

Showcasing Switzerland

Osec, Switzerland's official foreign trade promotion agency, wants to provide companies with even more targeted support to help them find new markets. Its President Ruth Metzler-Arnold tells **Bernadette Koch** about the growing demands placed on economic diplomacy



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▼ Ruth Metzler-Arnold

“Companies that want to tap into new export markets must lay extensive groundwork and be capable of withstanding setbacks. They must never lose sight of their goal. And – above all – they need stamina: they need to be prepared for the long haul.”

When you listen to Ruth Metzler-Arnold talk about the challenges facing companies in new markets, you might well think she is talking about an endurance sport. But this is not by coincidence: the President of the Supervisory Board of the Swiss foreign trade promotion agency, Osec, runs marathons. Her personal best is under four hours and she has taken part in the New York City Marathon three times.

Since mid-2011, Metzler-Arnold has been in charge of promoting Swiss foreign trade. “Osec is the voice of the Swiss export industry,” she says. “We represent the interests of small and mid-sized companies that do business outside Switzerland.” Typically these firms have between 10 and 250 employees and most of them lack the necessary resources or expertise to make their first foray abroad under their own steam. Osec’s advisors provide them with the information they need on their target markets and help them make new contacts. This builds the foundation for future export opportunities.



A career beyond borders

Metzler-Arnold is no stranger to the international arena. Her dazzling career path is testament to the importance of looking beyond national borders and seizing opportunities when they present themselves.

A lawyer and certified auditor, she served as Finance Minister for Appenzell Innerrhoden, one of Switzerland’s 26 Member States, before becoming Federal Councillor and Head of the Federal Department of Justice and Police, where she was in close contact with foreign ministers on security and migration issues. She then moved to the pharmaceuticals firm Novartis as Head of the Legal Department of the French subsidiary and later as Head of Investor Relations at the company’s head office in Basel. She recently became a member of the Board of Directors of the Buhler Group, a global technology company that manufactures machines and equipment for processing basic foodstuffs and producing high-quality materials. She is now able to use the network of contacts she has built up over her career for the benefit of Osec, for example, when visiting important trading partners for Switzerland together with business delegations.

After all, good relationships with international companies are vital for the Swiss economy. Switzerland is inextricably linked to global export markets, with exports accounting for more than one half of gross domestic product. Swiss firms do not just export watches and chocolate: the country has a vast array of innovative companies in industries ranging from construction and engineering to medical technology and pharmaceuticals. The country’s strong international focus has much to do with its size and lack of resources: with a population of 7.9 million, its domestic market is much too small to sustain all of the companies that are based there. Expansion abroad is often the only option to grow.

To help them do this, Osec provides companies with information on potential export countries and advises them on the best course of action. This includes regular “country weeks” at the organization’s offices in Zurich, Lausanne and Lugano, where firms can find out about current market developments and concrete sales opportunities. This helps them identify early on whether their innovative products will even have a market in the country in question and will be able to stand up to their international competition.

The initial company consultation is always free of charge. Any follow-up market analyses, detailed examination of export plans or contact referrals to potential business partners, on the other hand, are subject to a fee. “Osec focuses on providing information and advisory services as well as on supplying the companies with contacts abroad and connections to international networks,” explains Metzler-Arnold. “These are fundamental services that companies may not be able to source from anywhere else. The next steps are then the responsibility of the companies themselves – also from a financial perspective. This is in line with the basic liberal order of Switzerland. The state limits itself to subsidiary duties and gives companies the greatest leeway possible.”

The subsidiary role played by Osec also explains the company’s lower headcount compared with other state trade promotion agencies. Osec employs 175 people worldwide, approximately 100 of whom work in Switzerland, which is a fraction of the workforce employed by the equivalent agencies in the UK, France or even Austria. Consequently, much higher demands in terms of efficiency are placed on the Osec specialists from the areas of export advisory, trade fair organization, communication and marketing as well as finances and IT. This is also the reason why Osec only provides a small portion of its services itself, outsourcing the lion’s share to private companies specializing in export consulting. Since 2001, the organization has acted independently on the basis of a state service level agreement. The association, which is run predominantly using public funds, is neutral and does not take a stance on political issues.

Setting priorities

The limited resources available to Osec force it to set priorities – that is, to concentrate on tried-and-tested existing markets or promising future markets. One of its main aims is to tap into new export markets outside the euro and dollar areas. “We focus on markets with strong purchasing power coupled with the willingness to pay a higher price for quality – such as Japan or the Gulf States,” says Metzler-Arnold. “We are also interested in countries whose middle class is on the rise thanks to the rapid pace of economic development – for example, Brazil, Russia, India or China. The spotlight is also placed on those countries that have concluded a free trade agreement with Switzerland or are due to conclude one in the near future. This liberalization of trade creates new opportunities, especially relating to the export of foodstuffs, luxury goods and services.”

A concrete result of these efforts to promote foreign trade are the Swiss Business Hubs – Osec's official representative bodies abroad. The majority of the hubs are based at a Swiss Embassy or a Swiss Consulate General, which fosters the creation of synergies.

This underlines the growing importance of economic diplomacy. Following an initial consultation in Switzerland, these Swiss Business Hubs are the first point of contact with Osec in the export countries concerned. Osec founded its first Swiss Business Hub in Italy in 2001. Since then, the number has risen to 18, complemented most recently by South Korea and Canada. The international network of hubs will continue to grow, with representative offices planned for Hong Kong, Mexico and Turkey for the near future. In countries where Osec does not have a Swiss Business Hub, it works together with third-party providers such as chambers of commerce, embassies and the like.

Osec is not always welcomed with open arms, as Metzler-Arnold has discovered during her business trips. “Government offices or agencies that want to attract direct investments to their country are often hesitant when we introduce contacts with Swiss companies that are looking for new sales markets,” she admits. “The countries want to establish new production facilities and thus create jobs within their own borders. In these meetings we try to explain that introducing goods is often the first step to generating substantial investments further down the line.”

Becoming even better

“The promotion of Swiss exports is on a firm footing,” says Metzler-Arnold. “We have the expertise to help companies realize their potential abroad.” However, this does not mean that she does not see potential for improvement. “We do not just want to support companies in the export arena; rather we want to help them find new ways of working together, such as joint ventures and other cooperation agreements with local partners,” she says. “Our aim is also to gear the work we do more specifically to individual sectors within the countries themselves. All in all, we want to assist companies with their internationalization ambitions at an even earlier stage.”

Osec has already taken a step in this direction by setting up export platforms designed to make it easier for companies to gain access to dynamic export markets of tomorrow in the areas of cleantech, medtech and architecture, engineering and design. These platforms, which are operated alongside the existing organizations, are intended to pool Swiss offerings as well as to strengthen ties among the companies concerned and reinforce the exchange of information between them – in the ultimate aim of showcasing the innovative spirit, commitment to quality and ecological awareness of the Swiss brand.

In spite of these targeted efforts to promote Swiss trade, exporting companies are not immune to setbacks. A topical example is the strength of the Swiss franc. The Swiss currency has been appreciating in value for some time now, and the price of Swiss products abroad has increased by around 20% when converted into dollars or euro compared with two years ago.



“Companies that want to tap into new markets should never lose sight of their overriding goal. Stamina is key”

Metzler-Arnold is well aware of this currency problem: the Swiss franc hit its high just under a year ago when she took up her new position as Osec President. This makes the strategy of tapping into new export markets all the more important. “We need to assist Swiss companies in diversifying their sales structures,” she says. “If they succeed in unlocking future markets, this will reduce their dependency on Europe and the US.

Seen from this perspective, the strong Swiss franc could even be perceived as an opportunity for the Swiss export industry to speed up the process of market diversification. Provided that companies tackle the challenge head-on and have the determination and stamina to stay the course.” **CT**

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