five years (analyzed in Chapter 2). We interviewed more than 60 Swiss-based CEOs, chairs, and key executives from global companies and relevant institutions to understand their perception of Switzerland’s attractiveness and to identify what has changed since the previous report was published in 2019 (strengths, trends, challenges, and required actions in Chapters 3 and 4).

[1] McKinsey, Switzerland wake up: Reinforcing Switzerland’s attractiveness to multinationals, 2019

Key insights

Multinationals[2] power Switzerland's economic engine: Although they only make up 6 percent of companies, they contribute disproportionately—even more so than in 2019—accounting for 33 percent of jobs, 42 percent of GDP, 75 percent of nominal GDP growth since 2014, and more than 50 percent of federal corporate tax revenue.

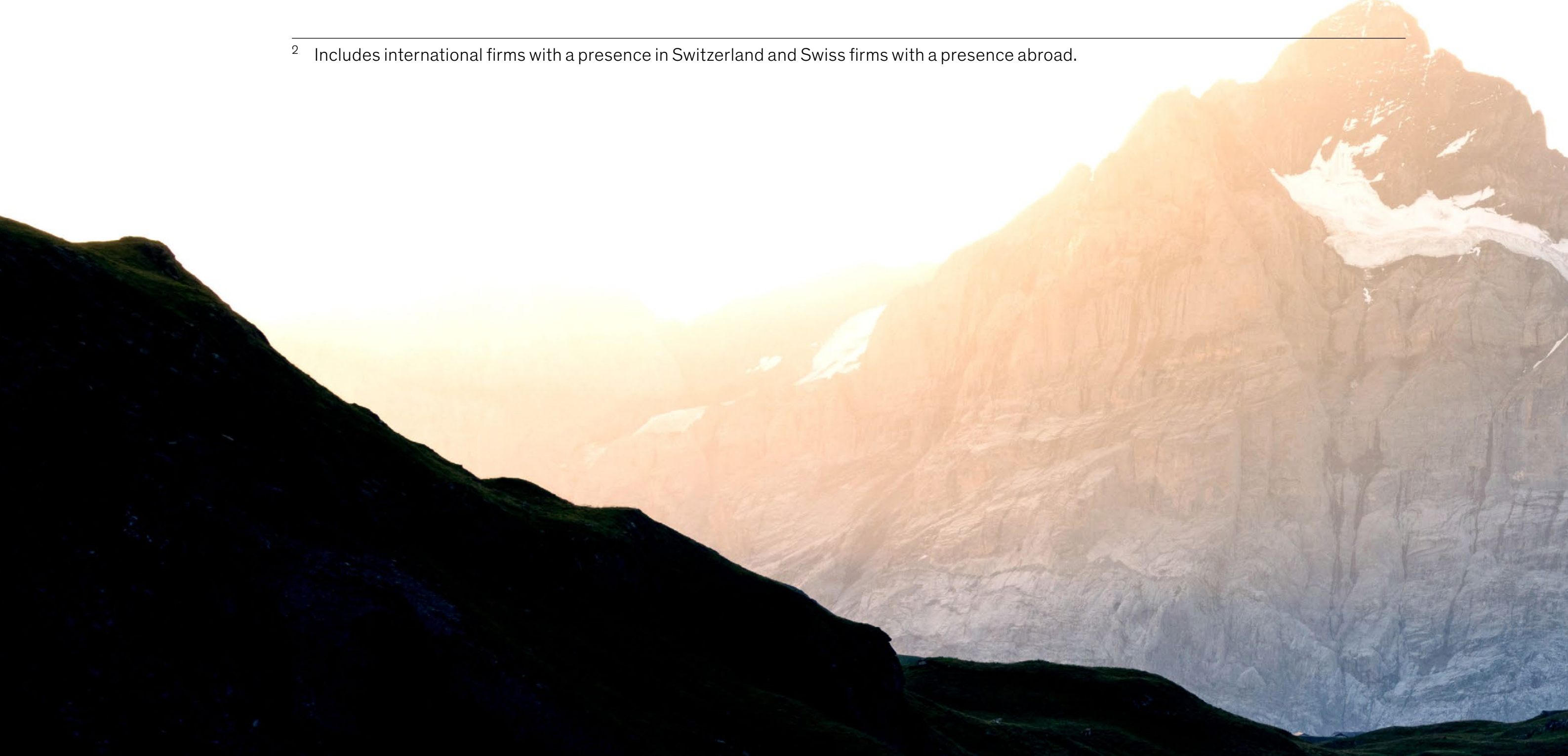
Switzerland continues to attract multinationals: The country has increasingly secured high-value R&D mandates, expanded its technology sector, and maintained a large—though declining—share in the increasingly competitive pharma and healthcare industries, steadily shifting away from its traditional role as a predominantly financial headquarters location. Since 2020, the influx of MNC headquarters has created approximately 20,000 jobs, contributed approximately CHF 6.4 billion in annual GDP, and generated CHF 1.3 billion in tax revenues.

However, Switzerland's competitiveness is under pressure: Our research included more than 60 interviews with executives, who continue to prioritize and value talent, stability, taxation, ease of doing business, and quality of life. However, they see that Switzerland's historic strengths in these areas are partially eroding: 70 percent of respondents saw a decline in at least three categories, with ease of doing business, tax environment, and infrastructure most frequently cited as worsening. While Switzerland is extending its lead over troubled European neighbors, it is losing ground vis-à-vis global peers. Interviews also point to a growing ambiguity in how multinationals and economic growth are perceived in public debate, which risks weakening the shared commitment to growth that underpins Switzerland's long-term competitiveness.

Switzerland cannot outspend larger economies, but it can outperform them: As large economic blocs leverage their scale, industrial policy, subsidies, and trade interventions, Switzerland relies on its nimble pragmatism, reliability, liberal market principles, and commitment to attracting top talent:

1. ***Frontier excellence in talent and research:*** Access to top talent and innovation remains strong, anchored in world-class research and the dual education system. Approximately 90 percent of CEOs continue to rate talent

[2] Includes international firms with a presence in Switzerland and Swiss firms with a presence abroad.



as a core strength, but increased pressure on the ETH/EPFL, particularly due to the broader distribution of federal funds, risks eroding one of the main drivers of Switzerland's competitiveness.

2. ***Regulatory attractiveness:*** Speed, simplicity, agility, and pragmatic, outcome-oriented implementation of rules—facilitated by an ongoing dialogue between government and economic players—have long defined Switzerland and remain critical. However, nearly 70 percent of CEOs now report increasing regulatory burdens as the country moves toward a more formalistic application of rules, additional procedural layers (including a "Swiss finish" on top of EU rules), and slower decision-making.

3. ***Fiscal attractiveness and predictability:*** Competing headquarter locations have found more flexibility in implementing OECD minimum taxation, which enhances their financial advantages as the Swiss franc continues to appreciate. Around 65 percent of CEOs highlight cost pressure as an increasingly relevant constraint for location decisions.

4. ***Energy, grid, digital, housing, infrastructure, and business investment:*** While Switzerland's high-quality infrastructure remains a competitive differentiator, more than 60 percent of CEOs report increasing bottlenecks, including housing costs constraining talent mobility, and other locations gaining an edge in attracting high-value investments where speed matters.

5. ***Strategic autonomy and integration:*** Approximately 80 percent of CEOs now benchmark against global hubs and are calling for more proactive international positioning to secure market access and maintain competitiveness.

Chapter 1:
Multinational firms play a crucial role in Switzerland's prosperity

Switzerland's prosperity depends on its integration into global markets and multinational companies.

By most comparative metrics, Switzerland has become a benchmark economy. It ranks among the top countries globally in GDP per capita; invests more than 3 percent of its GDP in R&D; consistently places near the top of global innovation rankings; and produces one of the highest numbers of patents per capita worldwide. A new book by the McKinsey Global Institute even positions it as an aspirational benchmark for the world, asking what it would take for all humans on the planet to enjoy Switzerland's standard of living.[3]

Well-functioning institutions and leading firms are paramount to the country's economic success. The machine of progress has eight cylinders—from labor to education, capital accumulation, trade, urbanization, innovation, and energy—but the quality of institutions that shape markets and unleash the power of progress is also important.

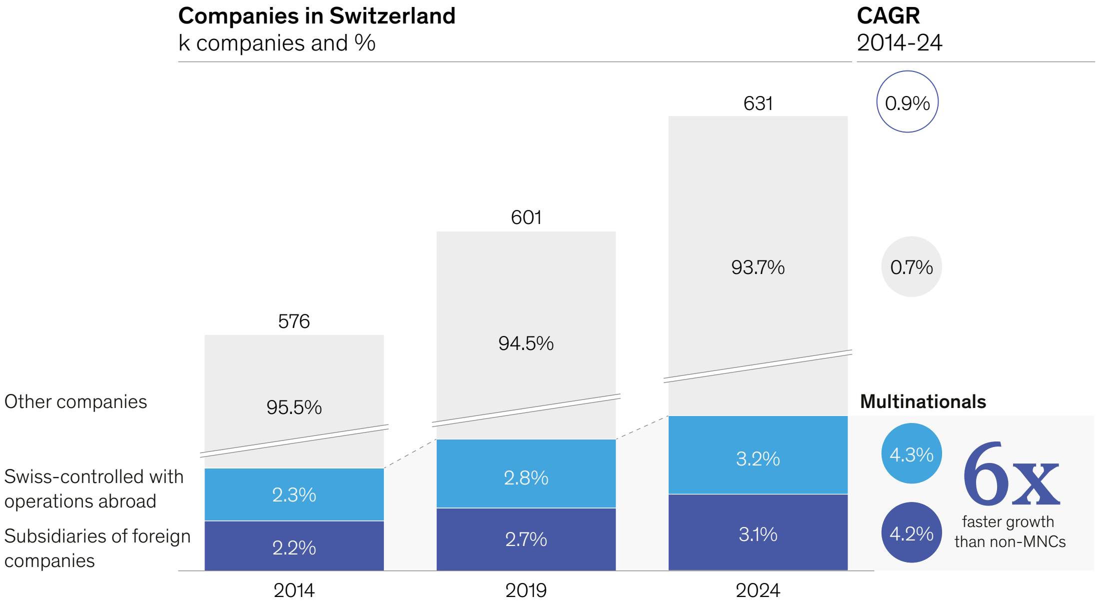
Unlike larger economies that can provide scale and create leading firms domestically, Switzerland's prosperity depends on its integration into global markets and multinational companies (MNCs). The country's well-functioning markets and its appeal to globally active firms have long supported its productivity, export performance, and innovation intensity. If that attractiveness weakens due to slower execution, increased friction, or changes in where companies place high-value activities, the effects will accumulate over time. In this small, open economy, multinationals play a structural role in sustaining growth.

The impact of MNCs[4]—defined as international firms with a presence in Switzerland and Swiss firms with a presence abroad—has increased over the past decade in terms of company presence, employment, value creation, and public finances. In 2024, MNCs accounted for 6.3 percent of all companies in Switzerland, up from 4.5 percent in 2014 and 5.5 percent in 2019,[5] reflecting an annual growth rate six times higher than that of domestic firms (Exhibit 1). While this still constitutes a small share of the overall firm base, the economic impact is far larger.

3 McKinsey, A century of plenty, 2026
4 See p. 52 for a detailed definition of multinational companies (MNCs) as being referred in this report
5 Federal Statistical Office Switzerland (STATENT, STAGRE); Federal Finance Administration FFA; own calculations

Exhibit 1

The number of MNCs has grown ~6x faster than non-MNCs, now accounting for >6% of companies in Switzerland

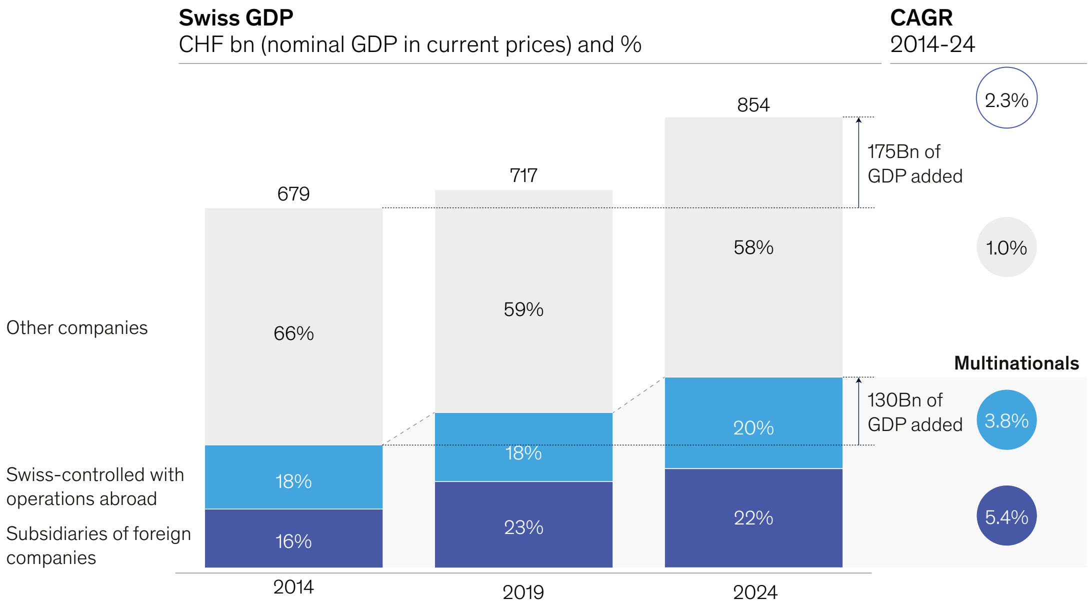


Note: All figures as end of year
Source: Federal Statistical Office Switzerland (STATENT, STAGRE); Federal Finance Administration FFA; own calculations

The impact of MNCs has increased over the past decade in terms of company presence, employment, value creation, and public finances.

Exhibit 2

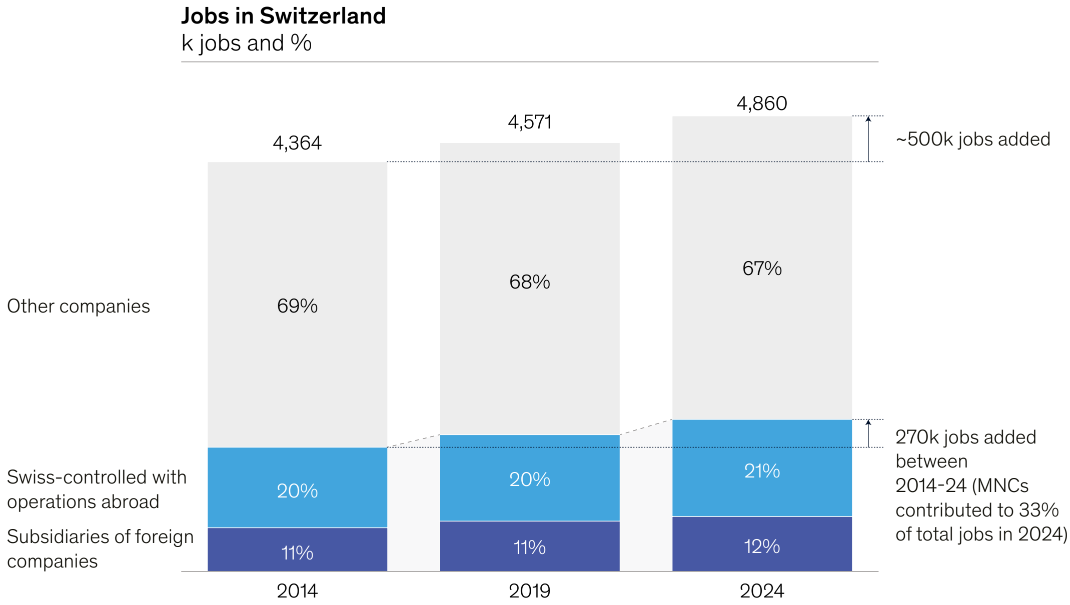
MNCs contributed 75% of Switzerland's more than CHF 175 billion GDP growth since 2014



Source: Federal Statistical Office Switzerland (STATENT, STAGRE); Federal Finance Administration FFA; own calculations

Exhibit 3

MNCs account for 33% of jobs in Switzerland, with a growing tendency



Source: Federal Statistical Office Switzerland (STATENT, STAGRE); Federal Finance Administration FFA; own calculations

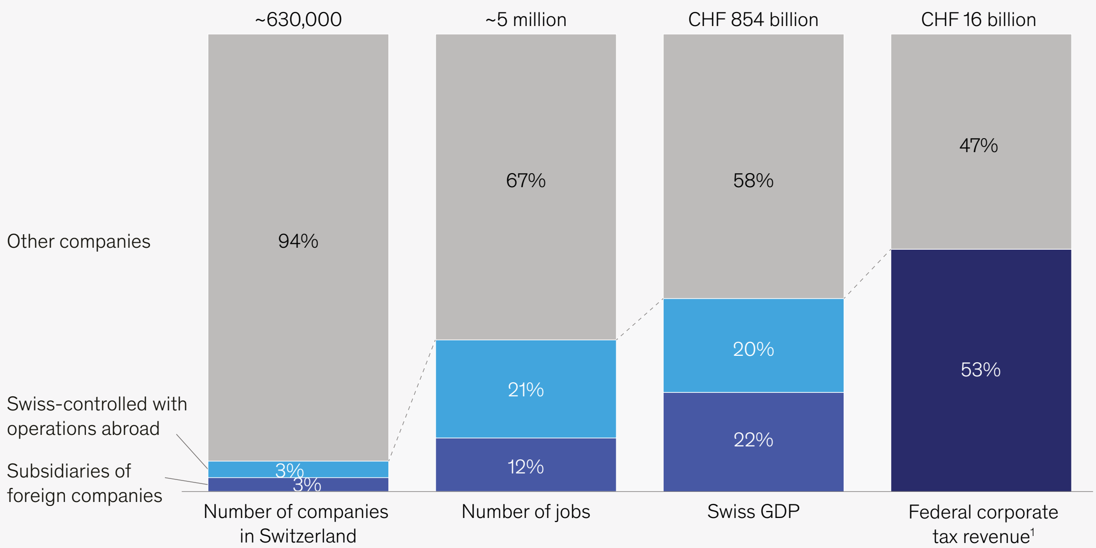
Estimates indicate that MNCs generate more than half of federal corporate tax revenues.

Summary of MNC impact across different dimensions

Exhibit 4

MNCs contribute disproportionally to the Swiss economy

% in 2024



[1] Different sources and calculation methodologies arrive at the same range (50-55% of MNCs contribution)

Source: Avenir Suisse, Federal Finance Administration, STATENT

More importantly, multinationals drive Switzerland's value creation. In 2024, they generated 42 percent of the country's GDP and accounted for roughly three-quarters of nominal GDP growth since 2014, contributing around CHF 130 billion of the CHF 175 billion added during that period (Exhibit 2).

In terms of employment, MNCs accounted for approximately 33 percent of all jobs in Switzerland in 2024, up by 2.4 percentage points since 2014 (see Exhibit 3). Swiss-controlled multinational groups employ almost twice as many people domestically as foreign-controlled subsidiaries, making up 21 percent versus 12 percent of total employment. Domestic firms continue to employ around two-thirds of Switzerland's workforce, yet half of the employment growth over the past decade (or 270,000 jobs) has occurred within MNCs.

Multinationals also make a significant contribution to public finances. Although precise attribution is complex, estimates indicate that MNCs generate more than half of federal corporate tax revenues (Exhibit 4).[6]

In short, Switzerland's prosperity is closely tied to its globally active firms, making the framework conditions such as talent, regulation, fiscal predictability, and infrastructure not merely supportive factors, but macroeconomic determinants.

6 Avenir Suisse, Federal Finance Administration, 2025; STATENT, 2025

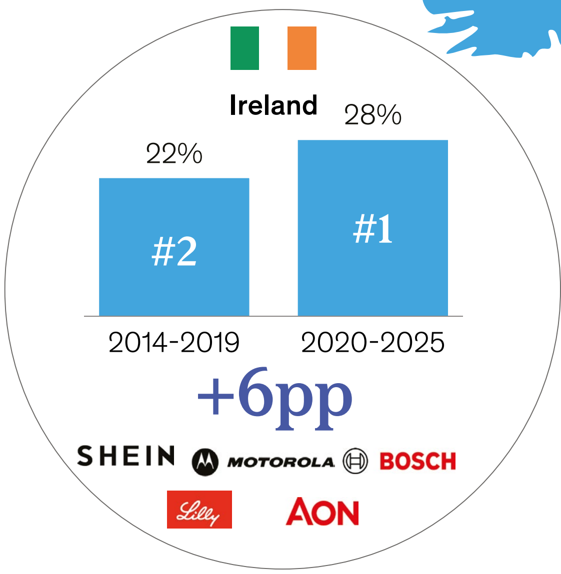
Chapter 2:

Switzerland defends its European share of headquarter flows with a changing composition

Switzerland's appeal as a location for multinational headquarters and high-value activities has evolved over the past decade. While the country has maintained a stable overall share of incoming headquarters, the composition of these inflows—and the types of mandates Switzerland wins—has shifted in important ways.

Between 2014 and 2025, Switzerland attracted a steady share of approximately 20 percent of headquarters inflows from large firms (with revenues exceeding CHF 1 billion) among the five major European hubs analyzed in this study: Switzerland, Ireland, the Netherlands, Luxembourg, and the United Kingdom[7] (see Exhibit 5; for the methodology, refer to Box 1: Our methodology for measuring headquarters flows). However, the total number of inflows declined as overall headquarters flows across European hubs dropped by roughly 20 percent after 2019 (Exhibit 6).[8] This reflects fewer relocation cases, while the number of newly established locations remained broadly stable. The number of R&D center openings increased, whereas the number of new regional headquarters declined.

[7] Detailed methodology included in the appendix
[8] McKinsey analysis

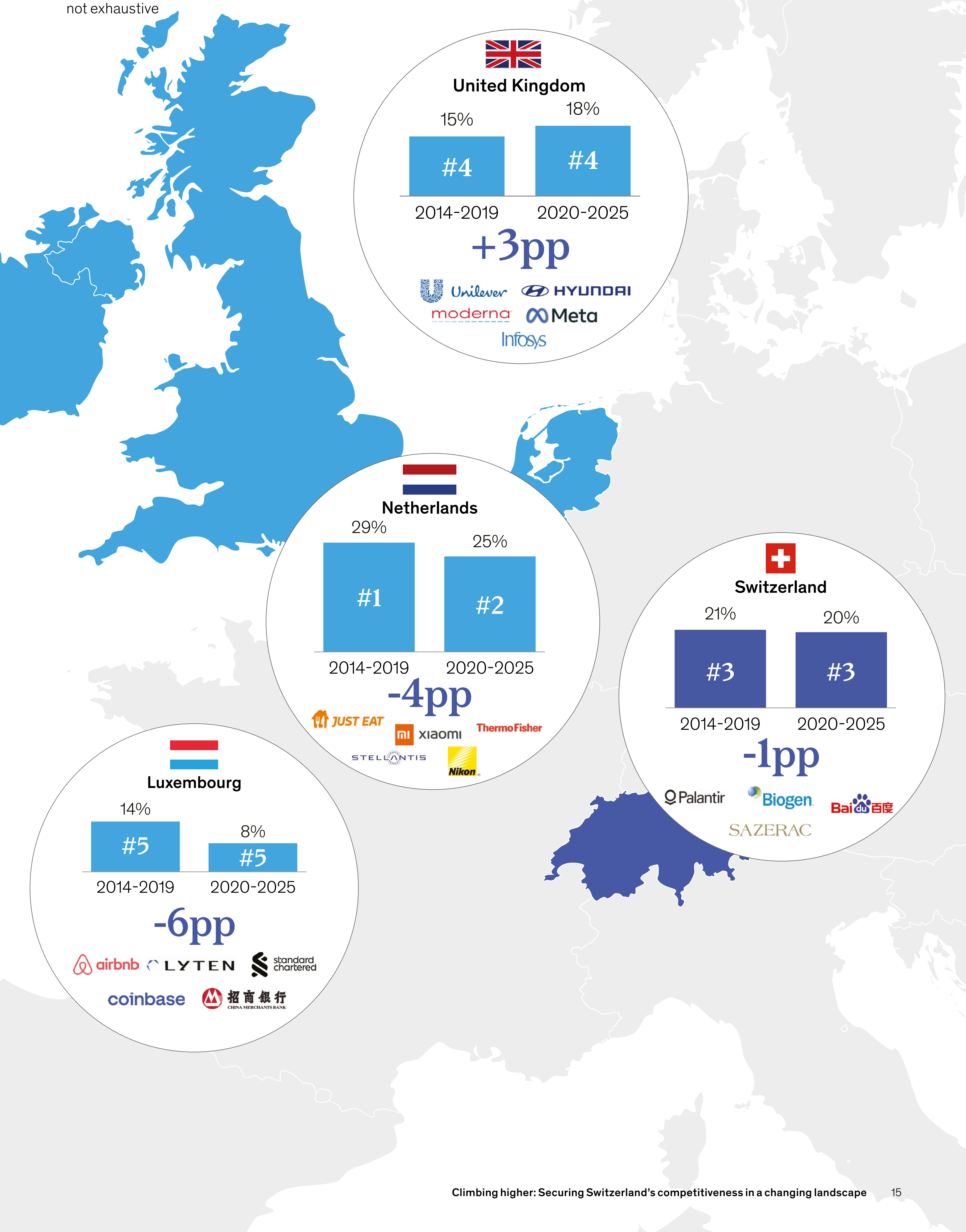


Switzerland's appeal as a location for multinational headquarters and high-value activities has evolved over the past decade.

Exhibit 5

Switzerland keeps a steady share of headquarters inflows, while other hubs have managed to grow

Market shares of inflow relocations and new locations by country; share 2020-25 vs. 2014-19, in %; selected case examples shown – not exhaustive



Box 1: Our methodology for measuring headquarters flows

We took a two-sided approach to manually gather headquarters flows data. On one side, we relied on more than 200 country-specific primary sources, including media outlets, local business promotion sites, financial databases (Cap IQ, FDi), public company announcements, and firm registries. On the other hand, we compiled a list of approximately 15,000 global companies with annual revenues exceeding CHF 1 billion. In this report, we focused on headquarters changes and the Swiss presence of global companies with annual revenues exceeding CHF 1 billion, acknowledging that significant growth has also occurred among companies below that threshold.

We calculated the number of companies that relocated to each country within the scope of this study (i.e., Switzerland, the Netherlands, Ireland, Luxembourg, and the UK) between 2020 and 2025. We compared this to the previous period (2014 to 2019) to ensure comparability with the 2019 report. We narrowed our scope to the defined types of headquarters (i.e., global and regional headquarters, R&D centers, operational centers, and financial holding companies), only focusing on inflows and new locations, not outflows. Moreover, we excluded M&A-related structural changes that did not involve a genuine relocation of headquarters' functions. We calculated the share of inflows for each country; for example, if 10 out of 100 relocations were to Ireland, the Irish market share would be 10 percent. This analysis was further cut by sector and type of headquarters.

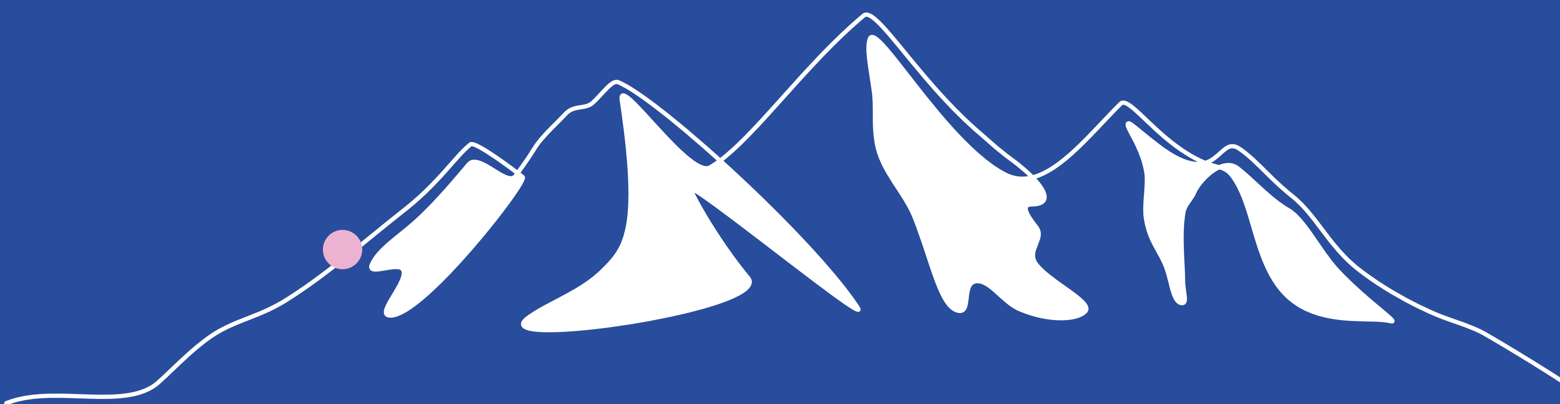
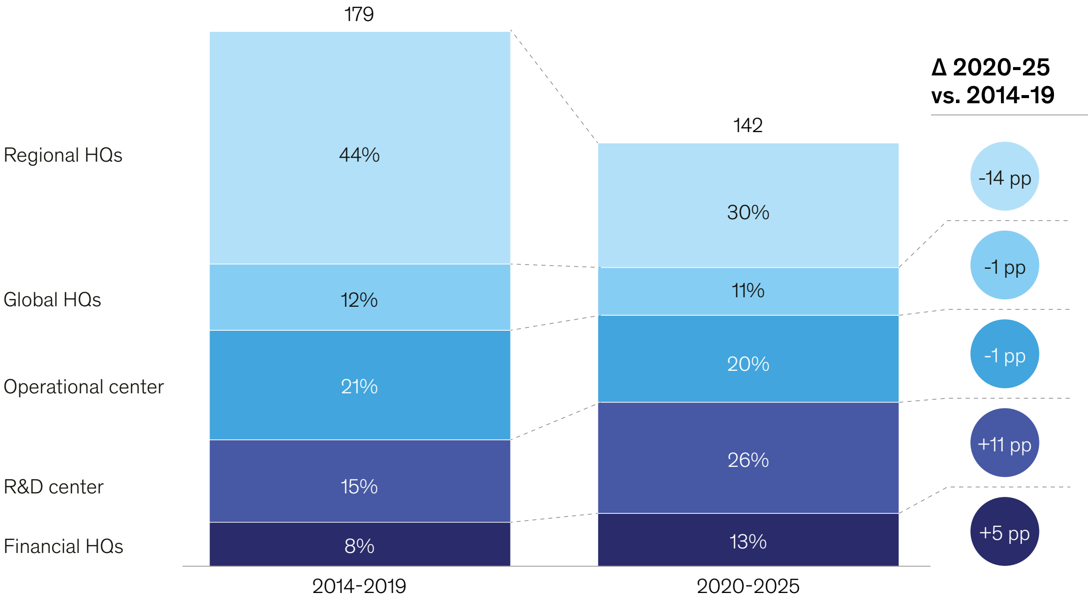


Exhibit 6

European HQ flows development 2014-25 by HQ type

Number of new locations & inflow relocations, and %



Note: Numbers might not add up due to rounding

At the sector level, Switzerland's performance showed notable divergence (Exhibit 7). The country gained traction in the tech sector, increasing its share of inflows to around 22 percent—seven percentage points higher than in the previous period—after companies such as Anthropic, OpenAI, Palantir, Baidu, and Harting set up Swiss hubs. Baidu's decision to establish its European autonomous mobility base in Switzerland demonstrates the country's appeal, leveraging its regulatory credibility and access to technical talent (see Case study: Strategic base for autonomous mobility expansion – Baidu). Similarly, Harting's decision to establish a dedicated software and systems hub in Switzerland underscores how companies separate and scale digital capabilities within the Swiss ecosystem (see Case study: Software scaling and institutionalization in Switzerland – Harting).

At the same time, Switzerland lost its leading position in pharmaceutical and healthcare relocations to Ireland, where global companies such as Eli Lilly and Pfizer expanded their R&D sites. Despite this shift, Switzerland still accounts for approximately 32 percent of healthcare inflows, indicating its continued relevance. More pronounced declines are evident in the industrial and consumer sectors, with Switzerland's share falling by 11 and 4 percentage points, respectively.

Exhibit 7

Switzerland lost its leadership in pharmaceuticals, healthcare, and industrial relocations, yet it shows strong growth in technology companies

Market shares of inflow relocations and new locations by country and industry; share 2020-25 vs. 2014-19 p. industry

Share 2020-25 / Share 2014-19

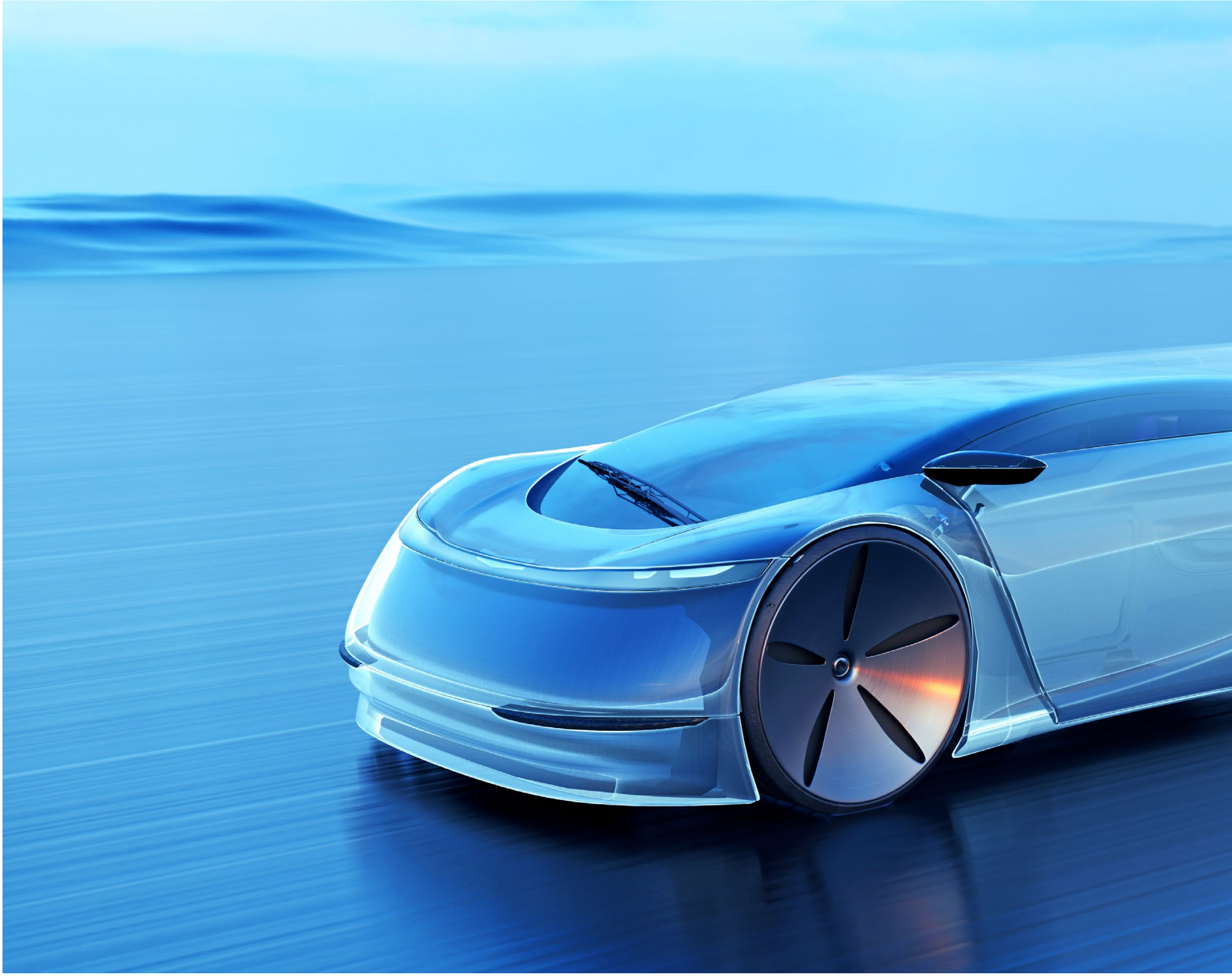
Increase vs. previous period

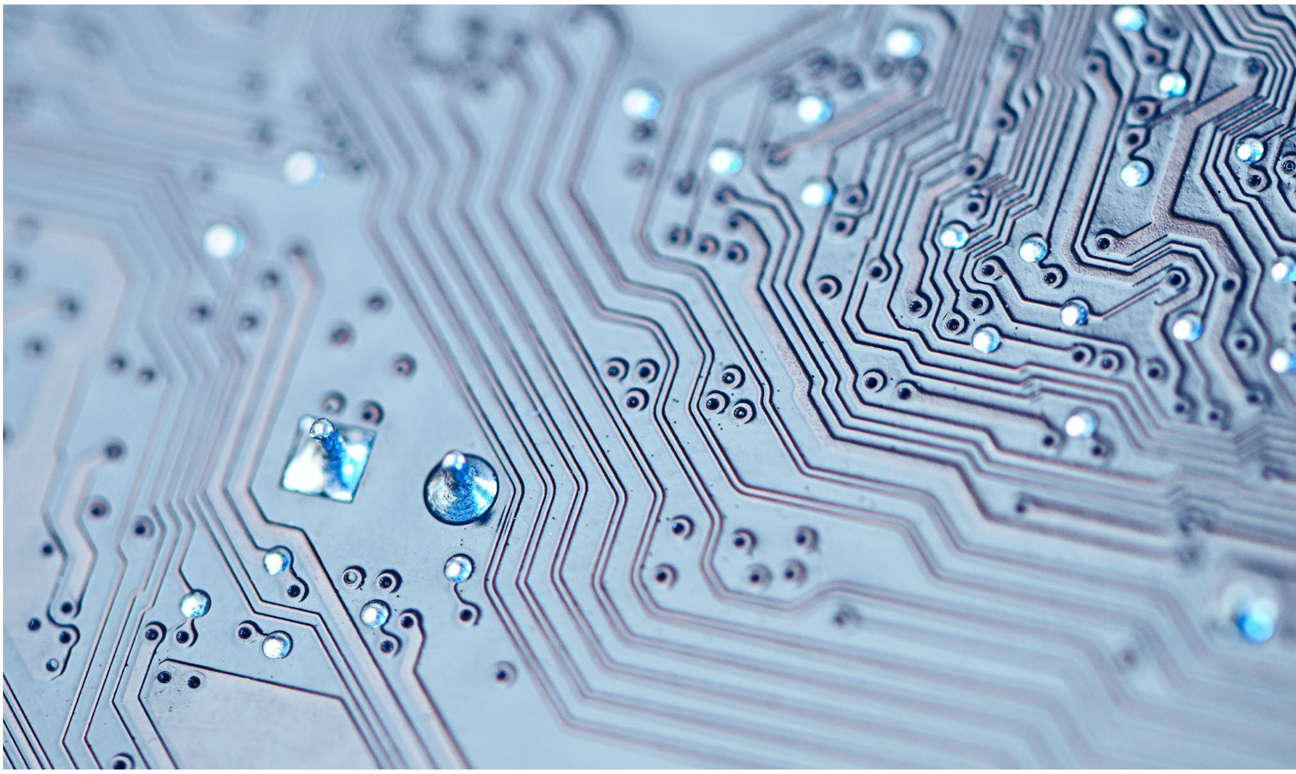
Decrease vs. previous period

	Consumer	Financials	Pharma & healthcare	Industrials	Technology	Others[1]	Total sample # of observations
Switzerland	17% / 21%	6% / 5%	32% / 46%	16% / 27%	22% / 15%	25% / 13%	20% / 21%
Ireland	22% / 14%	39% / 13%	35% / 35%	13% / 19%	34% / 34%	25% / 0%	28% / 22%
Luxembourg	4% / 0%	33% / 47%	0% / 0%	10% / 8%	6% / 7%	0% / 13%	8% / 14%
Netherlands	35% / 45%	17% / 24%	15% / 12%	45% / 27%	16% / 32%	0% / 50%	25% / 29%
United Kingdom	22% / 21%	6% / 11%	18% / 8%	16% / 19%	22% / 12%	50% / 25%	18% / 15%
Total sample # of observations	16% / 16%	13% / 21%	24% / 15%	22% / 21%	23% / 23%	3% / 4%	142 / 179

No representative given small sample size

[1] Includes travel, transportation, business services
Note: Numbers might not add up due to rounding
Source: Team Analysis





Case studies

Case 1: Strategic base for autonomous mobility expansion

Baidu, a global leader in autonomous driving through its Apollo Go platform, selected Switzerland as the base for its European expansion in autonomous mobility. In 2024, Baidu announced plans to establish a European presence in Switzerland ahead of planned robotaxi trials starting in 2026. Its partnership with PostBus, the public transport subsidiary of Swiss Post, creates a clear pathway from regulatory engagement to real-world deployment. Switzerland offers a credible and comparatively progressive regulatory environment for testing and piloting autonomous vehicles—including early adoption of legal frameworks enabling automated driving—at a time when autonomous driving regulations remain fragmented across Europe.

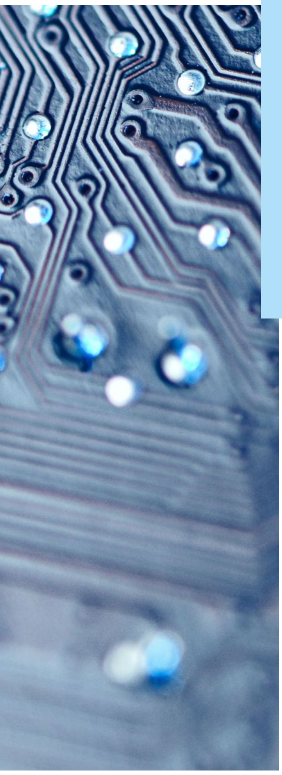
Sources: Baidu, Inc.

Case 2: Software scaling and institutionalization in Switzerland

Harting, a German family-owned specialist in industrial connectivity, has established an international software and systems hub in the Greater Zurich Area as part of its shift toward digital and software-enabled solutions. This move supports Harting's transition from being a primarily hardware-focused supplier to becoming a provider of integrated connectivity and Industry 4.0 systems.

While keeping its corporate headquarters and manufacturing in its current locations, Harting used Switzerland to institutionalize a new function within the group. The Swiss site is dedicated to software development and digital platforms, enabling these capabilities to scale with greater autonomy while remaining closely connected to Harting's global product and customer base. Switzerland was selected for its business environment and access to specialized digital talent within the Greater Zurich Area.

Sources: Harting, Greater Zurich Area



Analyzing headquarters by type, Switzerland has lost some of its attractiveness for global and financial headquarters but gained attractiveness for R&D centers. Its share of global headquarters inflows fell by eight percentage points to around 19 percent, with a similar decline in financial headquarters. In contrast, Switzerland remains the leading European destination for R&D centers, capturing approximately 27 percent of inflows (see Box 2: R&D centers—where Switzerland continues to lead). Aptiv's relocation of its executive headquarters to Switzerland, following an earlier move to Ireland, demonstrates how companies reassess their locations as strategic priorities evolve. This trend reflects a structural shift in multinational location strategies. The relocation of Align Technology's European headquarters to Rotkreuz illustrates how Switzerland continues to attract innovation-driven regional leadership roles, even as full corporate relocations become less common (see Case study: Two headquarters relocations within a decade – Aptiv).

Case 3: Two headquarters relocations within a decade

Aptiv, a global technology company focused on advanced mobility, connectivity, and electrification, has relocated its headquarters twice in the past ten years, reflecting the pace of change in its strategic and operating environments.

Following its separation from Delphi Automotive in 2018, Aptiv established its global headquarters in Dublin, Ireland. At that time, the relocation supported the company's repositioning toward a more technology-oriented profile and provided a base within a growing European technology ecosystem, supporting Aptiv's shift away from traditional automotive components.

Several years later, as Aptiv's portfolio shifted toward advanced driver assistance systems, vehicle software platforms, and integrated electrical architectures, the company reassessed the suitability of its headquarters location. In early 2025, Aptiv relocated its principal executive headquarters to Switzerland, establishing a base in Schaffhausen. The decision reflected changing priorities around global coordination, proximity to European industrial customers, and long-term stability.

Source: Aptiv

Case 4: Shift of European headquarters from the Netherlands to Switzerland

Align Technology, a global medical device company best known for its Invisalign clear aligner system and iTero digital scanning technology, relocated its European headquarters from Amsterdam to Rotkreuz, Switzerland, in 2020. The site also serves as an R&D hub supporting Invisalign and iTero systems. The move was driven by access to specialized talent and the location's proximity to leading research institutions, including ETH Zurich and the University of Zurich. Align Technology's decision demonstrates Switzerland's ongoing ability to attract regional leadership roles that combine commercial coordination with innovation in medical technology.

Source: Align Technology

Switzerland continues to attract regional headquarters with an R&D component, even as full corporate relocations become less common.

Box 2: R&D centers—where Switzerland continues to lead

R&D centers remain one of Switzerland's clearest areas of strength. Between 2020 and 2025, Switzerland captured ten large-company R&D centers, ranking it among the top European destinations for this type of mandate. This achievement is notable given the overall decline in relocation activity and companies' increasing selectivity when choosing new locations. While global and financial headquarters have become more contested, Switzerland continues to attract functions that require deep expertise and long-term ecosystem quality.

The R&D centers' economic contribution extends beyond headcount. In recent inflows, R&D and innovation-related mandates account for the largest share of direct job creation, representing roughly 50 percent of the total and a significant share of the associated GDP impact. These roles are central to value creation, driving innovation, intellectual property development, and downstream economic activity. They generate strong multiplier effects through university collaboration, supplier networks, clinical development, and adjacent digital capabilities. As a result, their direct and indirect contributions to GDP are structurally higher than those of many other headquarters functions. In addition, they offer greater potential for anchoring future growth, attracting follow-on investment, and stimulating startup activity in their ecosystems.

This performance reflects a combination of factors that remain difficult to replicate. Switzerland combines world-class research institutions, a large pool of specialized talent, strong intellectual property protection, and a high degree of institutional credibility. The examples are consistent across sectors. In technology, Google operates a major engineering hub in Zurich, focused on high-value product development and closely linked to ETH and EPFL. In life sciences, MSD (Merck Sharp & Dohme) established a global innovation hub at The Circle in Zurich, adding approximately 250 high-value roles focused on development and commercialization. In both cases, the decision reflects the same underlying logic: Switzerland competes on the depth of its expertise and ecosystem quality rather than on scale.

Case 5: Switzerland as an operating center for complex digital platforms

NEC Corporation, a Japanese technology group active across IT, networks, and digital public infrastructure, relocated the global headquarters of its Digital Government and Digital Finance (DGDF) business unit from Tokyo to Zurich in 2025. This move reflects a targeted reconfiguration of how NEC Corporation manages one of its key growth businesses.

The DGDF unit combines digital government solutions with digital banking and payments platforms, relying on long-term client relationships, regulatory expertise, and system integration. A key driver of the relocation was proximity to Avaloq, NEC Corporation's Swiss-based digital banking platform subsidiary, which plays a central role in the group's digital finance activities. Establishing DGDF leadership in Zurich enables NEC Corporation to position decision-making closer to its core platform asset, enhancing coordination between product development, customer delivery, and global expansion.

Source: NEC Corporation

Case 6: Continued reinvestment in an established Swiss base

MSD (Merck Sharp & Dohme) has maintained its Swiss headquarters in Lucerne for decades and has significantly expanded its operations in Switzerland since 2020, reinforcing the country's role in its global manufacturing and supply network. MSD has focused on upgrading and scaling mission-critical activities in Switzerland.

A core focus has been the Schachen site in the canton of Lucerne, which manufactures and tests medicines and products for global markets and clinical studies. Over the past three years, MSD has invested close to CHF 20 million in expanding its laboratory and production capacities at Schachen. In parallel, the company is consolidating operations in Lucerne and Kriens into a single site in the Rösslimatt district by 2025, co-locating around 850 employees, while selectively expanding digital and analytics capabilities in Zurich.

Source: MSD Switzerland, Lucerne Business

Interviews indicate that companies are increasingly allocating selective, higher-complexity mandates—such as advanced R&D or regional leadership—to Switzerland, while distributing other corporate functions across locations instead of relocating entire headquarters. NEC Corporation's decision to relocate the leadership of its Digital Government and Digital Finance units to Zurich exemplifies this shift toward relocating specific strategic functions rather than entire corporate centers. This more focused, narrower relocation likely reflects the impact of a stronger Swiss franc, reduced tax differentiation following the implementation of the OECD minimum tax, and increasing regulatory complexity, all of which have intensified competition for globally mobile headquarters mandates (see the following Chapter).

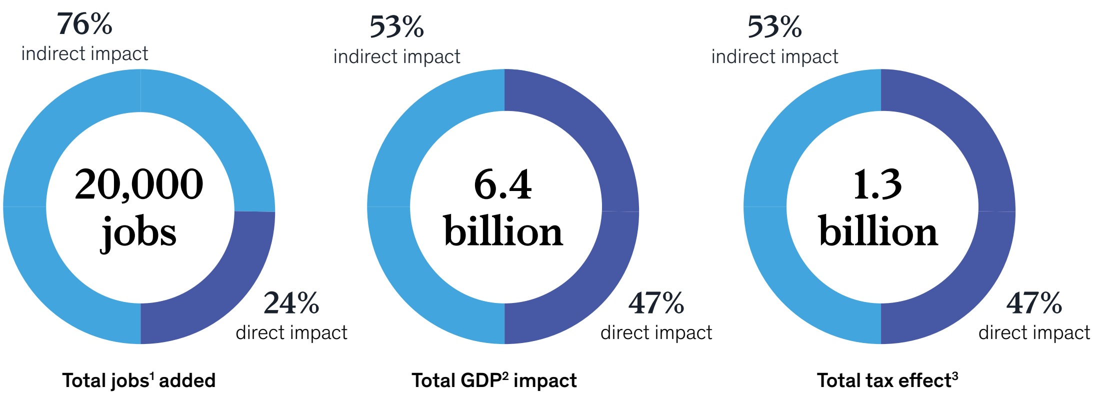
The economic impact of headquarters inflows from companies with annual revenues exceeding CHF 1 billion since 2020 has been significant. The establishment of new and relocated headquarters has created approximately 20,000 direct and indirect jobs in the Swiss economy. These inflows contribute more than CHF 6 billion to Switzerland's GDP annually and generate an estimated CHF 1.3 billion in incremental tax revenue (see Exhibit 8). R&D centers accounted for the majority of direct job creation, while global and financial headquarters contributed only around 4 percent of the measured direct GDP impact. This suggests that the measurement is conservative and underestimates the effects of strategic coordination.

A greater impact can be expected when these firms increase their presence. MSD (Merck Sharp & Dohme) can serve as a case in point, continually reinvesting in its well-established Swiss base, amplifying the initial relocation impact (see Case study: Continued reinvestment in an established Swiss base – MSD).

Exhibit 8

Headquarters inflows have created 20,000 jobs since 2020, contributing >CHF 6 billion in GDP and more than CHF 1 billion in annual tax revenue

Total macroeconomic impact of attracting HQs in Switzerland, 2020-25



[1] Direct effects were calculated based on FTE data of HQ reallocations, including estimates for companies with no such data; only inflows and new locations considered
[2] Direct effects were calculated based on company reallocation data, and industry-specific productivity per FTE (BFS); only inflows and new locations considered
[3] Based on the ratio of tax income to GDP which is applied to the GDP impact
Source: McKinsey Global Institute; BFS

Chapter 3:

Switzerland still leads in Europe, but the global bar keeps rising

Switzerland remains structurally strong, but its competitive edge is no longer self-sustaining. The global landscape has shifted due to emerging geopolitical uncertainty, shifts in industrial policy, and economic fragmentation. In this environment, according to Avenir Suisse, "competitiveness rarely deteriorates abruptly; it usually erodes gradually, long before headline indicators deteriorate."[9] Our research, which includes more than 60 interviews with executives from Swiss-based MNCs, confirms that Switzerland continues to rank among the most attractive business environments globally, particularly in terms of political stability, infrastructure quality, talent availability, and institutional reliability (see Box 3: More than 60 interviews with CEOs of leading multinationals and thought leaders provide a unique assessment of Switzerland's competitiveness). At the same time, expectations have evolved, and companies now increasingly compare Switzerland not only with European peers but also with global hubs such as the United States, Singapore, and the UAE.

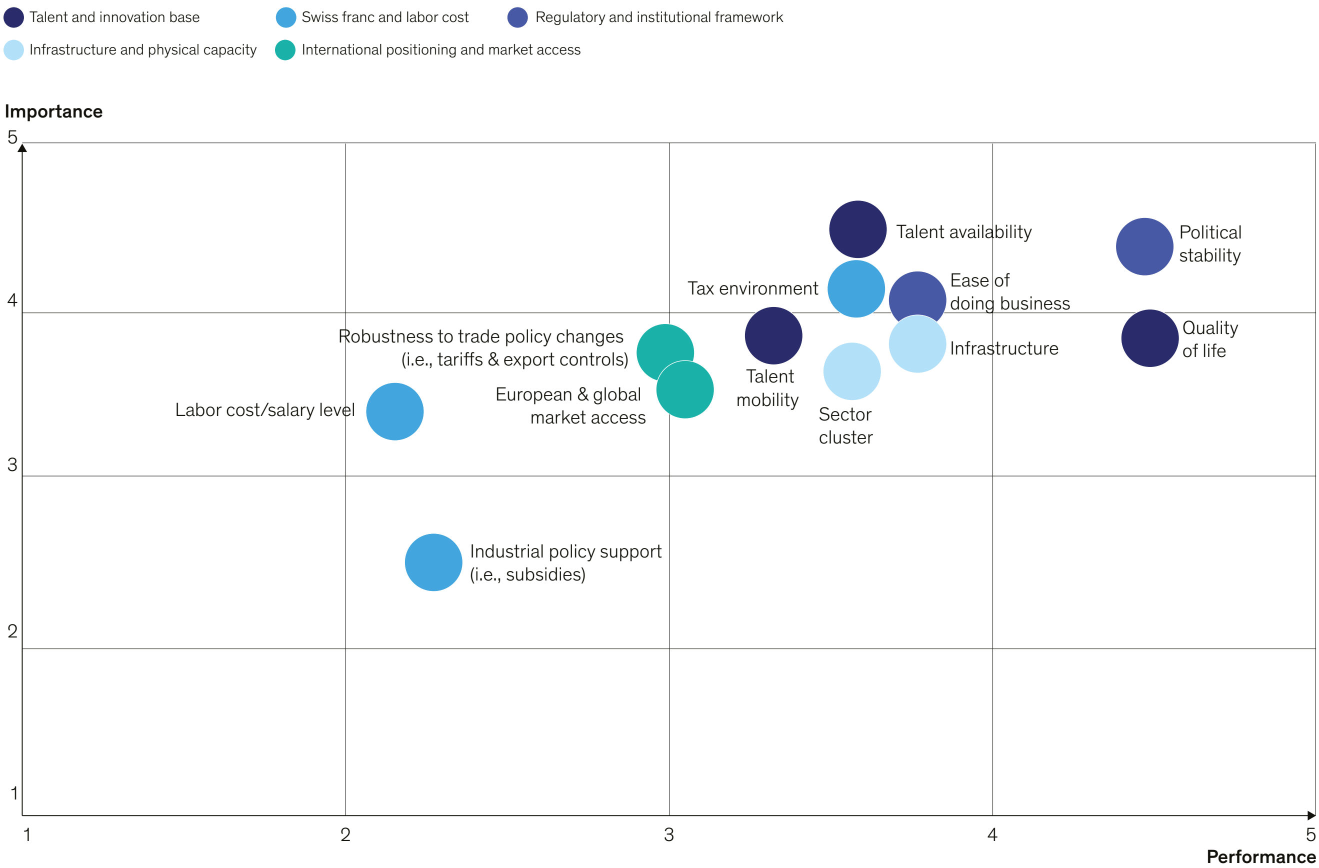
Across interviews and data, five decisive factors consistently emerge: the depth and scalability of talent and innovation; the speed and predictability of regulation; fiscal clarity and competitiveness; the capacity and reliability of infrastructure; and Switzerland's international positioning and market access (Exhibit 9).

9 Avenir Suisse, The gradual erosion of Switzerland's location quality, 2022

Exhibit 9

Assessment of attractiveness criteria for Switzerland as a hub for MNCs

Switzerland's relative performance vs. other European HQ hubs



Source: Interviews

Switzerland remains structurally strong, but its competitive edge is no longer self-sustaining.

1. Switzerland remains a top global destination for talent and innovation

~90%

of CEOs rate talent and innovation as highly important, but companies are finding it harder to grow teams quickly

2. Regulatory and institutional strength is eroding

~70%

of CEOs report worsening trends in speed, complexity, and regulatory burden

3. Swiss franc and labor costs are raising the bar for competitiveness

~65%

of CEOs highlight cost pressure as a growing constraint

4. Infrastructure remains world-class, but capacity is becoming a constraint

~60%

of CEOs see emerging bottlenecks in energy, housing, and project timelines

5. Global positioning is strong but the benchmark has shifted

~80%

of CEOs now compare Switzerland to global hubs like the US, Singapore, and UAE

Compared with 2019, the fundamentals remain strong, but pressures have intensified (Exhibit 10). Talent excellence is intact, yet scalability constraints are more visible than ever. Regulatory quality remains high, but decision timelines have become less predictable. As one pharma CEO noted, “political stability is an advantage, but when no one can decide, it becomes a disadvantage.” Fiscal credibility is solid, although differentiation has decreased. Infrastructure remains world-class, but the pace of expansion has become more critical. In fact, during our interviews, it emerged that “we need to execute in days, not years.” Incremental friction compounds over time.

1. Talent and innovation base—structurally strong but under increasing pressure

Switzerland’s talent and innovation base remains one of its strongest structural advantages. The dual-track education system combines elite academic research at institutions such as ETH Zurich and EPFL with applied industrial skills developed through apprenticeships (see Background: Switzerland’s apprenticeship system). As such, the country continues to attract highly skilled international talent, supported by research excellence, institutional stability, and a high quality of life, representing a model that fosters productivity and close links between research, industry, and commercialization.

Background: Switzerland’s apprenticeship system
Switzerland’s dual apprenticeship system combines paid, company-based training with vocational schooling, providing a direct transition from education to skilled employment. Around two-thirds of young people pursue vocational education after compulsory schooling, typically through a three- to four-year apprenticeship.

Training content is employer-led and nationally standardized, ensuring close alignment with labor market needs. The system is flexible, allowing graduates to progress to higher professional education or universities of applied sciences.

Source: OECD, Vocational education and training in Switzerland, 2020

Switzerland continues to generate leading-edge innovation and attract top talent in artificial intelligence, deep tech, blockchain, pharmaceuticals, medical technology, precision mechanics, sensor technology, and aerospace. These strengths enable the formation of highly specialized clusters that capture value across the innovation chain, from R&D through advanced manufacturing and services. Google’s Zurich expansion, for example, was driven by “the quality delivered” and close integration with ETH and EPFL. Switzerland competes on excellence rather than scale, producing globally competitive niche champions.

Box 3: More than 60 interviews with CEOs of leading multinationals and thought leaders provide a unique assessment of Switzerland’s competitiveness.

The assessment draws on insights from more than 60 interviews with CEOs and executives of MNCs and associations in Switzerland and abroad. These interviews focused on the importance and relative performance of each attractiveness factor, comparing Switzerland with other European headquarters hubs included in our research. The importance and relative performance of each factor were ranked on a scale of 1 to 5 in each interview, with 5 representing the highest score. Companies selected for interviews included those that relocated their headquarters within the past six years (i.e., companies that are part of the relocation share analysis), those with large established operations in Switzerland or any other focus country, and those that have demonstrated substantial growth during the six-year sample period.

Exhibit 10

Assessment of Switzerland's attractiveness criteria by theme

Switzerland's relative trends.

Theme	Factor	Importance rank	Switzerland relative performance trends: vs. European peers	Switzerland relative performance trends: vs. global best-in-class hubs[2]
1. Talent and innovation base	Talent availability	1	▲	▶
	Quality of life	5	▲	▶
	Talent mobility	7	▲	▲
2. Regulatory and institutional framework	Political stability	2	▶	▲
	Ease of doing business	4	▶	▼
3. Swiss franc and labor cost	Tax environment	3	▼	▼
	Labor cost/salary level	11	▶	▶
	Industrial policy support	12	▶	▶
4. Infrastructure and physical capacity	Infrastructure	6	▲	▼
	Sector cluster[1]	9	▲	▲
5. International positioning and market access	Robustness to trade policy changes	8	▶	▶
	European and global market access	10	▶[3]	▶

1 Varies by industry
2 E.g., USA, Singapore, and UAE
3 More negative trend observed in access to European markets than compared to global markets
Source: Interviews

However, pressure points are emerging. Increasing fragmentation and equalization of research funding across universities in Switzerland risk diluting elite science and weakening Switzerland's competitive position relative to US elite universities.[10] This risk is visible in recent grant data: ETH Zurich secured 79 European Research Council (ERC) grants between 2017 and 2020, compared with 48 in the subsequent four-year period, when Switzerland operated under transitional funding arrangements. While these measures ensured continuity, they led to a more even distribution of funding across institutions and lower overall success rates, reducing the concentration of resources at leading universities.[11]

While Switzerland remains highly attractive to senior scientists and technical leaders, companies are increasingly struggling to scale teams beyond an initial core. Hiring specialized software engineers, applied AI specialists, and product managers can take between 9 and 12 months, and work-permit processes for non-EU profiles remain unpredictable. As a result, many firms anchor research leadership in Switzerland but consider relocating the build-and-scale phase to locations with larger talent pools and faster hiring cycles.

2. Regulatory and institutional framework—from pragmatic advantages to growing friction

Historically, Switzerland benefited from liberal, predictable, and pragmatic regulations that encouraged experimentation while maintaining stability and close coordination between authorities and businesses. Liberal labor laws (which continue to drive hiring in Switzerland, unlike in other European countries where such laws are "prohibitive," see Box 4: Switzerland's liberal labor law advantage needs to be defended), sector-specific flexibility, and a strong rule of law supported innovation and productivity across industries. This is often complemented by hands-on engagement from local and cantonal authorities that can quickly resolve issues and cut through administrative bottlenecks.

[10] Eurydice (European Education and Culture Executive Agency, European Commission), Higher education funding in Switzerland, 2023
[11] Swiss National Science Foundation, How did the SNSF's transitional measures differ from European calls? 2025

Box 4: Switzerland's liberal labor law advantage needs to be defended

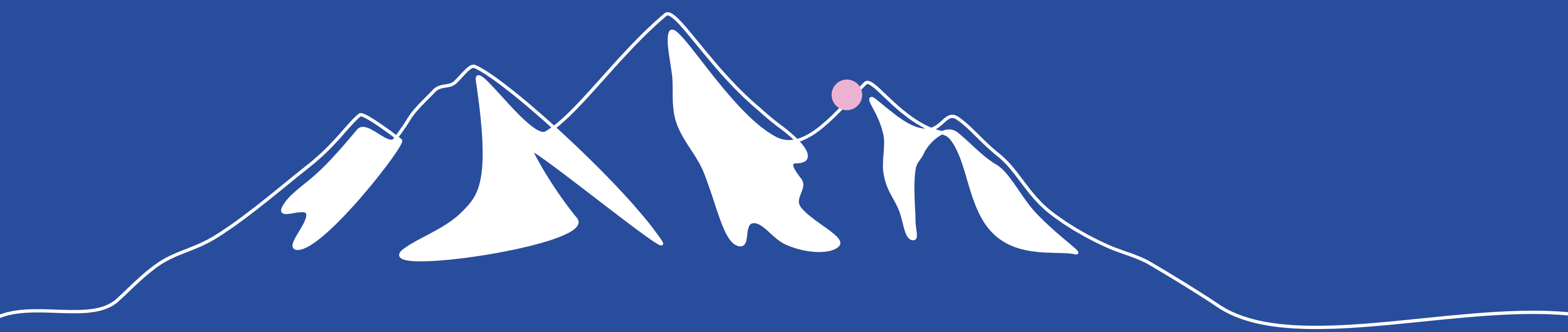
Switzerland's labor market remains a clear competitive advantage. Compared with most European economies, employment regulation is relatively liberal, allowing companies to adjust workforce levels in line with demand. Switzerland ranks among the most flexible labor markets globally, with short notice periods (typically one to three months depending on tenure), no requirement to justify dismissals, and generally no mandatory severance payments.[12] Executives consistently emphasize that hiring decisions are linked to this flexibility: Firms are more willing to expand when they can adjust if their conditions change. As noted by CEOs, liberal labor laws are a key factor supporting domestic production by enabling companies to scale operations up or down without prolonged adjustment cycles. Importantly, this flexibility also encourages experimentation: Companies can invest in new activities, technologies, or business models, knowing they can adjust if these initiatives do not scale as expected.

This flexibility has direct implications for productivity. Rigid labor markets can slow restructuring and reallocation, with estimates suggesting an approximately one percentage point productivity drag in more constrained systems such as Germany.[13] Switzerland avoids this friction, allowing faster shifts of labor toward higher-productivity activities and reducing the cost of failure when testing new initiatives. Empirical evidence shows a strong negative relationship between labor adjustment costs and innovation intensity, particularly in sectors with high R&D intensity and exposure to disruptive innovation—meaning that more flexible labor markets are systematically associated with higher levels of disruptive innovation (see Exhibit 11).[14]

However, there could be changes afoot. Several executives expressed concern that regulatory developments—particularly in the context of closer alignment with European frameworks—could make workforce adjustments more complex and time-consuming. In more volatile industries, this would directly affect both hiring and investment decisions.

Switzerland's labor-market model could therefore be treated as a structural strength to preserve. In a more uncertain environment, the ability to reallocate talent quickly is not marginal—it is central to maintaining productivity and competitiveness.

[12] Yann Coatanlem and Oliver Coste, Cost of failure and competitiveness in disruptive innovation, 2024
[13] McKinsey, The power of one: How standout firms grow national productivity, 2025
[14] Yann Coatanlem and Oliver Coste, Cost of failure, disruptive innovation and targeted flexicurity: More evidence supporting targeted reforms, 2025



In recent years, this advantage has eroded. According to Avenir Suisse, “rising regulatory density has shifted the focus from enabling outcomes to preventing risks.”[15] This is particularly visible in sustainability-related regulations, where expanding environmental, social, and governance (ESG) reporting and due diligence requirements have increased compliance complexity and administrative effort for MNCs operating in Switzerland.[16]

A shift toward more rule-based compliance—resembling EU-style administrative approaches—has led to increased regulatory density across multiple sectors. Sector-specific regulations now govern areas such as labor law, capital requirements, autonomous driving, and construction approvals. The introduction of additional procedural layers has also extended approval timelines (see the deep dive: “When sequential approvals miss global rollout windows”).

A pharma executive described the process of negotiating pricing approval for an oncology product in Switzerland. While regulatory approval was granted, the reimbursement discussion with authorities—i.e., pricing negotiations and inclusion in mandatory health insurance coverage—took close to 300 days. During that period, the product was already available in larger markets. The decision of whether to launch first in Switzerland or elsewhere now affects where clinical trials, medical teams, and related R&D investments are anchored.

Executives also highlighted examples of regulatory layering that distract from core objectives. The CEO from a chemicals company described how his team had printed the extensive documentation required under the supply chain due diligence initiative—including provisions such as calculating emissions from company car tires—while operating highly energy-intensive production facilities where decarbonization efforts are far more significant.

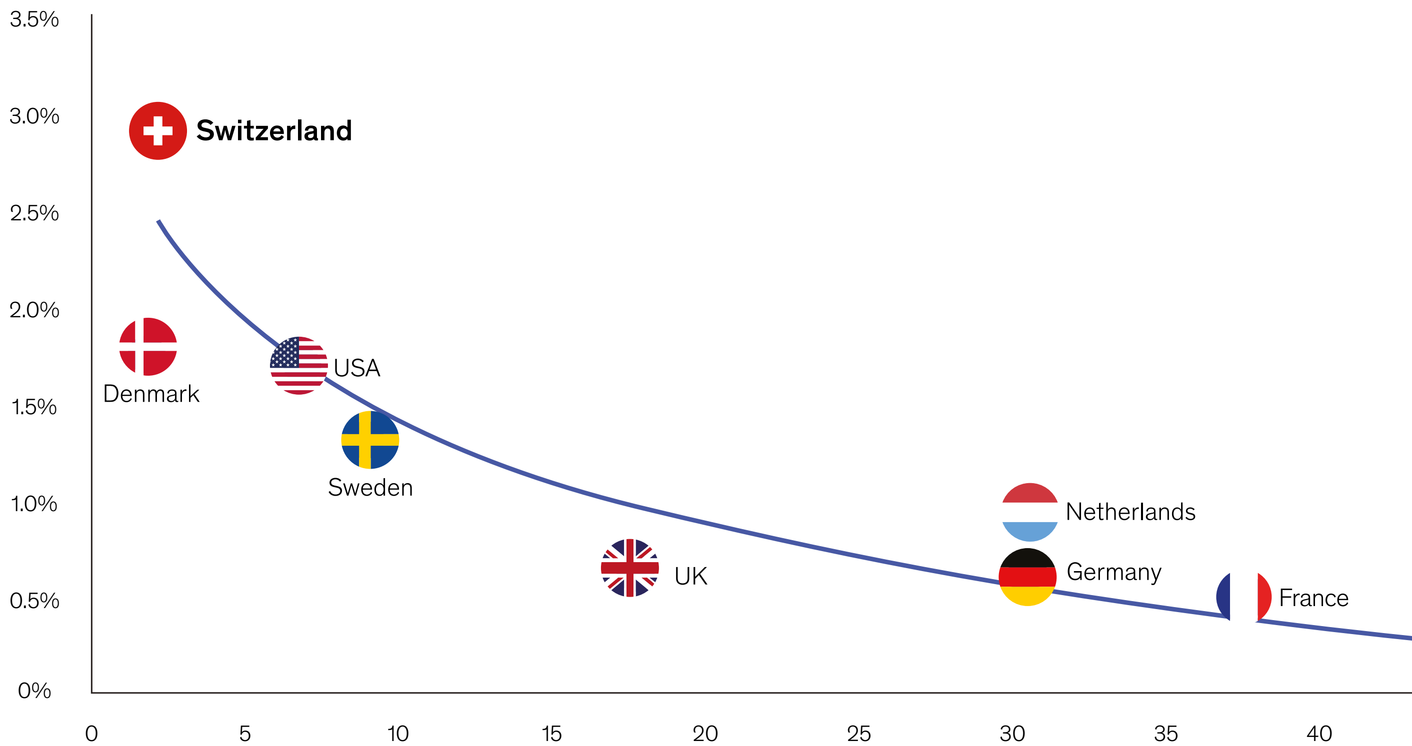
In addition, when Switzerland adapts or aligns certain EU regulations to maintain market

15 Avenir Suisse, From an enabling state to a preventive state? 2020
16 Avenir Suisse, Sustainably more bureaucratic, 2025

Exhibit 11

Restructuring costs in months of salary vs. tech and biotech business spend on R&D

Tech & biotech business R&D, by country % of GDP



Source: Coatanlem and Coste, Cost of Failure, Disruptive Innovation and Targeted Flexicurity: More Evidence Supporting Targeted Reforms, 2025

Notes: $y = -0.007\ln(x) + 0.0308$ $R^2 = 0.9085$

access, translating them into the country's legal framework can introduce additional complexity, further increasing regulatory layering. A financial services CEO observed that the "Swiss finish" has increased and cautioned that "overprotection slows down development." Regulatory activity in Switzerland has expanded significantly over time, driven not only by legislation but also by secondary mandates and international agreements. Collectively, these factors, have contributed to greater implementation complexity.[17]

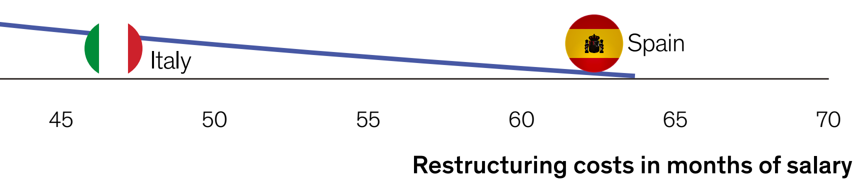
As regulatory requirements increase, so do the administrative apparatus needed to oversee them. Already in 2023, the percentage of government employees had grown by 13 percent over the past 10 years, significantly outpacing the 8 percent growth in the private sector.[18] This can create a self-reinforcing dynamic: More regulations require more oversight, which in turn adds further procedural layers and slows decision-making.

A related factor frequently cited in interviews is the role of legal objection procedures ("Einsprachen"). While a core element of Switzerland's rule of law, their increasing duration and layering have become a key source of delay, particularly for infrastructure and construction projects (see Box 5: Objection procedures—from safeguard to bottleneck).

Several interviewees also observed that some competing global hubs engage more proactively and visibly with resident MNCs, whereas Switzerland's decentralized approach through the cantons can appear less assertive. This has sparked wider concerns about the nation's inconsistent defense of its traditional location advantages, further fueling the broader Swiss economic-policy debate.[19]

17 Lüchinger & Schelker, Swiss regulatory activity, 2026
18 Avenir Suisse, Government growth out of control, 2023
19 Neue Zürcher Zeitung, Der Bundesrat verspielt leichtfertig die Schweizer Standortvorteile, 2026

Executives consistently emphasize that firms are more willing to expand when they can adjust if their conditions change.



A shift toward more rule-based compliance has led to increased regulatory density across multiple sectors.

Deep dive: When sequential approvals miss global rollout windows

A regulated financial-services group planned to launch a new cross-border platform from Switzerland, valuing supervisory credibility and legal certainty. While authorities were constructive, the approval process required sequential engagement across federal and cantonal levels and more cautious interpretations following recent market shocks. The project remained viable, but approval came too late to meet a global rollout window. This tension between high-level political engagement and slower cross-level implementation was echoed by several executives, including in the pharmaceutical sector. The company launched the platform from Ireland instead, where supervisors aligned early on scope and risk, allowing development and approval to proceed in parallel within the same planning cycle.

Box 5: Objection procedures—from safeguards to bottlenecks

Switzerland's system of legal objections ("Einsprachen") is a cornerstone of its rule of law. Historically, it combined strong legal safeguards with pragmatic, timely decision-making, allowing trade-offs to be resolved without derailing projects. Today, the principle remains intact, but the process has become more complex and significantly slower. Objection procedures increasingly extend timelines through multiple review cycles, often reopening decisions after initial approval.

The long-running Zurich Hardturm stadium project exemplifies this dynamic. Although originally approved through public vote, the project—which combines a football stadium with residential development—has faced repeated objections and appeals on planning, environmental, and procedural grounds. These challenges have led to multiple rounds of review at the municipal, cantonal, and federal levels, delaying implementation for several years despite broad political and public support. The issue is not a single objection, but rather the cumulative effect of successive procedural steps that extend timelines well beyond initial expectations.

This increasingly affects critical infrastructure, including housing, energy, and grid projects, where delays constrain capacity expansion. The contrast with jurisdictions such as Singapore is not in restricting procedural rights, but in how they are exercised. In Singapore, objections are addressed within defined timelines and through consolidated processes. In Switzerland, the same rights are exercised through sequential procedures, which extend project timelines beyond a single investment cycle.

For MNCs, this can directly impact location decisions. Several executives noted that extended approval timelines increasingly fall outside internal investment and planning cycles, particularly for infrastructure, manufacturing, and large-scale projects. Where approvals extend beyond those cycles, projects that remain viable in Switzerland are often executed elsewhere. In practice, Switzerland remains on the shortlist, but timing becomes a decisive factor when investment windows are fixed.

3. Taxation and cost competitiveness—credibility remains strong, but differentiation is decreasing

Switzerland's fiscal and monetary credibility remains strong. Predictable public finances, a credible debt brake, and macroeconomic stability continue to attract capital and decision-makers, particularly during periods of geopolitical uncertainty. The strength of the Swiss franc also reflects global trust in Switzerland's institutions and economic model, while imposing continuous pressure to innovate and maintain productivity.

At the same time, Switzerland's differentiation has decreased. The OECD minimum tax limits Switzerland's ability to differentiate in terms of corporate taxation, which has long offset the challenges of a strong currency. Switzerland's rigorous implementation offers limited flexibility, with CEOs pointing to a two-percentage-point margin erosion in some cases.

Several interviewees described how the OECD minimum tax has shifted internal location discussions. While Switzerland remains competitive on headline tax rates, the reduced flexibility at the margin has emphasized the importance of clarity and speed. In instances where decisions depend on timely tax rulings and clear guidance, companies increasingly compare how quickly jurisdictions can provide certainty. In some cases, investments that remained viable in Switzerland were executed elsewhere when this clarity could not be established within the required decision timelines.

These pressures are reinforced by the Swiss franc's persistent appreciation. A stronger currency challenges export-heavy sectors such as pharmaceuticals and advanced manufacturing, and further narrows Switzerland's margin for competitiveness. As a result, "stay versus relocate" decisions for value-chain elements become more sensitive, particularly as parts of the European industrial base become strained. While executives consistently point to the strength of the Swiss franc as a major competitiveness concern, real effective exchange rate data show a more moderate increase over the past decade, reflecting Switzerland's lower inflation relative to peers (see Exhibit 12).[20]

[20] BIS, Effective exchange rates dashboard, 2026

Exhibit 12

Comparison of nominal and real effective exchange rates in Switzerland

Note: Indices are normalized so that 2020 = 100 (BIS convention). A value below 100 indicates the franc was weaker in trade-weighted terms than in 2020; a value above 100 indicates it was stronger. The gap between the nominal and real lines reflects Switzerland's lower inflation relative to its trading partners over the period
Source: BIS, Effective exchange rates dashboard, 2026

Infrastructure risks are shifting from an enabler to a binding constraint.

4. Infrastructure and physical capacity—high quality, increasingly constrained

Switzerland benefits from world-class infrastructure that supports economic performance and quality of life. Stable transport systems, reliable energy supply, and attractive public services provide a strong baseline for internationally active firms.

However, as highlighted in the interviews, infrastructure constraints are becoming increasingly prevalent. For example, a chemical company explained that it no longer produces chlorine domestically and now imports it via specialized rail transport. When the freight operator indicated capacity constraints due to profitability concerns, the company faced a direct operational risk: without chlorine, production would halt.

A global staffing company highlighted that many administrative processes in Switzerland still require physical signatures and paper documentation, whereas peers have moved to fully digital processes. While this may appear minor, at scale it increases friction for MNCs managing complex cross-border structures. Infrastructure quality is not merely theoretical—it determines whether high-value operations can continue to run in Switzerland.

Investment backlogs in energy systems and grid capacity, combined with gaps in digital and cyber infrastructure, hinder alignment with Switzerland's ambition of being an innovation hub. Housing shortages and high costs in key urban clusters further constrain talent mobility and reduce location attractiveness. Infrastructure risks are shifting from an enabler to a binding constraint. At the sector level, these differences become more pronounced, e.g., local manufacturers face additional hurdles, as moving physical goods into, within, and out of Switzerland remains costly and restrictive regardless of the mode of transportation.

Executives consistently described Swiss infrastructure as very high quality but slow to expand and realize new projects. Several companies cited energy and grid projects—particularly renewables and transmission upgrades—as taking ten years or longer from planning to commissioning due to layered approvals and open-ended objection rights. Executives contrasted this with other European jurisdictions—including Northern Europe, Ireland, and Southern Europe—where similar industrial and energy projects typically move from approval to operation within a few years once designated as strategic. As a result, companies increasingly locate electrification and energy-intensive activities outside of Switzerland to avoid execution risk. Locally, interviewees noted that "investments in the grid are not keeping pace with projected demand growth" (see Box 6: Switzerland's energy supply gap).

Box 6: Switzerland's energy supply gap

Energy is shifting from a technical infrastructure issue to a geopolitical constraint on economic activity. For a country such as Switzerland—with limited domestic resources and high exposure to international markets—the security of electricity supply is increasingly linked to competitiveness. Electrification is accelerating across transportation, heating, and industry, while geopolitical fragmentation is reducing the reliability of cross-border energy flows. In this context, access to sufficient, affordable, and reliable electricity is no longer guaranteed—it must be secured.

Switzerland's historical advantage rests on a highly efficient combination of hydropower and nuclear generation. This system has provided low-cost, low-carbon electricity for decades, supported by assets that are largely depreciated and highly productive. This combination has been a key enabler of Switzerland's industrial competitiveness and price stability.

However, this model cannot be scaled. The potential for expanding hydropower is limited and, even under optimistic assumptions, would increase current capacity by less than 10 percent. At the same time, nuclear power—which accounts for roughly one third of Switzerland's electricity generation—is expected to decline as existing plants reach the end of their operational lives, with the last of the current fleet likely shutting down between the late 2030s and 2040s. However, political efforts to lift the new-build ban may alter this trajectory.[21] This creates a structural imbalance, as the two pillars of Switzerland's historical advantage are either capped or declining.

Electricity demand is also projected to increase significantly, with the electrification of transportation, heating, and industry expected to increase demand by around 15 percent by 2035 and up to 45 percent by 2050. Domestic supply is not keeping pace—under current scenarios, Switzerland faces a structural supply gap of about 20 to 25 percent of electricity demand by 2050, which would need to be addressed by imports.

This increasing reliance on imports represents a growing vulnerability. Switzerland is already deeply integrated into the European grid, with up to 60 percent of its electricity imported during winter.[22] In a more contested geopolitical environment, this dependency can become a strategic risk rather than a neutral feature of the system. As neighboring countries prioritize their own

[21] Swiss Federal Office of Energy (BFE), Energy perspectives 2050+, 2020
[22] McKinsey, Swiss Energy Perspective, 2021

energy security, continued access to cross-border electricity can no longer be assumed and increasingly depends on stable institutional arrangements, particularly with the EU.

The first constraint is the grid. Transmission and distribution infrastructure must expand significantly to accommodate increased demand and higher import flows. Yet grid projects typically take more than a decade to complete, reflecting complex approval processes and multi-level coordination. Without accelerated investment and shorter timelines, neither domestic generation nor electrification can scale.

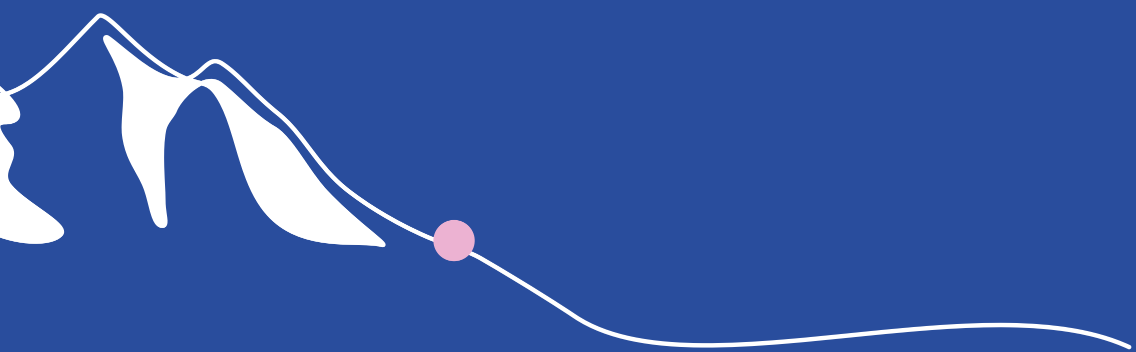
Renewable energy is part of the solution, but its deployment is constrained less by technology than by permitting. Wind, solar, and hydropower projects often face approval timelines of up to ten years. At this pace, renewable expansion cannot close the gap in time. In addition, Switzerland's geography limits wind and solar efficiency relative to other regions, making large-scale deployment more costly.

This leads to a fundamental trade-off. Any alternative to the current hydro–nuclear system—whether based on expanded renewables, increased imports, or both—is likely to involve higher system costs or greater reliance on imports, depending on the chosen mix. From a system perspective, Switzerland risks moving from a position of structural advantage to one of structurally higher energy costs and greater external dependency.

Closing this gap will likely require a system-level response. Potential measures include prioritizing grid investment and shortening permitting timelines for renewable energy and infrastructure projects. In addition, nuclear energy—whether through extending the lifetimes of existing plants or reconsidering new capacity—remains an important option in the long-term supply mix, especially if domestic supply gaps are to be reduced. Without such developments, Switzerland may face a gradual erosion of one of its most important structural advantages.[23]

In a more contested global environment, energy becomes a prerequisite for competitiveness. Countries that can secure it reliably will retain industrial activity and attract investment. Those who cannot may face increasing constraints.

[23] Axpo, Axpo energy reports: How Switzerland can secure its electricity supply, 2026



5. International positioning and market access—open economy under pressure

Switzerland remains a highly export- and knowledge-driven economy with strong integration into global value chains. Its reputation as a trusted, stable, and neutral partner continues to support international business activity, particularly in critical sectors such as pharmaceuticals, precision manufacturing, and high-end technology.

However, as geopolitical fragmentation intensifies, MNCs are increasingly adopting "in-region for region" models to reduce their exposure to trade disruptions, export controls, and the risk of political escalation. Switzerland often remains the preferred location for group leadership, intellectual property ownership, and global coordination, reflecting its reputation for trust, neutrality, and legal certainty.

Market access, talent mobility, cyber resilience, and defense capabilities increasingly require selective international integration rather than isolation. The question is no longer whether Switzerland should integrate, but where and how—while maintaining its differentiation. One tech CEO is worried that "if we mirror the EU, we lose our differentiation," and "we really worry that we are giving up autonomy."

Switzerland will also need to increase its speed and coordination efforts in response to growing competition in investment facilitation and support. Location decisions are steadily shifting toward jurisdictions that can bundle commitments and compress timelines across approvals, talent acquisition, and setup. Executives point to jurisdictions such as Singapore and the UAE, where regulatory simplicity and industrial policy are actively aligned with investment attraction. In these locations, investment facilitation is centralized, senior political engagement is visible, and administrative processes are streamlined to compress decision timelines.[24] In Switzerland, in contrast, decisions typically require sequential alignment across federal, cantonal, and local levels, extending timelines beyond a single planning cycle. While this model preserves institutional balance and legal safeguards, it reduces flexibility in an environment where industrial policy, subsidies, and speed increasingly influence allocation decisions.[25]

[24] Singapore Economic Development Board (EDB), Singapore Ministry of Manpower, Dubai Department of Economy and Tourism, 2025
[25] McKinsey Global Institute, Geopolitics and the geometry of global trade, 2025

Beyond traditional location, several executives emphasized a less tangible but equally important factor: Switzerland's distinct mindset. Decentralized responsibility, early accountability through the apprenticeship system, openness to international talent, and a culture of disciplined execution were described as part of the country's economic DNA. This mindset—rather than any single policy—has historically enabled Switzerland to remain competitive despite structural constraints.

At the same time, numerous interviewees noted a changing sentiment toward growth and multinationals in public debate. In some instances, economic growth and the presence of MNCs are increasingly viewed as sources of pressure—straining housing affordability, infrastructure, and environmental outcomes—rather than as drivers of prosperity. Executives emphasized that these challenges often stem from capacity constraints, such as zoning restrictions, infrastructure bottlenecks, or energy system limits, rather than growth itself. Without a shared understanding of the role of growth and how globally active firms sustain income, innovation, and public finances, Switzerland risks weakening one of the foundations of its economic model.

Together, the recent shifts in the global environment and the gradual erosion of Switzerland's traditional advantages present an important strategic choice. Switzerland can compete with global hubs on speed, coordination, and disciplined execution—or it can rely primarily on relative advantages within Europe. The sustainability of its economic model will depend on how clearly this choice is made.

How do location factors impact different sectors? The pharmaceuticals sector can serve as an example (see Box 7: Switzerland's attractiveness for the critical life science sector). Pharmaceuticals and related industries account for roughly one third of Swiss goods exports and represent a significant share of private R&D investment and high-value employment. As noted in recent public commentary and sector analyses, this concentration makes the sector a bellwether: Changes in life sciences competitiveness often serve as early indicators of broader structural shifts in Switzerland's economic positioning.[26]

Box 7: Switzerland's attractiveness for the critical life science sector

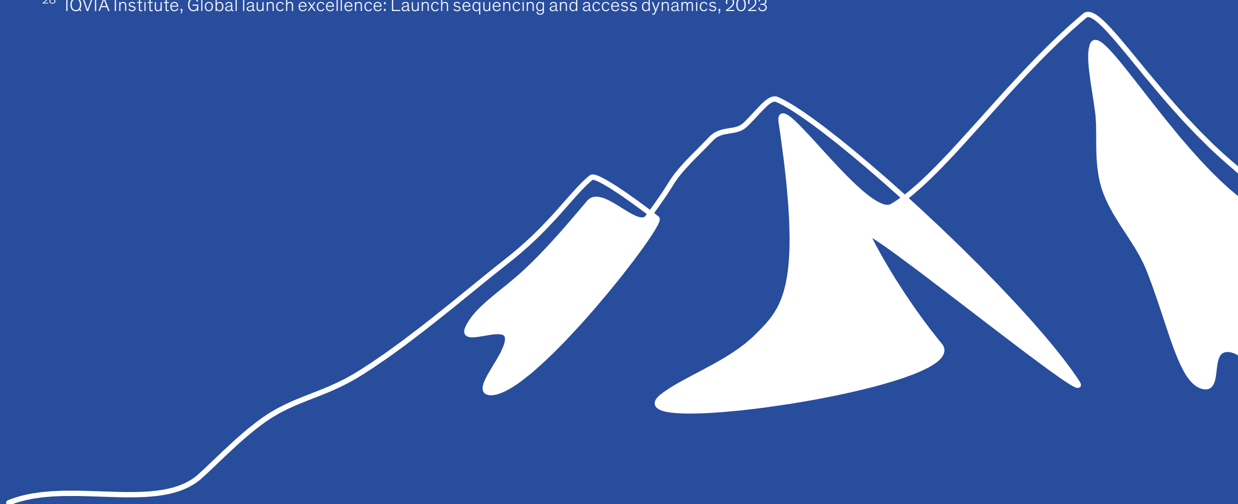
Life sciences leaders continue to describe Switzerland as one of the world's strongest locations for science, early research, and complex coordination, supported by solid academic partnerships, high regulatory credibility, and dense ecosystems around leading hospitals. These strengths remain intact. What has changed is the context in which global portfolio decisions are made.

A recurring theme across interviews is the increasing pull of the United States—not as a one-off response to incentives, but as a structural shift. Executives highlight the US's combination of scale, speed, pricing power, and clear political signaling in life sciences. As a result, decisions on new platforms, late-stage development capabilities, and manufacturing expansions are increasingly biased toward the US by default. Switzerland still competes—but more often for selective roles rather than the full mandate bundle.[27]

This dynamic is amplified by time-to-impact considerations. Life sciences leaders emphasized that when new assets or technologies need to be developed and scaled within a defined window, execution speed becomes decisive. Switzerland's strengths in quality and trust are acknowledged, but several executives noted that delays or uncertainty in market-access decisions, pricing adaptations for innovative therapies, or cross-level coordination can tilt decisions toward locations with clearer timelines—even if institutions are weaker.

Pricing and market-access signals matter more than Switzerland's size. Executives stressed that Switzerland's absolute price levels are less critical than its internal classification. If Switzerland is perceived as slow to adapt frameworks for breakthrough therapies or as leaning too far toward cost containment, it risks being grouped with "tough payer" markets.[28] If the country maintains

[26] Interpharma, The importance of the pharmaceutical industry for Switzerland, 2025
[27] McKinsey, Why the U.S. continues to dominate biopharma innovation, 2024
[28] IQVIA Institute, Global launch excellence: Launch sequencing and access dynamics, 2023



below-market pharmaceutical pricing while the US links its pricing to the "most-favored nation" logic, companies face a dilemma: launch in Switzerland at lower prices and influence global reference pricing—or delay Swiss launch and prioritize larger markets. These are no longer theoretical debates—they affect where R&D pipelines and medical expertise are located.

Manufacturing decisions make these shifts tangible. While high-value R&D and leadership roles often remain in Switzerland, manufacturing expansions are increasingly decided on the basis of the "in-region for region" logic, energy availability, and cost predictability. Several executives described manufacturing as the first area where Switzerland loses out once the balance tips toward the US or faster-executing EU locations.[29] Over time, supplier networks and applied capabilities follow these moves, weakening the broader ecosystem incrementally rather than abruptly.

A final concern raised repeatedly is the time lag. Life sciences leaders noted that strategic decisions taken today—on where to place trials, plants, or platform teams—will only become visible in Switzerland's employment, R&D spend, and innovation density five to eight years later. This can make the risk easy to underestimate and difficult to correct once the effects surface.

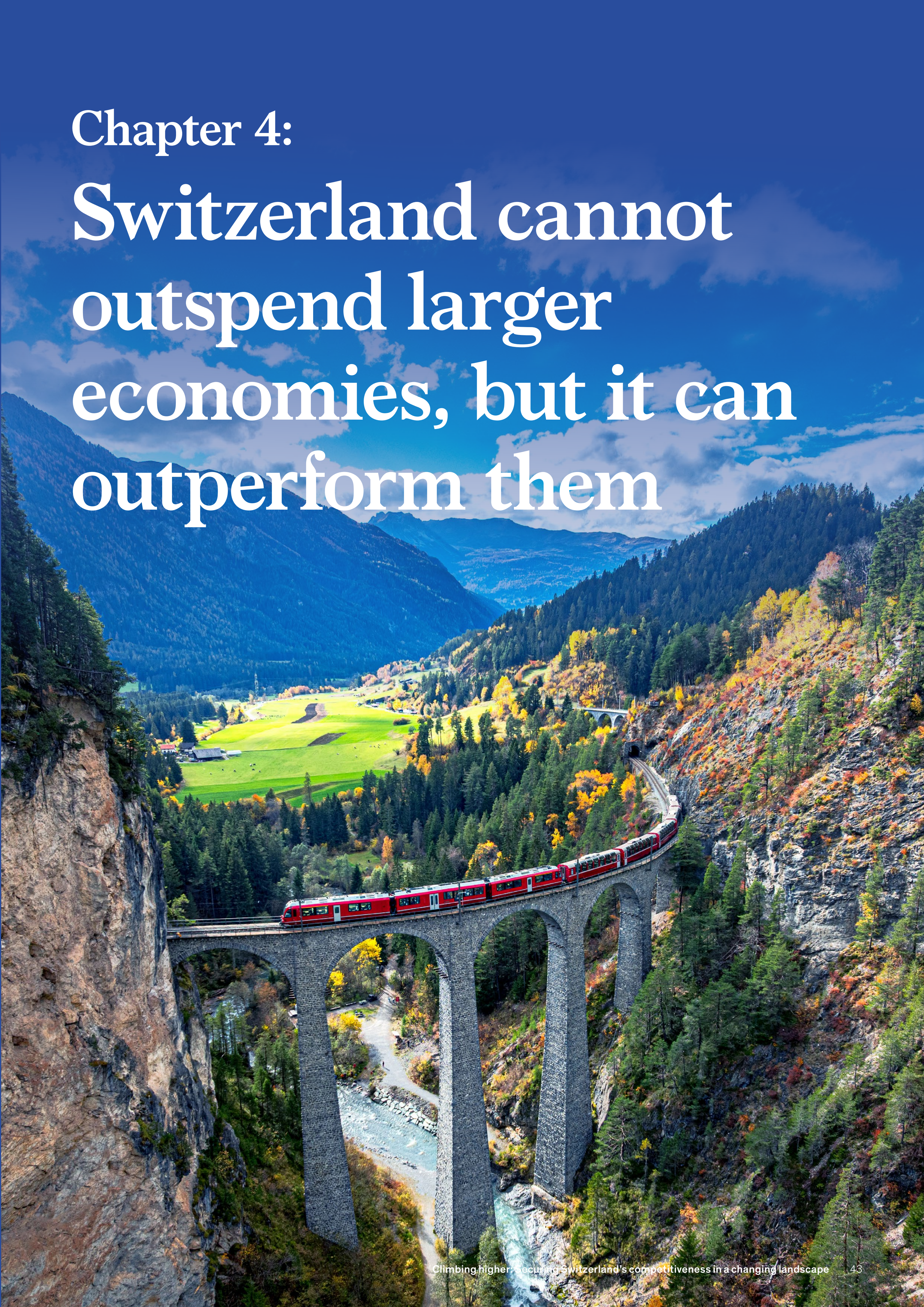
In this context, the Herzog Motion was presented as an important acknowledgment that life sciences are a strategic pillar for Switzerland's prosperity.[30] At the same time, executives were clear that recognition alone is insufficient. What ultimately matters is whether a national life sciences strategy translates into faster, more predictable market access for innovative medicines, coherent positioning between innovation and cost containment, and alignment across federal and cantonal players—at a pace that allows Switzerland to remain competitive as pressure from the US increases. As one industry leader noted, while senior political attention is present, translating it into timely decisions remains the central challenge.

A recurring theme in interviews was the need for clearer strategic prioritization. Another industry leader observed that Switzerland cannot protect all segments equally and may need to make deliberate choices about where to focus its policy efforts. Life sciences represent one of Switzerland's largest export sectors and a major source of private R&D investment, contributing materially to high-value employment and tax revenues.[31] In an increasingly selective global environment, maintaining Switzerland's position as a leading pharma hub may require prioritizing core players, even if this means making difficult trade-offs in other parts of the ecosystem.

29 European Federation of Pharmaceutical Industries and Associations (EFPIA), Competitiveness of pharmaceutical manufacturing in Europe, 2023
30 Swiss Parliament, Herzog Motion: Strengthening Switzerland as a life sciences location, 2024
31 Swiss Federal Customs Administration, Foreign trade statistics, 2025

Chapter 4:

Switzerland cannot outspend larger economies, but it can outperform them



Box 8: From "Wake Up" to "Climbing Higher": What has changed since 2019

In 2019, the "Switzerland Wake Up" report identified three imperatives. Seven years later, progress is mixed: some reforms have advanced these priorities, while others have stalled or been overtaken by events, and entirely new challenges have emerged.

Where Switzerland acted on the 2019 priorities for multinationals—and where it did not

On talent and immigration, operational barriers remain. Hiring specialized professionals still takes 9 to 12 months, and the work permit process for non-EU talent remains somewhat unpredictable. Meanwhile, ETH Zurich's ERC grant count dropped from 79 between 2017 and 2020 to 48 in the following four years. This decline occurred, as funding equalization efforts redistributed resources rather than investing in the quality and capacity needed for globally competitive research and talent.

On clarifying Switzerland's position in the international regulatory, economic, and tax context, Switzerland's trade network has expanded. Since 2019, five new free trade agreements have entered into force—with Ecuador (2020), Indonesia (2021), the United Kingdom (2021, bilateral), India (2025), and Moldova (2025)—while agreements with Kosovo, Thailand, Malaysia, and Mercosur have been signed and await ratification.[32] In terms of fiscal competitiveness, the OECD Pillar 2 minimum tax, implemented on January 1, 2024, structurally narrowed Switzerland's ability to differentiate itself through taxation. Competing locations have found greater flexibility in implementing the same rules, using R&D credits, IP boxes, and investment allowances to offset the impact of headline rate convergence.

On location marketing, Switzerland has increased its investment facilitation at two levels. Nationally, Switzerland Global Enterprise (S-GE)—mandated by SECO and all 26 cantons—generates leads through 22 Swiss business hubs across 45 countries, qualifies investment projects, and forwards them to the cantons. Since 2020, S-GE has sharpened its focus on innovation ecosystems, with 81 percent of forwarded projects now concentrated in AI, cleantech, or life sciences.[33] Regionally, agencies such as the Greater Zurich Area (GZA) complement these efforts through targeted promotion and ecosystem matchmaking, thereby attracting stronger companies, particularly in AI and robotics.[34]

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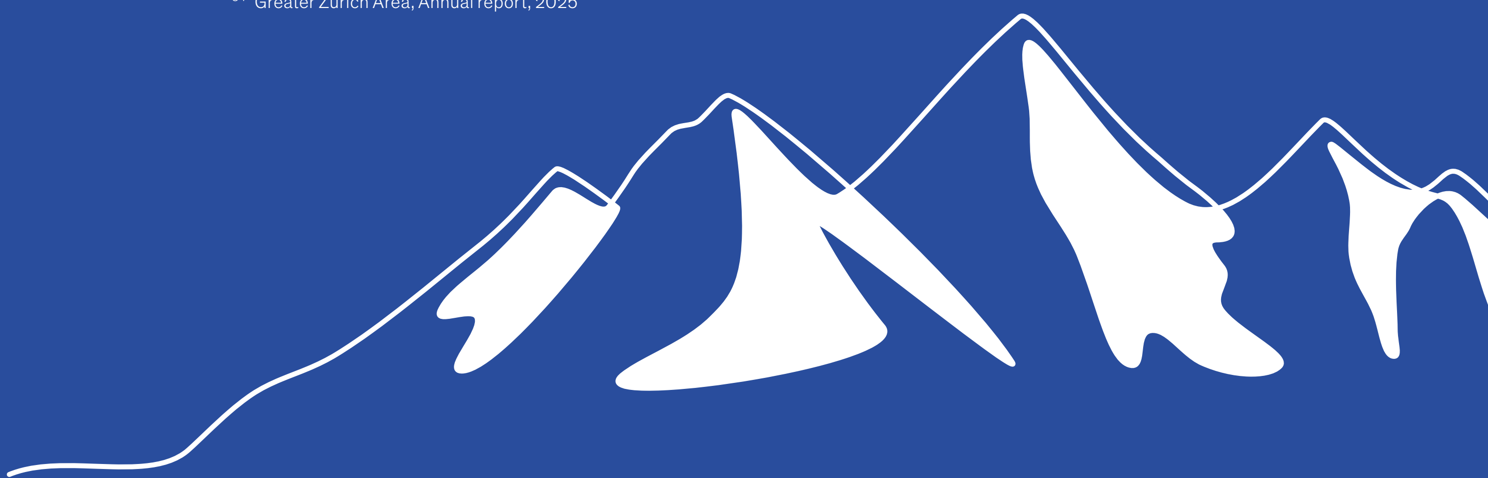
[32] State Secretariat for Economic Affairs (SECO)
[33] Switzerland Global Enterprise, Annual financial statement, 2025
[34] Greater Zurich Area, Annual report, 2025



However, Switzerland's overall promotional capacity remains smaller and more fragmented than that of Singapore or Ireland, and its engagement with MNCs is less centralized than in competing hubs.[35]

Emerging challenges: Several forces now shaping location decisions were not part of the 2019 analysis. Geopolitical fragmentation—including great-power rivalry, industrial policy, strategic subsidies, and tariffs—has rewritten the competitive landscape. Companies are increasingly adopting "in-region for region" models, distributing capabilities rather than centralizing them. Furthermore, energy security has shifted from a background strength to a strategic vulnerability, prompting companies to increasingly locate energy-intensive activities elsewhere. Executives also note a shift in public discourse: economic growth and the presence of MNCs are increasingly perceived as sources of pressure rather than drivers of prosperity. Without a shared commitment to economic growth, the willingness to pursue structural reforms may itself be at risk.

The bottom line: The 2019 call was to "wake up." Switzerland heard the alarm and acted, but still hit snooze on some of the most consequential actions. Today, complacency—rather than any single policy failure—remains the primary risk.

[35] IDA Ireland, for instance, deploys over EUR 200 million annually under a single FDI-only mandate, and Singapore's EDB fields more than 500 dedicated investment officers

Complacency, rather than any single policy failure, remains the primary risk.

Addressing these challenges requires faster execution and a clear and consistent commitment to economic growth.

The diagnosis is clear. Switzerland's fundamentals remain strong, but pressure on key competitiveness factors has increased. The question is no longer whether Switzerland is attractive, but whether it acts decisively to preserve that position.

While larger economies leverage scale for subsidies, industrial policy, and coordinated state action, Switzerland's strength lies in disciplined implementation and institutional reliability. Maintaining this advantage requires active stewardship.

The most immediate risk is complacency—a concern independently raised by multiple executives. While Switzerland's historical success has created resilience, it has also led to a risk of underestimating how quickly global competitive dynamics are evolving. In competing jurisdictions, senior policymakers actively pursue multinational firms and engage directly on strategic investment decisions. In Switzerland, engagement is more fragmented and often slower. Companies report that access to political decision-makers is less direct than in other hubs, where governments proactively coordinate investment opportunities.

Addressing these challenges requires faster execution and a clear and consistent commitment to economic growth. As highlighted in Chapter 3, ambiguity in how growth and multinational activity are perceived can lead to slower decision-making, fragmented priorities, and weaker alignment among stakeholders. Ensuring that growth remains a shared objective is therefore a prerequisite for effective execution.

Speed has become a differentiator. "If we lose speed, we lose relevance," an executive from a business organization warned. Incremental delays and small frictions compound before they are visible in macroeconomic indicators. Switzerland cannot outspend larger economies. Its advantage lies in execution—speed, predictability, and clear prioritization. The following sections outline the priority areas requiring action.

1. Reinforce Switzerland's role as Europe's innovation and talent powerhouse

Switzerland's competitive advantage in innovation rests on excellence, depth, and credibility. Maintaining this position requires sustained prioritization rather than broad equalization.

A key objective is to secure long-term visibility and prioritize funding for leading institutions like ETH Zurich and EPFL, which underpin Switzerland's international scientific reputation. Instead of simply increasing overall funding, this approach emphasizes selectively allocating resources to high-impact domains. Maintaining excellence will require avoiding excessive equalization and concentrating resources where Switzerland can achieve global leadership. By focusing on frontier research areas aligned with industrial strengths—including AI, life sciences, advanced manufacturing, and deep tech—Switzerland can strengthen its ability to secure high-value mandates rather than only early-stage research roles.

Scaling innovation requires deepening the talent pool and improving the conditions for attracting and retaining specialists and senior decision-makers. Across interviews, several executives explicitly called for easier access to international talent as a key lever to scale teams. This includes accelerating and increasing the predictability of high-skill work permit processes, expanding specialist talent pools in digital and applied engineering fields, while maintaining and evolving Switzerland's education and training system to ensure continued relevance for future skill needs, as highlighted by multiple CEOs. At the same time, Switzerland could benefit from ensuring that frameworks affecting executive compensation and governance remain competitive in a global context, as these directly influence where leadership teams—and associated strategic functions—are located.

Preserving the dual-track education system remains important. The apprenticeship model continues to differentiate Switzerland on the international stage and supports industrial competitiveness across sectors. Strengthening permeability between vocational and academic pathways will further enhance flexibility in a rapidly evolving labor market.

2. Restore regulatory agility and reduce bureaucratic drag

Reversing the trend of rising regulatory density requires more than incremental simplification. Switzerland's historical advantage was not lighter regulation per se, but pragmatic implementation—a willingness to weigh trade-offs, focus on the substance of projects, and resolve tensions quickly rather than layering additional procedures.

Restoring regulatory agility requires a shift back to outcome-oriented implementation, as around 70 percent of CEOs report worsening regulatory speed and complexity, and several explicitly called for faster and more predictable approval timelines. One executive emphasized that "we need to execute in days, not years," underscoring the need for coordinated and parallel approval processes across levels of government. Major projects could be processed through coordinated and, where possible, parallel procedures across federal, cantonal, and municipal levels, with clear accountability for timelines. Legal rights to object must remain intact, but shorter and more predictable resolution timelines would better align with global investment cycles.

Standardizing and digitizing administrative processes across jurisdictions could reduce duplication and provide applicants with a single point of coordination. At the same time, it could be beneficial for regulatory implementation to focus on proportionality, ensuring that requirements align with the material impact of projects rather than procedural completeness, with five interviews explicitly criticizing additional "Swiss finish" layers that reduce execution speed without clear benefit. More broadly, executives interviewed have identified enhancing cross-level coordination and decision-making speed for projects of strategic relevance as a potential lever, with some policy frameworks aiming to complete approval processes within a single planning cycle.

3. Preserve fiscal competitiveness within tighter global constraints

Within the constraints of the OECD minimum tax, CEOs suggest that Switzerland could actively use available flexibility to maintain its attractiveness. Sixty-five percent of executives cited rising cost pressure and reduced tax differentiation as increasing constraints, and several explicitly pointed to the importance of pragmatic and timely implementation of available instruments. One executive noted that decisions increasingly depend on "how quickly clarity can be provided," reinforcing the need for faster tax rulings and consistent interpretation across cantons. CEOs also emphasized pragmatic implementation and the use of available instruments (e.g., R&D incentives and investment allowances) to remain competitive. While statutory differentiation is narrowing, predictability and clarity remain powerful competitive advantages.

Ensuring timely tax rulings, consistent interpretation across cantons, and transparent communication about OECD-aligned instruments will reduce uncertainty for multinational decision-makers. Where compatible with international frameworks, Switzerland could expand and clarify the use of OECD-compliant instruments, such as refundable R&D tax credits, investment allowances tied to domestic research activity, or co-investment frameworks for strategic innovation projects.

Small states cannot excel in every area. They must concentrate on the few sectors that matter most — and execute with greater reliability and effectiveness than competitors.

Providing predictable pathways for reinvesting profits into Swiss-based research, digital infrastructure, and advanced manufacturing can strengthen the long-term retention of high-value activities. At the same time, the persistent strength of the Swiss franc structurally limits Switzerland's ability to compete on cost. This increases the importance of fiscal policy as a primary lever of competitiveness. With cost advantages out of reach, Switzerland must ensure that its fiscal framework remains attractive, predictable, and effectively implemented to offset structural currency pressures.

4. Treat infrastructure as a strategic asset, not an operational afterthought

Energy systems, grid capacity, digital infrastructure, cyber resilience, and data capacity must evolve in line with Switzerland's ambition as an innovation hub, as more than 60 percent of CEOs already observe infrastructure bottlenecks, and several explicitly called for faster execution of energy, grid, and housing projects. One executive noted that "investments in the grid are not keeping pace with demand," highlighting the need to accelerate permitting and delivery timelines. Simplifying the approval process, increasing coordination between authorities, and prioritizing infrastructure expansion in major innovation clusters could improve planning certainty for high-value investment projects. Prolonged delays that undermine execution reliability could also be prevented by clear accelerated timelines for infrastructure project objection procedures. Preserving legal safeguards should not preclude materially faster resolution.

Addressing housing constraints in key economic regions is equally important for sustaining talent mobility. Multiple interview partners explicitly identified the limited availability of housing as a growing constraint for attracting international talent. Improving predictability and speed in zoning and development approvals, and aligning infrastructure planning with a long-term innovation strategy (including potentially releasing

some limitations on current zone regulations), would strengthen Switzerland's position as a location for globally mobile specialists.

Infrastructure quality remains high. Ensuring that capacity expansion keeps pace with innovation intensity will determine whether it remains a competitive advantage rather than becoming a structural constraint.

5. Combine economic autonomy with selective international integration

Based on the interviews we conducted, Switzerland could benefit from securing clear, stable frameworks with the European Union while exploring market diversification in the United States and Asia. It could position itself as a trusted gatekeeper of openness and stability, preserving neutrality while partnering where autonomy is not viable, such as in cybersecurity, defense, research, and data. Approximately 80 percent of CEOs benchmark Switzerland against global hubs rather than European peers, and several explicitly called for more proactive and coordinated engagement with MNCs, including faster decision-making and clearer points of contact, with virtually all CEOs highlighting the need for more direct and structured dialogue to shorten communication lines, clarify procedures, and identify win–win solutions. Several emphasized the importance of systematically engaging senior executives—e.g., through more regular CEO–Federal Council interactions—to better align priorities and embed key companies more deeply in Switzerland's economic ecosystem.

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To position Switzerland effectively, policymakers could seek to establish clear priorities on which sectors and capabilities to support, and align policies accordingly. As highlighted in interviews, "The problem is in defining what we want to achieve and supporting it accordingly." In an increasingly selective global environment, prioritization is unavoidable, as not everything can be supported equally.

Strategic coherence does not require abandoning neutrality. It requires clarity about long-term economic objectives and visible alignment between political priorities and economic realities.

As emerged in several interviews: "Small states cannot excel in every area. They must concentrate on the few sectors that matter most and execute them more reliably and effectively than competitors".

Switzerland's advantage lies in disciplined institutions, decentralized accountability, world-class education, and a culture of reliability. These strengths remain intact, but they require continuous reinforcement. Switzerland does not require reinvention; it would benefit from sustained focus and consistent delivery across the priority areas identified in this chapter. What is at stake is not a sudden decline, but a potential gradual erosion of relative position that eventually compounds to a substantial macroeconomic impact.

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Contributors

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Selection of companies interviewed (not exhaustive)

ABB

Adecco Group

Alcon

Alphabet (Google)

AXA

BKW Energie

Cembra Money Bank

Coca-Cola HBC

dormakaba

Dow

dsm-firmenich

Ecolab

EFG International

Geberit

Helvetia Baloise

Holcim

Interroll Group

Johnson & Johnson

Kudelski Group

LEM International

LKQ

Logitech

Lombard Odier

Lonza

Microsoft

MSD Merck Sharp & Dohme

Nestlé

Novartis

Philip Morris International

Pictet Group

Roche

Shell

Siemens

Sika Group

SIX Group

Straumann Group

SWISS

Swiss Life

Swiss Post
(Die Schweizerische Post)

Swiss Re Group

Syngenta

Uber

UBS

VAT Group

VEON

Vontobel

Zurich Insurance Group

Institutions/Associations

Avenir Suisse

economiesuisse

EPFL Innovation Park

ETH Zurich

Greater Zurich Area

Swissmem

Switzerland Global Enterprise

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The preparation of this report was led by Alexander Klei, a Senior Partner in Zurich, and Rahul Sahgal, CEO of the Swiss-American Chamber of Commerce, based in Zurich. Michael Steinmann, Managing Partner of the Swiss office; Jan Mischke, a McKinsey Global Institute (MGI) Partner based in Zurich; Sirus Ramezani, a Senior Partner in Zurich; and Thomas Dörig, an Associate Partner in Zurich contributed substantially to this report.

Other project team members include Camilla Costanzo, an Engagement Manager in Zurich, Moritz Dändliker and Iara Quinter, consultants in the Zurich office, and Yannick Orto, Head of Communication for McKinsey Switzerland. We gratefully acknowledge our colleague who helped with the research on relocation share and economic impact, Neslihan Ana Sönmez, and extend our thanks to Stefanie Jungi, who coordinated the interviews.

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For comments, questions, and media inquiries on this report, reach out to Yannick Orto, Head of Communication, McKinsey & Company Switzerland or Rahul Sahgal, CEO of the Swiss-American Chamber of Commerce.

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Methodology

Economic impact of MNCs

This analysis includes both Swiss-controlled multinationals and subsidiaries of foreign-controlled multinationals operating in Switzerland. Per the Swiss National Bank (SNB), those groups are defined as:

— Swiss multinationals: “resident Swiss-controlled companies that have non-resident subsidiaries”

— Subsidiaries of foreign-controlled multinationals: “resident subsidiaries that are majority-owned by enterprise groups whose ultimate beneficial owner is non-resident”

The SNB publishes the total number of Swiss-controlled multinationals in Switzerland and their total workforce annually. Corresponding figures for subsidiaries of foreign-controlled multinationals were previously published by the SNB but have been published by the Federal Statistical Office (BFS) since 2017. Accordingly, data from both the SNB and BFS were used to determine the total number of companies and employees in Switzerland for Swiss- and foreign-controlled multinationals, respectively. We compared those figures with the total number of companies and jobs in Switzerland obtained from BFS (STATENT) to derive the shares of multinationals in the overall company and employment counts. Where the latest year is not yet fully published across all datasets, estimates for the most recent year were derived based on official aggregates and observed growth rates in the latest available BFS releases.

The contribution of multinationals to Swiss GDP was estimated using BFS gross value added (GVA) shares by company type, distinguishing between Swiss-controlled multinationals and subsidiaries of foreign-controlled multinationals operating in Switzerland. These GVA shares were applied to Switzerland’s total nominal GDP to estimate the percentage attributable to each type of multinational. The remaining portion was attributed to company types other than multinationals.

The impact of MNCs on tax revenues was estimated by applying the ratio of total tax revenues (federal, cantonal, and communal) to GDP to the estimated GDP contribution of multinationals in Switzerland, ensuring a consistent macroeconomic approach across report chapters.

Analysis of the economic impact of multinationals relocating to Switzerland

We used an FTE-based approach to estimate the economic impact of headquarters relocations to Switzerland. We manually retrieved the number of FTEs of these headquarters using a structured review of public announcements, company disclosures, investment promotion materials, and news reports. When this information was unavailable, we applied the average number of FTEs relocated per headquarters type from other relocations with available data, complemented by sector- and headquarters-type benchmarks where appropriate.

We used average labor productivity per sector (based on BFS data) to estimate the impact of each new employee on the economy and calculated the overall direct GDP impact. We applied the average tax income as a share of GDP to estimate tax revenues from the new headquarters. Finally, we applied multipliers derived from input–output methodologies to estimate indirect effects (i.e., additional economic activity along the supply chain). These estimates are likely to be conservative on several fronts: (1) examples confirm that some young headquarters grow employment substantially faster than the sector average, (2) multinationals typically have higher labor productivity than the sector average, and (3) certain headquarters types (notably global and financial headquarters) may generate disproportionate value creation relative to their employment footprint.

Analysis of the relocation share

We calculated the number of companies relocating to each of the countries in the scope of this study (i.e., Switzerland, the Netherlands, Ireland, Luxembourg, and the UK) between 2020 and 2025 and compared this to the prior period (2014 to 2019) to ensure comparability. We narrowed our scope to the defined types of headquarters (i.e., global and regional, R&D centers, operational centers, and financial holding companies). We only focused on inflowing relocations and new locations, and not outflows. Moreover, we excluded M&A-related structural changes that did not involve a genuine relocation of headquarters functions. We calculated the share of inflows for each country; for example, if 10 of 100 relocations go to Ireland, the Irish market share would be 10 percent. We cut the analysis by sector and type of headquarters.

Our systematic approach to building the company relocation database consisted of three steps. First, we conducted a top-down and bottom-up screening of relocations, broadly scanning each country's company lists, commercial databases, and public information to identify relocations. The analysis included several components:

- Screening commercial databases to identify potential relocation and new-location events within the defined period
- Comparing lists of large companies (revenue threshold applied) across the observation window to spot changes that required manual validation
- Perusing investment promotion agency websites (e.g., SGE, IDA, Invest in Holland,and Invest in Luxembourg)
- Perusing chamber of commerce websites (e.g., cantonal/regional chambers of commerce)
- Examining other information sources, such as Factiva-type media archives and commercial register excerpts

The second step involved developing the relocation database. Using the information collected above, we built a relocation database and eliminated all relocations outside the scope of this study (e.g., branches, sales offices, shared service centers, business acquisitions, and relocations outside the defined period).

Finally, we further refined the relocation database by eliminating companies with group revenues below CHF 1 billion. To do so, we used Capital IQ and public information. To ensure accuracy and completeness, we manually verified all identified relocations and sources, cross-checking each relocation against other sources, such as company press releases and newspaper articles.

Attractiveness assessment

The attractiveness assessment of headquarters' locations is based on twelve factors:

1. European and global market access: ability to reach and operate within European and global markets efficiently, benefiting from proximity and trade agreements
2. Ease of doing business: friendliness of the regulatory environment toward starting and operating a business locally
3. Tax environment: average corporate and personal tax rate and specific tax regulations
4. Political stability: level of predictability and stability of the political environment within a country
5. Sector cluster (concentration): proportion of companies from a specific sector and/or industry, as well as sector-specific regulations
6. Infrastructure: quality of road, rail, and air transportation, as well as access to ports and key utilities
7. Talent availability: the ability of a country to develop and maintain talent, with a special focus on scientists and engineers

8. Talent mobility: the ability of a country to attract and retain talent from abroad (inbound mobility) and the ability of a country to send talent abroad (outbound mobility)
9. Labor costs/salary level: average total compensation level within a country; flexibility in wage determination and power of labor unions
10. Quality of life: the degree of general well-being of citizens and society, including factors such as life satisfaction and physical health
11. Industrial policy support: government policies and initiatives that aid industry growth, providing support through funding and incentives
12. Robustness to trade policy changes (i.e., tariffs and export controls): the ability to maneuver geopolitical changes, including trade regulations and supply chain disruptions, ensuring stability and continuity in international trade operations and market access

The importance and relative performance of these factors for headquarters' locations were assessed based on quantitative and qualitative research.

Quantitative research on key attractiveness factors ("status quo")

The first step involved conducting more than 60 interviews with CEOs and executives of multinationals and associations in Switzerland and abroad on each attractiveness factor's importance and relative performance versus other European headquarter hubs in the scope of our research. The importance and relative performance of each factor were ranked on a scale of 1 to 5 in each interview, with 5 representing the highest score. Companies selected for interviews included those that relocated their headquarters within the past six years (i.e., companies that are part of the relocation share analysis), have large established operations in Switzerland or any of the focus countries, or have demonstrated substantial growth within the six-year sample period.

As a second step, the relative performance of each factor was assessed using third-party research across the five countries in the scope of this study. For each factor, the country's relative performance was ranked based on the results of third-party research. The results were used to confirm or oppose the interview findings.

Qualitative research on opportunities, risks, and changes required ("future state")

Based on aggregated results from more than 60 interviews with CEOs and executives of multinationals and associations, we identified key opportunities, risks, and changes required for headquarters that are relocating to or are already present in Switzerland.

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