Switzerland

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Switzerland	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering assessment Offshore Finance Centre Not on EU White list equivalent jurisdictions
Medium Risk Areas:	Compliance of OECD Global Forum's information exchange standard

Major Investment Areas:

Agriculture - products:

grains, fruits, vegetables; meat, eggs

Industries:

machinery, chemicals, watches, textiles, precision instruments, tourism, banking, and insurance

Exports - commodities:

machinery, chemicals, metals, watches, agricultural products

Exports - partners:

Germany 19.8%, US 11.1%, Italy 7.2%, France 7.1%, UK 5.4% (2012)

Imports - commodities:

machinery, chemicals, vehicles, metals; agricultural products, textiles

Imports - partners:

Germany 29.7%, Italy 10.2%, France 8.4%, US 5.6%, China 5.6%, Austria 4.2% (2012)

Investment Restrictions:

Switzerland welcomes foreign investment and accords it national treatment. Foreign investment is not hampered by significant barriers. The Swiss Federal Government adopts a relaxed attitude of benevolent noninterference towards foreign investment, allowing the 26 cantons to set major policy, and confining itself to creating and maintaining general conditions favorable to both Swiss and foreign investors.

Foreign and domestic enterprises may engage in various forms of remunerative activities and may freely establish, acquire and dispose of interests in business enterprises.

Contents

Section 1 - Background

The Swiss Confederation was founded in 1291 as a defensive alliance among three cantons. In succeeding years, other localities joined the original three. The Swiss Confederation secured its independence from the Holy Roman Empire in 1499. A constitution of 1848, subsequently modified in 1874, replaced the confederation with a centralized federal government. Switzerland's sovereignty and neutrality have long been honored by the major European powers, and the country was not involved in either of the two world wars. The political and economic integration of Europe over the past half century, as well as Switzerland's role in many UN and international organizations, has strengthened Switzerland's ties with its neighbors. However, the country did not officially become a UN member until 2002. Switzerland remains active in many UN and international organizations but retains a strong commitment to neutrality.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Switzerland is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Switzerland was undertaken by the Financial Action Task Force (FATF) in 2016. According to that Evaluation, Switzerland was deemed Compliant for 6 and Largely Compliant for 25 of the FATF 40 Recommendations.

Key Findings

Swiss authorities generally have a good understanding of the risks of ML/TF, which was furthered by the first National Risk Assessment (NRA) published in June 2015. In 2013, Switzerland set up an AML/CFT co-ordination and cooperation body to bring AML/CFT strategy and policies in line with changes in identified risks.
The Swiss financial system is exposed to a high risk of ML associated with the laundering of assets derived from offences that are mostly committed abroad. Banking, in particular private banking, is the sector most exposed to these risks. A number of important aspects specific to Switzerland, such as the use of cash or legal persons in general, including domiciliary companies, have not yet been analysed in detail with regard to the ML/TF risks to be included in the NRA. The risk of TF is more limited, but outreach is required to raise the awareness of non-profit organisations (NPOs).

The Swiss AML/CFT framework has been developed using a risk-based approach and reflects the high risk level associated with the banking sector. In general, Swiss authorities take identified risk into account in their objectives and activities.

In general, financial institutions and designated non-financial businesses and professions (DNFBPs) understand the ML/FT risks they face and their associated obligations. Overall, they apply measures commensurate with their risks, although classification of customers into inappropriate risk categories can undermine this approach. The implementation of due diligence measures with existing customers is not always satisfactory, particularly for longstanding customers of banks and asset managers classified as low risk at the beginning of the relationship, and where the source of funds was not always identified in line with current requirements.

The number of suspicious transaction reports (STR) has been steadily increasing for several years following awareness-raising campaigns for reporting entities led by the Swiss authorities. However, the number remains insufficient, and most of them are produced in response to

external information sources, usually when there is a grounded suspicion of ML/TF. FINMA needs to increase supervision and sanctions regarding compliance with the reporting requirement.
The approach to AML/CFT supervision in Switzerland generally encourages a continuous monitoring of financial institutions and DNFBPs. The authority of the Swiss Financial Market Supervisory Authority (FINMA) is recognised by self-regulatory bodies (OARs) and the institutions/professionals it supervises directly. While this means that the remedial measures imposed by FINMA are generally complied with, its sanction policy for serious violations of AML/CFT obligations remains inadequate, as does that of the OARs. Furthermore, OARs are inconsistent in the way in which they take risk into account in their supervision activities. Work should continue in order to align the supervision practices of FINMA and OARs, particularly for the highest risk sectors such as fiduciaries. The general quality of AML/CFT audits still needs to be improved, and should include more detailed controls by FINMA.

The Swiss authorities demonstrate a clear commitment to prosecute ML. Large-scale complex investigations are carried out, particularly using the high-quality intelligence provided by MROS on both a federal and cantonal level. Convictions have been obtained for all types of ML, especially in cases involving predicate offences committed abroad, which reflects the international exposure of Switzerland as a major financial centre. Assets have also been confiscated in cases where no conviction could be obtained. Investigations, prosecutions and confiscations are generally consistent with the risks identified. However, progress still needs to be made in imposing sanctions that are proportionate and sufficiently dissuasive.

The mutual legal assistance provided by Switzerland is generally satisfactory and has involved the freezing and restitution of large sums linked with international corruption, but shortcomings associated with maintaining the confidentiality of requests have been observed. MROS and FINMA work jointly with their foreign counterparts at a level that corresponds to the international nature of the Swiss financial centre. However, there are some limits to this co- operation, which affect information sharing by MROS.

Risks and General Situation

Switzerland is a major international financial centre. In 2014, total assets managed stood at CHF 6 656 billion [USD 6 742 billion / EUR 6 079 billion], half of which belonged to foreign customers. This corresponds to around 4.1% of global assets under management. The banking sector has a strong international dimension, due to both where institutions offering their services out of Switzerland come from, and the high proportion of customers domiciled abroad. Switzerland is also the global leader for cross-border private banking, with around a quarter of all global assets under cross-border management (CHF 2 377 billion).

Switzerland has committed to make protecting the integrity of the financial sector a key development aspect of its financial centre. Over the last few years, it has undertaken major initiatives to limit banking secrecy and proactively combat tax evasion. The long-term effects of these measures will encourage greater AML/CTF effectiveness.

Switzerland carried out a national ML/TF risk assessment published in June 2015 (NRA). It found that Switzerland is affected by financial crime and is attractive for laundering assets derived from offences that are mostly committed abroad. According to the report, the quality of AML/CTF measures implemented reduces vulnerability. The main threats in terms of predicate offences are fraud and breach of trust, corruption and participation in a criminal organisation. The highest risk identified was for private banking and universal banks operating internationally, independent asset managers, lawyers and notaries, fiduciaries and foreign exchange brokers. With regards to TF, the risk assessment concluded that there was a limited risk in Switzerland, and identified banks, money and value transfer services and credit services as the most exposed sectors.

US Department of State Money Laundering assessment (INCSR)

Switzerland is deemed a Jurisdiction of Primary Concern by the US Department of State International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Switzerland is a major international financial center where illicit financial activity occurs. Historically, foreign narcotics trafficking organizations, often based in Russia, the Balkans, and Eastern Europe, have dominated attempts at narcotics-related money laundering operations in Switzerland.

Switzerland has made progress in implementing KYC procedures in its financial industry, but needs to further improve oversight over actors that are vulnerable to money laundering, as well as over new players in the financial industry.

The most recent Swiss government statement of intent of June 2017 acknowledges the need to increase the scope of AML measures to all relevant actors and to strengthen the Swiss regime against criminal activity.

VULNERABILITIES AND EXPECTED TYPOLOGIES

The Swiss financial system is exposed to a high risk of money laundering associated with assets derived from offenses committed abroad. Private banking is the sector most exposed to these risks. Switzerland is a financial hub managing an estimated 25 percent of offshore global wealth from private clients. Through Switzerland's expanding network of Automatic Exchange of Information (AEoI) agreements, Switzerland will report bank accounts opened by foreigners to their country of tax domicile. AEoI compliance will aid in discouraging money laundering activities. Swiss banks and financial intermediaries stress that their compliance cultures have improved greatly in the past decade. While attempts at narcotics-related money laundering likely continue, Swiss authorities have stepped up investigations, resulting in 13 convictions in 2016 linked to criminal organizations, above the last decade's average of seven such convictions per year. Additionally, Swiss society still relies heavily on the use of cash for many large transactions.

In 2016, Switzerland implemented an improved legal framework, which requires the country's 10 free trade ports to abide by regulations imposed by their supervisory authority, the Swiss Federal Customs Administration, including more stringent KYC regulations, particularly with respect to high-value goods. Nevertheless, more consistent inspections should be carried out in free ports to ensure compliance.

Currently, the Swiss Federal Commission of Casinos supervises 22 casinos in Switzerland. While casinos are generally well regulated, there are concerns they could be used to launder money. Casinos are required to submit STRs to the Swiss Money Laundering Reporting Office (MROS), the Swiss FIU.

KEY AML LAWS AND REGULATIONS

The Federal Act on Combatting Money Laundering in the Financial Sector (AML Act) forms the legal basis for the work of the MROS. The Ordinance on the Money Laundering Reporting Office enumerates the MROS' responsibilities and its handling of financial disclosures. The MROS exchanges limited financial information related to STRs with the U.S. Treasury's FinCEN. The Swiss Federal Office of Justice has cooperated with the United States on several high-profile investigations that centered on bank account information; however, the process can be slow due to strict banking laws.

Switzerland is a member of the FATF.

AML DEFICIENCIES

The de facto absence of criminal sanctions and the low level of STRs represent weaknesses in the Swiss AML regime. In 2016, AML experts called for the Swiss Financial Market Supervisory Authority (FINMA) to prioritize checks on STR reporting and to sanction serious violations beyond merely presenting injunctions to comply with the law. FINMA and the financial sector's self-regulatory bodies (SRBs) should ensure inspections and oversight are appropriate for all financial intermediaries in relevant sectors. Overall, FINMA should exercise greater influence on SRBs.

Swiss financial intermediaries apply enhanced due diligence measures in higher risk situations, particularly those involving PEPs. However, Switzerland should increase due diligence in accordance with the AML Act for specific DNFBP sectors (such as casinos, attorneys, real estate agents, and precious metals/gem dealers), as well as increase transparency measures for sporting and other associations. Switzerland also should increase oversight in connection with precious metals and gem trades. According to experts, Swiss authorities should also increase oversight of SRBs and the verification of beneficial owners, including by regularly updating client information.

Switzerland is addressing these deficiencies through a proposed series of legal changes and by bolstering the capacity of its FIU through a staffing increase from six employees in 2011 to 33 in 2018.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Switzerland is taking steps to implement the 1988 UN Drug Convention and other agreements, as well as international AML standards.

FINMA investigates Initial Coin Offering procedures in order to evaluate to what extent they breach regulatory law.

In 2016, STRs submitted by financial intermediaries rose 23 percent from 2015. Some 71 percent of STRs were forwarded to the Cantonal and Federal prosecutors. The asset value of the STRs reached U.S. $5.4 billion (up 10.3 percent over 2015), with 15 STRs accounting for one- third of the asset value. Convictions linked to money laundering increased by 8 percent in 2016 to an all-time high of 337.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Switzerland does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Switzerland is not on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Switzerland is considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2011 (introduction):

Switzerland is both a consumer market and transit route for illicit narcotics, but it is not a significant producer of illicit drugs. Federal Police believe that the majority of drug smugglers are legal and illegal immigrants, belonging to Swiss-based foreign criminal networks from Africa and the Balkans. The Swiss public continues its strong support for the government's four-pillar counternarcotics policy of preventive education, treatment, harm reduction, and law enforcement.

In a country of approximately 7.7 million people, about half a million Swiss residents are thought to use cannabis at least occasionally. Roughly 30,000 people are addicted to heroin and/or cocaine, and more than 7 percent of the population uses a narcotic substance regularly. The latest estimates in 2007 show that 1.8 percent of the Swiss population above the age of 15 has consumed ecstasy at least once. Around 2.8 percent has used cocaine and, 0.7 percent has had experience with heroin. Cannabis, cocaine, and heroin still remain popular among drug addicts. Swiss police suggest that cocaine consumption is on the rise and remains the second most consumed drug following cannabis. Young drug addicts between 18-24 years of age are the largest users of amphetamines, LSD and ecstasy. Police are also concerned about the continuing trend by casual users to mix cannabis with other drugs.

A zero tolerance law against driving while under the influence of drugs (cannabis, heroin, cocaine, ecstasy) entered into effect on January 1, 2005. Currently, there is a broad consensus among political parties that there should be no legalization of narcotics. Switzerland is a party to the 1988 UN Drug Convention.

US State Dept Trafficking in Persons Report 2016 (introduction):

Switzerland is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Switzerland is primarily a destination and, to a lesser extent, a transit country for women and children subjected to sex trafficking and men, women, and children subjected to forced labor, including forced begging and criminal activities. Trafficking victims originate primarily from Central and Eastern Europe—particularly Romania, Hungary, and Bulgaria—although victims also come from Brazil, Cameroon, China, the Dominican Republic, Nigeria, and Thailand. Forced labor exists in the domestic service sector and in agriculture, catering, construction, and tourism. During the reporting period, Thai transgender individuals were subjected to sex trafficking within the country.

The Government of Switzerland fully meets the minimum standards for the elimination of trafficking. During the reporting period, the government co-hosted several awareness campaigns, provided training to law enforcement officials, allocated 400,000 Swiss francs ($417,000) in funding to NGOs, and a government-supported NGO assisted the most trafficking cases in its history. Authorities also continued to prosecute and convict sex traffickers, although law enforcement action did not focus as heavily on labor trafficking and many convicted traffickers did not receive prison sentences commensurate with the crime committed. Officials did not consistently identify and protect victims among vulnerable populations, particularly asylum applicants and victims of labor trafficking. NGOs said that some victims were occasionally penalized for actions committed as a direct result of being subjected to human trafficking. This, however, occurred prior to their identification as victims. The government did not finalize a new national action plan during the reporting period.

Latest US State Dept Terrorism Report - 2009

The United States worked closely with the Swiss government, the Swiss Bankers' Association, the Swiss Interagency Counterterrorism Task Force, and cantonal law enforcement authorities on counterterrorism issues. Swiss security services continued to monitor activities of terrorist groups with a presence in Switzerland and to coordinate with appropriate U.S. government officials, though the scope of the coordination is limited. Swiss law severely restricts the level of information- sharing possible on banking issues.

On February 1, the Government of Switzerland implemented a bill incorporating recommendations of the Financial Action Task Force (FATF). The legislation extended the scope of the federal law concerning the fight against money laundering in the financial sector to the fight against terrorist financing.

In 2008, the Government of Switzerland extended for the second time its ban against al-Qa'ida (AQ) and its associate organizations for three years. The ban includes not only all activities by the organization itself, but also all activities in support of the organization. Approximately US$ 17 million in AQ and Taliban assets in 25 separate bank accounts remained frozen.

The Swiss government maintained a list of individuals and organizations connected with international terrorism or terrorist financing, in accordance with UN lists. On October 13, Switzerland and other countries co-sponsored a UN workshop in Vienna to improve domestic and global efforts to prevent terrorism. National representatives from more than 100 UN Member States, as well as counterterrorism experts from regional and international organizations took part in this two-day event. They also exchanged information on national experiences, challenges, and lessons learned in order to more effectively link national and global counterterrorism efforts.

Swiss authorities have thus far blocked about 48 accounts totaling approximately US$ 20.6 million from individuals or companies linked to individuals or entities listed pursuant to relevant UN resolutions. The Swiss Attorney General also separately froze 21 accounts representing about approximately US$ 20.5 million on the grounds that they were related to terrorist financing.

Counterterrorism activities were carried out by several police units: The Federal Criminal Police's Counterterrorism Division focused on AQ-related cases and employed approximately 20 investigators within two operational units. Of the 130 employees who worked in the Department for Analysis and Prevention in the Federal Office for Police, approximately 12 concentrated on counterterrorism matters, in addition to the roughly 85 cantonal officers focusing on counterterrorism activities.

The Swiss government does not compile lists of prohibited organizations. The sole recent exception has been AQ, which is banned on the basis of UN Security Council decisions. However, terrorism and membership in a terrorist organization are illegal and subject to criminal penalties.[7] Due in part to increased counterterrorism activities in neighboring EU countries, several terrorist organizations, including the Liberation Tigers of Tamil Eelam, the Kurdistan Workers' Party, and the Revolutionary Armed Forces of Colombia, had a presence in Switzerland. Switzerland does not extradite persons based solely on their membership in a terrorist organization.

In May, the Swiss government announced it would take part in an IMF project aimed at providing technical assistance for developing countries in the global fight against money laundering and terrorist financing.

On September 7-8, the United States and Swiss governments co- hosted an International Bioterrorism Response Coordination Exercise (called "Black ICE II") in Montreux. This two-day exercise was an opportunity for officials from numerous international and regional organizations and national governments to examine the critical cooperation and coordination issues that would be necessary to respond to an international bioterrorism attack. Black ICE II built on the lessons learned through the original Black ICE I exercise, also held in Montreux, in September 2006.

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	85
World Governance Indicator – Control of Corruption	96

Corruption does not impede business in Switzerland. Interactions with public officials are transparent, and corruption is not common to any particular public sector. Bribery in the private sector is a concern given the large number of business headquarters in the country and the importance of financial institutions. The Swiss Criminal Code criminalises active and passive bribery and the bribery of foreign public officials, while bribery in the private sector is criminalised under the Unfair Competition Act. A company can be criminally prosecuted and ordered to pay a fine of up to CHF 5 million for acts of corruption committed by individuals working on its behalf. Although the notion of facilitation payments does not exist in Swiss anti-bribery laws, authorities have clarified that they are considered illegal under most circumstances. Gifts and hospitality can be considered illegal depending on the value, intent and benefit obtained. **Information provided by GAN Integrity.**

US State Department

Switzerland ratified the UN Anticorruption Convention on September 24, 2009 and signed the OECD Anti-Bribery Convention in 1997. It entered into force on May 1, 2000.

Switzerland has an effective legal and policy framework to combat domestic corruption. Laws are enforced effectively. US firms investing in Switzerland have not complained of corruption to the Embassy in recent years. Corruption is reportedly not pervasive in any area or sector of the Swiss economy. Switzerland maintains effective investigative and enforcement procedures to combat domestic corruption. The giving or accepting of bribes in Switzerland is subject to criminal and civil penalties, including imprisonment up to five years.

In February 2001, Switzerland signed the Council of Europe's Criminal Law Convention on Corruption and in December 2003 it signed the UN Convention against Corruption. In order to implement the Convention, the Parliament amended the Penal Code to make bribery of foreign public officials an offense (Title Nineteen "Bribery", Articles). These amendments entered into force on May 1, 2000. In accordance with the revised 1997 OECD Anti-Bribery Convention, Parliament amended the legislation on direct taxes of the Confederation, cantons and townships so as to prohibit the tax deductibility of bribes. These amendments became effective on January 1, 2001.

Under Swiss law, officials are urged not to accept anything that would "challenge their independence and capacity to act." According to the law, the range of permissible receipt of “individual advantages” is a sliding scale, depending on the role of the official. Some officials may receive no advantages at all (e.g., those working for financial regulators) to several hundred Swiss Francs. The upper-limit value of presents such as bottles of champagne and watches is a grey area that varies according to department and canton. Transparency International believes a maximum sum valid at the federal level should be fixed. Some multinationals have assisted with the fight against corruption by setting up internal hotlines to enable staff to report problems anonymously.

The law provides criminal penalties for official corruption, and the government generally implements these laws effectively. Investigating and prosecuting government corruption is a federal responsibility. A majority of cantons also require members of cantonal parliaments to disclose their interests. A joint working group comprising representatives of various federal government agencies works under the leadership of the Federal Department of Foreign Affairs to combat corruption.

Switzerland ratified the Council of Europe's Criminal Law Convention on Corruption on July 1, 2006. Switzerland's penal code was amended so that foreign diplomatic staff and members of international organizations can be brought to court if they accept bribes.

On September 24, 2009, Switzerland ratified the United Nations Convention against Corruption. Government experts believe this ratification will not result in significant changes since passive and active corruption of public servants is already considered a crime under the Swiss Criminal Code (Art. 322).

In October 2013, the Group of States against Corruption (GRECO, Council of Europe) welcomed Switzerland's efforts in its Third Evaluation Round - Compliancy Report. However, GRECO concluded "that the current low level of compliance with the recommendations is 'globally unsatisfactory' with the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure." Areas which needed particular attention were transparency of party funding, criminalization of trading in influence, and the dual criminality requirement, for which Switzerland wishes to maintain its reservations and declarations on the relevant articles in the Criminal Law Convention on Corruption.

A number of federal administrative authorities are involved in combating bribery. The State Secretariat for Economic Affairs deals with issues relating to the OECD Convention, the Federal Office of Justice with those relating to the Council of Europe Convention, and the Department of Foreign Affairs with the UN Convention. The power to prosecute and judge corruption offenses is shared between the cantons and the Confederation. For the Confederation, the competent authorities are the Office of the Attorney General, the Federal Criminal Court and the Federal Police ("Fedpol"). In the cantons, the relevant actors are the cantonal judicial authorities and the cantonal police forces.

Corruption and Government Transparency - Report by Global Security

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Switzerland signed the OECD Anti-Bribery Convention in 1997 and it entered into force in the country on May 1, 2000. In February 2001, Switzerland signed the Council of Europe's Criminal Law Convention on Corruption and in December 2003 it signed the UN Convention against Corruption. In order to implement the Convention, the Parliament amended the Penal Code to make bribery of foreign public officials an offense (Title Nineteen "Bribery", Articles). The amendments entered into force on May 1, 2000. In accordance with the revised 1997 recommendation, Parliament amended the legislation on direct taxes of the Confederation, cantons and townships so as to prohibit the tax deductibility of bribes. The amendment of the Tax Code became effective on January 1, 2001.

Under Swiss law, Staff members are urged not to accept anything that would "challenge their independence and capacity to act." According to the law, the range of the possibility to receive “individual advantages” reaches from no advantages at all (i.e. Financial Market Authority) to several hundred Swiss Francs. The upper-limit value of presents such as bottles of champagne and watches is a grey area that poses a problem because it varies according to department and canton. Transparency International believes a maximum sum valid at the federal level should be fixed. Some multinationals have assisted with the fight against corruption by setting up internal hotlines to enable staff to report problems anonymously.

The law provides criminal penalties for official corruption, and the government generally implements these laws effectively. Investigating and prosecuting government corruption is a federal responsibility. A majority of cantons also require members of cantonal parliament to disclose their interests. A joint working group comprising representatives of various federal government agencies works under the leadership of the Federal Department of Foreign Affairs to combat corruption.

Corruption is generally regarded to have decreased in the public sector over time. After several visa abuses in 2005 and 2006 in Swiss consulates abroad, a government audit highlighted 33 embassies and consulates with potential problems. The problematic cases identified occurred in Morocco, Turkey, Peru, Russia, Oman, Nigeria, Serbia, Macedonia and the Democratic Republic of Congo. The Swiss Federal Foreign Affairs Department also confirmed around 100 cases of visa fraud at the Swiss Embassy in Pakistan.

In January 2012, the head of the Swiss central bank stepped down, accused of having benefited from inappropriate currency trading due to insider knowledge of central bank activities. This episode has led for calls for stricter regulations of the private activities of members of the Swiss central bank.

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On September 24, 2009, Switzerland ratified the United Nations Convention against Corruption. Government experts believe this ratification will not result in significant changes since passive and active corruption of public servants is already considered a crime under the Swiss Criminal Code (Art. 322).

In June 2008, the Group of States against Corruption (GRECO, Council of Europe) welcomed Switzerland's efforts. Switzerland is among the top ten European countries in effectiveness for fighting corruption. For its first evaluation of Switzerland, the GRECO expressed satisfaction with the 2000 and 2006 revisions to the criminal law on corruption. The implementation of the criminal responsibility of the person (2003) was well perceived, as was the prohibition on tax breaks on bribes (2001). GRECO also recommended that Switzerland consider the introduction of additional penalties and examine the possibility of a criminal record for legal persons previously convicted. However, some of these recommendations were not taken into account in current version of the law of public procurement (in force since July 1, 2010). The draft federal law on public procurement's plans to exclude from public bids any company previously sentenced for corruption was not included in the final version. Nevertheless, in March 2010, in the Joint First and Second Evaluation rounds, GRECO stated that Switzerland had implemented almost all recommendations.

The full GRECO report is available online on:
http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoRC1&2(2009)2_Switzerland_EN.pdf

An announced change of the Swiss Obligation Code in 2009 to ensure better protection for "whistle-blowers" against unfair dismissals by an employer has not been realized. Currently, employees who report wrongdoing in the workplace can be fired although they may receive compensation up to 12 months of salary. The Federal Law on Federal Personnel obliges government staff to report wrongdoings. In the draft Federal Law on the Organization of Federal Criminal Authorities, the Swiss government proposes a new article requiring employees to report any crimes or offenses. The cantons remain however competent to resolve the whistleblower issues of their cantonal employees.

Members of parliament must also disclose their interests, professional activities, supervisory board or executive body memberships, and expert or consulting activities every year.

A number of federal administrative authorities are involved in combating bribery. The State Secretariat for Economic Affairs deals with issues relating to the OECD Convention, the Federal Office of Justice with those relating to the Council of Europe Convention, and the Department of Foreign Affairs with the UN Convention. The power to prosecute and judge corruption offenses is shared between the cantons and the Confederation. For the Confederation, the competent authorities are the Office of the Attorney General, the Federal Criminal Court and the Federal Police ("Fedpol"). In the cantons, the relevant actors are the cantonal judicial authorities and the cantonal police forces.

Section 3 - Economy

Switzerland, a country that espouses neutrality, is a prosperous and modern market economy with low unemployment, a highly skilled labour force, and a per capita GDP among the highest in the world. Switzerland's economy benefits from a highly developed service sector, led by financial services, and a manufacturing industry that specializes in high-technology, knowledge-based production. Its economic and political stability, transparent legal system, exceptional infrastructure, efficient capital markets, and low corporate tax rates also make Switzerland one of the world's most competitive economies.

The Swiss have brought their economic practices largely into conformity with the EU's to enhance their international competitiveness, but some trade protectionism remains, particularly for its small agricultural sector. The fate of the Swiss economy is tightly linked to that of its neighbours in the euro zone, which purchases half of Swiss exports. The global financial crisis of 2008 and resulting economic downturn in 2009 stalled demand for Swiss exports and put Switzerland into a recession. During this period, the Swiss National Bank (SNB) implemented a zero-interest rate policy to boost the economy, as well as to prevent appreciation of the franc, and Switzerland's economy began to recover in 2010.

The sovereign debt crises unfolding in neighbouring euro-zone countries, however, coupled with ongoing economic instability in Russia and other eastern European economies continue to pose a significant risk to the Swiss economy, driving up demand for the Swiss franc by investors seeking a safe-haven currency. In January 2015, the SNB abandoned the Swiss franc’s peg to the euro, roiling global currency markets and making active SNB intervention a necessary hallmark of present-day Swiss monetary policy. The independent SNB has upheld its zero interest rate policy and conducted major market interventions to prevent further appreciation of the Swiss franc, but parliamentarians have urged it to do more to weaken the currency. The franc's strength has made Swiss exports less competitive and weakened the country's growth outlook; GDP growth fell below 2% per year from 2011-15.

In recent years, Switzerland has responded to increasing pressure from neighbouring countries and trading partners to reform its banking secrecy laws, by agreeing to conform to OECD regulations on administrative assistance in tax matters, including tax evasion. The Swiss government has also renegotiated its double taxation agreements with numerous countries, including the US, to incorporate OECD standards, and is openly considering the possibility of imposing taxes on bank deposits held by foreigners.

Agriculture - products:

grains, fruits, vegetables; meat, eggs

Industries:

machinery, chemicals, watches, textiles, precision instruments, tourism, banking, insurance

Exports - commodities:

machinery, chemicals, metals, watches, agricultural products

Exports - partners:

Germany 14.2%, US 10.6%, Hong Kong 8.7%, India 7.3%, China 6.9%, France 6.1%, Italy 5.4%, UK 4.8% (2015)

Imports - commodities:

machinery, chemicals, vehicles, metals; agricultural products, textiles

Imports - partners:

Germany 20.7%, UK 12.8%, US 8.1%, Italy 7.8%, France 6.7%, China 5.1% (2015)

Banking

Switzerland is one of the world's foremost banking and financial centers with 325 bank headquarters at the end of 2009. The banking network is highly developed, and Swiss banks are among the world's leaders in specialized fields such as private banking and asset management. The total assets of the Swiss banking system at the end of 2009 amounted to USD 5.38 trillion (Swiss francs 5.6 trillion). The physical presence of U.S. and other foreign entities in Switzerland is vital to successful financial service trade and continues to play an important role in the competitiveness of financial services. Banking in Switzerland is extremely diverse. Although it is based on the principle of universal banking, several bank groups are now fully or partially specialized.

Established in 1907, the Swiss National Bank (SNB) has executive offices in Bern and Zurich and branch offices in six other cities. More than one-half of its share capital is held by the cantons, the cantonal banks and other public bodies; Swiss citizens own the remaining shares. Although the Federal Government is not a shareholder, it has statutory power to appoint the majority of the Bank Council members as well as the three members of the Governing Board and their deputies. As the SNB fulfills a public task, it is administered with the cooperation and under supervision of the Confederation.

The SNB conducts the country‘s monetary policy as an independent central bank. Its primary goal is to ensure price stability, while taking due account of economic developments. It determines and implements monetary and credit policy, has the exclusive right to issue or withdraw bank notes and coins, and serves as a clearing-house for inter-bank transfers. Furthermore, it has an arrangement with the Principality of Liechtenstein to permit the use of the Swiss Franc as the country‘s currency, and the SNB clears Liechtenstein‘s transactions.

The SNB Bank Council oversees and controls the conduct of business. It consists of 11 members. The Federal Council (Switzerland‘s executive body of 7 ministers, including Switzerland is one of the world's foremost banking and financial centers with 325 bank headquarters at the end of 2009. The banking network is highly developed, and Swiss banks are among the world's leaders in specialized fields such as private banking and asset management. The total assets of the Swiss banking system at the end of 2009 amounted to USD 5.38 trillion (Swiss francs 5.6 trillion). The physical presence of U.S. and other foreign entities in Switzerland is vital to successful financial service trade and continues to play an important role in the competitiveness of financial services. Banking in Switzerland is extremely diverse. Although it is based on the principle of universal banking, several bank groups are now fully or partially specialized.

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Stock Exchange

SIX Group was formed at the beginning of 2008 by the merger of SWX Group, SIS Group and Telekurs Group. As one of Europe's leading securities exchange and financial market infrastructure operators, SIX Group offers first-rate services that address all aspects of Swiss and cross boarder securities trading as well as the admission of securities to trading.

Section 4 - Investment Climate

Executive Summary

The Swiss Federal Government has a laissez-faire attitude towards foreign investment, allowing Switzerland's 26 cantons (i.e. states) to largely shape the country's investment policies. This federal approach to governance has helped the Swiss maintain long-term economic and political stability, a transparent legal system, an extensive and reliable infrastructure, efficient capital markets and an excellent quality of life for the country's 8 million inhabitants. Many U.S. firms base their European or regional headquarters in Switzerland, drawn to the country's low corporate tax rates, productive and multilingual work force, and famously well maintained infrastructure and transportation networks. In 2015, the World Economic Forum once again rated Switzerland the world's most competitive economy – the country's seventh consecutive #1 ranking. That high ranking not only reflects the country's sound institutional environment, but also Switzerland's ubiquitously high levels of technological and scientific research and investment.

With very few exceptions, Switzerland welcomes foreign investment, accords it national treatment, and does not impose, facilitate, or allow barriers to trade. According to the OECD, Swiss general public administration ranks #1 globally in output efficiency, while Switzerland's public administration enjoys the highest public confidence of any national government in the OECD. Switzerland's judiciary system is equally effective and efficient, posting the shortest trial length of any of the OECD's 34 member countries.

Many of Switzerland's cantons make significant use of financial incentives to attract investment to their jurisdictions. Some of the more aggressive cantons have occasionally waived taxes for new firms for up to ten years; however, this practice has been criticized by the European Union and is consequently likely to be phased out between 2018 and 2020. Individual income tax rates vary widely across Switzerland's 26 cantons. Corporate taxes also vary depending upon the country's many different tax incentives. Zurich, which is sometimes used as a reference point for corporate location tax calculations within Switzerland, has a rate of around 25%, which includes municipal, cantonal, and federal tax.

Some formerly public Swiss monopolies continue to retain market dominance despite partial or full privatization. As a result, foreign investors sometimes find it difficult to enter these markets. Additionally, the OECD ranks Switzerland's educational, healthcare and agriculture costs and subsidies as high when rated against output. The Swiss agricultural sector remains one of the best protected and heavily subsidized markets in the world. Despite heavy government support (direct payments comprise two thirds of an average farm income), Switzerland's agricultural sector has the second lowest productivity among OECD members.

Switzerland is one of four members (together with Iceland, Liechtenstein, and Norway) of the European Free Trade Association (EFTA), an intergovernmental trade organization and a free trade area that operates in parallel with the European Union (EU) and participates in the EU's single market. With one million EU citizens living in Switzerland, 400,000 Swiss citizens living in the EU, and the EU accounting for the majority of Switzerland's trade, the EU remains a critically important relationship for the Swiss. The Swiss public's approval of a February 9, 2014 public referendum restricting immigration into Switzerland has, however, deeply strained current relations with the EU. While not a member of the EU, Switzerland remains politically bound to the European Union through its EFTA relationship, membership in the Schengen Area, and a series of more than 120 bilateral treaties. A "guillotine clause" in Switzerland's many agreements with the EU stipulates that if one agreement is terminated or compromised, such as the free movement of people conditions in the Schengen Agreement, then the entire body of bilateral treaties will be null and void.

The implementation of the constitutionally binding February 9th, 2014 referendum on immigration restriction – which is set to enter into force by 2017 -- could therefore have enormous economic implications for Switzerland, particularly if it is implemented in violation of the Free Movement of Persons agreement. The Swiss government is currently in discussions with the EU on resolving this matter, with very little indication of a solution to date.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	7 of 167	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	26 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	1 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014	USD 224 billion	U.S. Bureau of Economic Analysis
World Bank GNI per capita	2013	USD 90,760	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

With the exception of a heavily protected agricultural sector, foreign investment into Switzerland is generally not hampered by significant barriers, with no discrimination against foreign investors or foreign-owned investments being reported. Incidents of trade discrimination do exist, for example with regards to the importation of luxury low-volume vehicles and carbon dioxide targets.

Other Investment Policy Reviews

The World Trade Organization (WTO) published a Trade Policy Review of Switzerland and Liechtenstein in August 2013 that includes investment information. Other reports containing elements referring to the investment climate in Switzerland include the OECD Economic Survey of November 2015.

Link to the OECD reports / papers:
http://www.oecd-ilibrary.org/economics/oecd-economic-surveys-switzerland-2015_eco_surveys-che-2015-en

Link to the WTO report:
https://www.wto.org/english/tratop_e/tpr_e/g280_e.pdf

Laws/Regulations on Foreign Direct Investment

The major laws governing foreign investment in Switzerland are the Swiss Code of Obligations, the Lex Friedrich/Koller, Switzerland's Securities Law, and the Cartel Law. There is no screening of foreign investment beyond a normal anti-trust review. There are few sectoral or geographic preferences or restrictions. Several exceptions are described below in the section on performance requirements and incentives.

Some former public monopolies retain their historical market dominance despite partial or full privatization. Foreign investors sometimes find it difficult to enter these markets due to high entry costs and the relatively small size of the Swiss market.

There is no pronounced interference in the court system that should affect foreign investors.

Useful websites:

The Swiss Code of Obligations including an unofficial English translation:
https://www.admin.ch/opc/de/classified-compilation/19110009/index.html

Information on the acquisition of property in Switzerland by persons abroad:
https://www.bj.admin.ch/dam/data/bj/wirtschaft/grundstueckerwerb/lex-e.pdf

Unofficial English translation of the Federal Act on Stock Exchanges and Securities Trading:
http://www.six-swiss-exchange.com/download/participants/participation/education/sesta-stock-exchange-act-en.pdf

The Federal Act on Cartels and other Restraints of Competition including an unofficial English translation:
https://www.admin.ch/opc/en/classified-compilation/19950278/index.html

Business Registration

Switzerland has a dual system for granting work permits and allowing foreigners to create their own companies in Switzerland. Employees from the EU/EFTA area can benefit from the Free Movement of Persons Agreement. Entrepreneurs from third states who are not citizens of an EU/EFTA country and want to become self-employed in Switzerland have to meet Swiss labor market requirements. The criteria for admittance are contained in the Federal Act on Foreign Nationals (FNA), the Decree on Admittance, Residence and Employment (VZAE) and the provisions of the FNA and the VZAE

Unofficial translation of the Federal Act on Foreign Nationals (FNA):
https://www.admin.ch/opc/en/classified-compilation/20020232/index.html

Decree on Admittance, Residence and Employment (VZAE), not available in English:
https://www.admin.ch/opc/de/classified-compilation/20070993/index.html

Provisions of the FNA and the VZAE (not available in English): http://www.ejpd.admin.ch/dam/data/bfm/rechtsgrundlagen/weisungen/auslaender/weisungen-aug-d.pdf

Once preliminary questions regarding the nationality of a company's founder or employees have been addressed, company registration is outlined on https://www.ch.ch/en/becoming-self-employed/

Depending on where you want to set up your company in Switzerland, you have to register at a regional Commercial Registry. The cost for registering a company through this process is typically $1,100 - $15,000, depending on the type of company being registered. These costs mainly cover the Public Notary and entry into the Commercial Registry.

Other steps/procedures for the registration include 1) place the paid-in capital in an escrow account with a bank, 2) draft articles of association in the presence of a notary public, 3) file a deed certifying the articles of association to the local commercial register to obtain a legal entity registration, 4) pay the stamp tax at a post office or bank after receiving an assessment by mail, 5) register for VAT and 6) enroll employees in the social insurance system (federal and cantonal authorities).

The World Bank Doing Business Report ranks Switzerland 69th in starting a business, as the process in Switzerland involves six steps, a duration of 10 days to set up a company, and relatively high capital requirements.

Switzerland defines small companies as those having less than 49 employees, and medium-sized companies as those having 50 to 249 employees, and large companies as those with more than 250 employees.

Switzerland Global Enterprise (SGE) has a nationwide mandate to attract foreign business to Switzerland. Larger regional offices include the Greater Geneva Berne area (that covers large parts of Western Switzerland), the Greater Zurich area, and the Basel area. The different districts usually have an office dedicated exclusively to business promotion, helping facilitate real estate location, beneficial tax arrangements, and employee recruitment plans. There is no minimum threshold in terms of the number of jobs created or investment for foreign companies to qualify to receive help in getting established in Switzerland. Nevertheless, Swiss promotion offices generally focus on attracting medium-sized entities (creating between 50 and 249 jobs in their region).

References:

Micro companies (less than 10 persons) and other companies can get support for the creation of a company: https://www.startbiz.ch/en/home.html

Switzerland Global Enterprise plays a role in connecting the companies with their potential host regions: http://www.s-ge.com/global/about/en/content/investment-promotion

Some of the larger promotion offices are:

Greater Geneva Bern Area: http://ggba-switzerland.ch/

Greater Zurich Area: https://www.greaterzuricharea.com

Basel Area: http://www.baselarea.ch/

Industrial Promotion

Various Swiss promotion efforts focus on job creation in manufacturing and services. Industrial promotion is uniform and generally effective throughout the country, with a number of effective global industry clusters taking root in med-tech, pharma, precision tools, banking, finance, and light manufacturing.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic enterprises may engage in various forms of remunerative activities in Switzerland and may freely establish, acquire and dispose of interests in business enterprises in Switzerland. There are, however, some investment restrictions in areas under state monopolies, including certain rail transport services, some postal services, and certain insurance services and commercial activities (e.g. trade in salt). Restrictions (in the form of domicile requirements) also exist in air and maritime transport, hydroelectric and nuclear power, operation of oil and gas pipelines, and the transportation of explosive materials. Additionally, the following legal restrictions apply within Switzerland:

Corporate boards: There are no laws authorizing private firms to limit or prohibit foreign investment or participation. The board of directors of a company registered in Switzerland must consist of a majority of Swiss citizens residing in Switzerland; at least one member of the board of directors that is authorized to represent the company (i.e., to sign legal documents) must be domiciled in Switzerland. If the board of directors consists of a single person, this person must have Swiss citizenship and be domiciled in Switzerland. Foreign controlled companies usually meet these requirements by nominating Swiss directors who hold shares and perform functions on a fiduciary basis. Mitigating these requirements is the fact that the manager of a company need not be a Swiss citizen and company shares can be controlled by foreigners (except for banks). The establishment of a commercial presence by persons or enterprises without legal status under Swiss law requires an establishment authorization, according to cantonal law. The aforementioned requirements do not generally pose a major hardship or impediment for U.S. investors.

Hostile takeovers: Swiss corporate shares can be issued both as registered shares (in the name of the holder) or bearer shares. Provided the shares are not listed on a stock exchange, Swiss companies may, in their articles of incorporation, impose certain restrictions on the transfer of registered shares to prevent hostile takeovers by foreign or domestic companies (article 685a of the Code of Obligations). Hostile takeovers can also be annulled by public companies; however, legislation introduced in 1992 made this practice more difficult. Public companies must now cite in their statutes significant justification (relevant to the survival, conduct, and purpose of their business) to prevent or hinder a takeover by a foreign entity. Furthermore, public corporations may limit the number of registered shares that can be held by any shareholder to a percentage of the issued registered stock. In practice, many corporations limit the number of shares to 2-5% of the relevant stock. Under the public takeover provisions of the Stock Exchange and Securities Law (1997), a formal notification is required when an investor purchases more than 3% of a Swiss company's shares. An "opt-out" clause is available for firms which do not want to be taken over by a hostile bidder, but such opt-outs must be approved by a super-majority of shareholders and must take place well in advance of any takeover attempt (i.e., any takeover already launched).

Banking: Those wishing to establish banking operations in Switzerland must obtain prior approval from the Swiss Financial Market Supervisory Authority (FINMA). The Swiss Federal Banking Commission, the Federal Office of Private Insurance, and the Anti-Money Laundering Control Authority were merged in January 2009 to form FINMA. This body aims to promote confidence in financial markets and protect customers, creditors, and investors. FINMA approval of bank operations is generally granted if the following conditions are met: reciprocity on the part of the foreign state; the foreign bank's name must not give the impression that the bank is Swiss; the bank must adhere to Swiss monetary and credit policy; and a majority of the bank's management must have their permanent residence in Switzerland. Otherwise, foreign banks are subject to the same regulatory requirements as domestic banks.

Banks organized under Swiss law have to inform FINMA before they open a branch, subsidiary or representation abroad. Foreign or domestic investors have to inform FINMA before acquiring or disposing of a qualified majority of shares of a bank organized under Swiss law. In case of exceptional temporary capital outflows threatening Swiss monetary policy, the Swiss National Bank may force other institutions to seek approval before selling foreign bonds or other financial instruments. On December 20, 2008 government protection of current accounts held in Swiss banks was raised from CHF 30,000 to CHF 100,000.

Insurance: A federal ordinance requires the placement of all risks physically situated in Switzerland with companies located in the country. Therefore, it is necessary for foreign insurers wishing to provide liability coverage in Switzerland to establish a subsidiary or branch there.

U.S. investors have not identified any specific restrictions that create market access challenges for foreign investors.

Privatization Program

Switzerland has no current plans to privatize any of its state-owned enterprises.

Screening of FDI

Foreign investments are subject to review by the Federal Competition Commission if the value of the investing firm's sales reaches a certain worldwide or Swiss-market threshold. An investment or joint venture by a foreign firm can be canceled on the grounds of competition policy, although there is no evidence that regulators have applied these rules in a discriminatory manner. With the exception of natural monopolies (rail, utilities, etc.), Switzerland maintains non-discriminatory competition between foreign and domestic commercial entities.

Competition Law

The Swiss Federal Competition Commission initiates investigations against entities suspected of damaging competition and issues decisions after an analysis of economic competitiveness in the sector. Price Controls are part of the Swiss Ministry of Economy, Education and Research. Price Controllers can suggest price modifications in the areas of radio, television, the federal railway system, postal services, water, waste removal, and the medical sector.

Legislation on competition within Switzerland has not changed substantially since 2004. Four main laws continue to regulate competition: the Federal Law on cartels and other impediments to competition of October 6, 1995 (Cartels Law, LCart, RS 251), amended in 2004; the Federal Law against unfair competition of October 22, 1992 (LCD, LR 24), amended in 2002; the Federal Law on the internal market of October 6, 1995 (LMI, RS 943.02), amended in 2006; and the Law on price surveillance of December 20, 1985 (LSPr).

2. Conversion and Transfer Policies

Foreign Exchange

On January 15, 2015 Switzerland's National Bank (SNB) made the remarkable and largely unanticipated move of abandoning the Swiss Franc's 1.20 Euro peg, roiling global currency markets. In the wake of the SNB's announcement, the Swiss Franc dramatically increased in value by over 30 percent against the Euro, before settling to an 8 percent appreciation at 1.0 Euro:1.10 CHF. The Swiss Franc currently trades around parity with the dollar, with one Swiss Franc equaling 1.01 USD (03/15/2016). The strength of the Swiss Franc has not only lowered import prices in Switzerland, but has it also deeply eroded Swiss export competitiveness, introducing volatility risk into the previously stable Swiss market.

Remittance Policies

There are currently no restrictions on converting, repatriating, or transferring funds associated with an investment (including remittances of capital, earnings, loan repayments, lease payments, royalties) into a freely usable currency and at the a legal market clearing rate

3. Expropriation and Compensation

There are no known cases of expropriation within Switzerland.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Switzerland has a civil legal system divided into public and private law. Public law governs the organization of the State, as well as the relationships between the State and private individuals (or other entities such as companies). Constitutional law, administrative law, tax law, criminal law, criminal procedure, public international law, civil procedure, debt enforcement, and bankruptcy law are sub-divisions of public law.

Private law governs the relationship between individuals. Swiss civil law is mainly contained in the Swiss Civil Code (which governs the status of individuals, family law, inheritance law, and property law) and in the Swiss Code of Obligations (which governs contracts, torts, commercial law, company law, law of checks and other payment instruments). Intellectual property law (copyright, patents, trademarks, etc.) are also areas of private law. Labor is governed by both private and public law.

Judiciary organization differs from canton to canton. In smaller cantons, only one court may exist, but larger cantons may have many more. All the cantons have established a high court, but only four cantons (Zurich, Bern, St. Gallen and Aargau) have a specialized commercial court that is part of the high court. There are no specialized courts on matters related exclusively to intellectual property rights. Verdicts of the cantonal high courts can be appealed to the Swiss Supreme Court. The court system is independent, competent and fair.

Switzerland is also a participant in a number of bilateral and multilateral treaties governing the recognition and enforcement of foreign judgments. A multilateral treaty (the Lugano Convention) tying Switzerland to European legal conventions entered into force in 2011, replacing an older legal framework with the same name. A set of bilateral treaties are also in place to handle judgments of specific foreign courts. There is no such agreement in place between the U.S. and Switzerland, although Switzerland operates under the New York Convention on Recognition and Enforcement of Foreign Arbitral Law, meaning local courts must enforce international arbitration awards under certain circumstances.

Bankruptcy

The World Bank's "Doing Business" survey ranks Switzerland 44th out of 189 countries in resolving insolvency. The average time to close a business in Switzerland is three years (as opposed to 1.7 years across the OECD), with an average of 47.6 cents on the dollar recovered by claimants from insolvent firms (as opposed to 70.6 cents OECD average).

The Swiss Federal Statute on Private International Law (PILS, articles 166-175, in force since January 1, 1989) governs Swiss recognition of foreign insolvency proceedings, including bankruptcies, foreign compositions, and arrangements. Swiss law requires reciprocity for recognition of foreign insolvency.

Investment Disputes

No investment disputes have been recorded involving U.S. or foreign entities in Switzerland in the past 10 years.

International Arbitration

The Chambers of Commerce and Industry of Basel, Bern, Geneva, Lausanne, Lugano, Neuchâtel and Zurich have also established the Swiss Chambers' Arbitration Institution, which offers dispute resolution based on Swiss Rules of International Arbitration and Swiss Rules of Commercial Mediation. According to the Swiss Chambers' Arbitration Institution, 104 cases were submitted in 2014, all of which were related to the purchase and sale of goods. Ninety-seven of these cases were accepted under Swiss rules; 23% of the cases were Swiss, 51% were Western European, 4% were from North America.

ICSID Convention and New York Convention

Switzerland has been a member of the International Center for Settlement of Investment Disputes (ICSID) since June 14 1968 and a member of the New York Convention on Recognition and Enforcement of Foreign Arbitral Law since June 1 1965, meaning local courts must enforce international arbitration awards under certain circumstances.

Duration of Dispute Resolution – Local Courts

The duration of dispute resolution depends on the parties. If a party appeals the decision of a first instance court and the (Cantonal) high court up to the Supreme Court, a verdict may take one to two years.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Switzerland is a member of the WTO and adheres to the WTO Agreement on Trade-Related Investment Measures. U.S. businesses operating in Switzerland have not raised inconsistencies with the WTO TRIMS obligations.

Investment Incentives

Many of Switzerland's cantons make significant use of financial incentives to attract investment to their jurisdictions. Some of the more aggressive cantons have occasionally waived taxes for new firms for up to ten years; however this practice has been criticized by the European Union. Individual income tax rates vary widely across the 26 cantons. Corporate taxes also vary depending upon the country’s many different tax incentives. Zurich, sometimes used as a benchmark for corporate location tax calculations, has a 25% tax rate, which includes municipal, cantonal, and federal tax. In its “Doing Business” survey the World Bank ranks Switzerland as the 26th most attractive destination for doing business in the world. The Swiss-based International Institute for Management Development (IMD) World Competitiveness Scoreboard ranks Switzerland fourth. However, the approval of a February 9, 2014 public referendum restricting immigration has strained relations with the EU. The implementation of this referendum – which is set to take place by 2017 -- could have negative economic consequences for Switzerland, particularly if it is implemented in violation of the European Free Trade Area’s “Free Movement of Persons” agreement (i.e. Shengen). The Swiss government is currently in discussions with the EU on this matter.

Research and Development

Scholars and artists from the U.S. can apply to the State Secretariat for Education and Research for Swiss Government Excellence Scholarships. The Swiss National Fund’s strategy states “Universities, governments and research funding bodies negotiate and implement co-operation agreements with the aim of supporting the international component of research and creating an institutional framework to promote co-operation.” Switzerland has various instruments in place to promote research and innovation such as: the National Institutions for Research and Innovation Promotion, the National Centers of Competences in Research, the National Research Programs, or the Research in Swiss Government Departments.

Performance Requirements

The Swiss government does not mandate local employment or impose any other performance requirements, such as local content requirements.

Data Storage

There are no “forced localization” laws designed to force foreign investors to use domestic content in goods or technology (i.e. storage of data within Switzerland). Nevertheless, the Swiss Federal Council decided on February 5, 2014 to exclude foreign-held companies from working with the Swiss government or related entities when the work was in relation with critical infrastructure. The interpretation of this decision is still pending in the Swiss court system.

Businesses also need to be aware that Switzerland follows strict privacy laws and certain data may not be collected in Switzerland as it is deemed personal and particularly “worthy of protection." The collection of certain data may need to be registered at the office of the Federal Data Protection and Information Commissioner.

6. Protection of Property Rights

Real Property

Physical property rights are recognized and enforced within Switzerland, which currently ranks 16th out of 189 countries in "registering property" according to the World Bank's Doing Business Report.

Intellectual Property Rights

Customs authorities in Switzerland have the authority to seize counterfeit goods if asked by owners of intellectual property (i.e. patent, trademark or copyright) or related interest groups (i.e. professional associations). Goods can be seized for 10 days if there is reasonable suspicion. Provisional measures can also be obtained from a Swiss court to ensure evidence is not destroyed. If the destruction of goods is requested by an intellectual property owner, the owner of the goods can dispute that claim in writing within 10 days. The owner of the intellectual property covers the costs for the destruction of the goods. (Does Switzerland track and report on seizures of counterfeit goods? If available, please provide statistics or provide a link.)

While Switzerland effectively enforces intellectual property rights linked to patents and trademarks, Swiss authorities are less thorough in enforcing copyright laws, particularly on the internet. This issue stems from the interpretation of a September 2010 Swiss court verdict (the "Logistep" case), in which the Swiss High Court ruled that internet protocol addresses required protection, and subsequently could not be used to identify violators of copyright on the internet.

Although uploading of copyright-protected material remains illegal within Switzerland, in practice downloads have become widespread throughout Switzerland. Swiss prosecutors continue to refuse to engage in legal proceedings against alleged violators or service providers. Switzerland has subsequently become a haven for global piracy, with a number of global piracy platforms managing their operations in and from Switzerland. In 2014, the U.S. House of Representative's "Creativity and Theft-Prevention Caucus" included Switzerland, alongside Russia, China, and India, as one of the world's worst environments for protecting copyrights. There is currently an amendment of the copyright law pending in the Swiss parliament that would allow copyright holders to more effectively engage with internet and access providers and to identify uploaders of protected works and to bring them to court. The new law will not come in to force until 2019, if at all.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/e

Resources for Rights Holders

Jeremy Beer, Economic/Commercial Officer
Raphael Vogel, Economic Specialist
U.S. Embassy in Bern, Sulgeneckstrasse 17, 3003 Bern, Switzerland
+41 31 357 7319
Business-bern@state.gov

Country / Economy resources

Swiss American Chamber of Commerce
Talacker 41
8001 Zurich
+41 43 443 72 00
info@amcham.ch

7. Transparency of the Regulatory System

The Swiss government uses transparent policies and effective laws to foster a competitive investment climate. Proposed laws and regulations are open for public comment (including interested parties, interest groups, cantons and cities) then discussed within the bicameral parliamentary system and may be subject to facultative or automatic referenda that allow the Swiss voters to reject or accept the proposals.

8. Efficient Capital Markets and Portfolio Investment

The Swiss government's attitude toward foreign portfolio investment and market structures are positive, as demonstrated through frequent high global rankings.

Money and Banking System, Hostile Takeovers

Switzerland is home to a sophisticated banking system that provides a high degree of service to both foreign and domestic entities. Switzerland also has an effective regulatory system that encourages and facilitates portfolio investment. Domestic and foreign bidders are treated equally when it comes to hostile takeovers within Switzerland. The professional services firm Deloitte estimates that Switzerland's banks manage around USD 2 trillion in investments, with 14% growth since 2008. Switzerland also maintains an independent central bank.

In Switzerland, U.S. citizens may face discrimination from smaller Swiss banks as a result of ongoing tax evasion investigations being conducted by the U.S. Department of Justice.

9. Competition from State-Owned Enterprises

Switzerland's five State-Owned Enterprises (SOEs) are active in the areas of ground transportation (travel), information and communication, defense, and aerospace (services). These companies are typically involved in "public function mandates," but may also cover commercial activities (i.e. Swisscom in the area of telecommunications). The five companies in which the Swiss Confederation is either the largest shareholder or the sole shareholder are: CFF, Swisscom, Skyguide, Swiss Post, and Ruag.

Other SOEs controlled by the cantons are active in the areas of energy, water supply, and a number of subsectors. SOEs may benefit from exclusive rights and privileges (some of them are listed in the WTO Trade Policy Review in Table A3.1). SOEs typically interact with private industry and are also active in foreign markets (i.e. Swisscom and Ruag). Private sector competitors can compete with SOEs under the same terms and conditions with respect to access to markets, credit, and other business operations.

Switzerland is a party to the Government Procurement Agreement (GPA). Some areas are partly or fully exempted from the GPA such as the management of drinking water, energy, transportation, telecommunication or defense. Due to these exceptions and their often historical monopolies in Switzerland, private companies may find it difficult or impossible to compete with these Swiss SOEs.

OECD Guidelines on Corporate Governance of SOEs

Switzerland adheres to the OECD Corporate Governance Principles and OECD Guidelines on Corporate Governance for SOEs. Swiss SOEs are required to report annually to the Federal Council on the achievement of their strategic goals. While consulting with the competent ministries, the Federal Council approves the reports from the SOEs and their annual budget. The Swiss parliament then considers whether the Federal Council has supervised the SOEs appropriately. SOEs have not been involved in investment disputes, but they often block private actors from winning bids due to their status in their market segment (i.e. privileged partner of the Swiss government).

Sovereign Wealth Funds

Switzerland does not have a sovereign wealth fund or an asset management bureau.

10. Responsible Business Conduct

The Swiss government and Swiss companies are generally aware of the importance of pursuing the due diligence approach to responsible business conduct (RBC) and demonstrating corporate social responsibility (CSR). In response to criticism from civil society about the business practices of Swiss companies abroad, the Swiss government has commissioned a series of reports on the government's role in ensuring CSR, particularly in the commodities sector. In April 2015, the Swiss government announced a national action plan on CSR:

http://www.news.admin.ch/NSBSubscriber/message/attachments/38880.pdf

The Government of Switzerland takes an active role in developing and promoting global RBC standards within multilateral organizations. As an OECD member, Switzerland adheres to the OECD Guidelines for Multinational Enterprise, and is currently drafting a national action plan in conjunction with its commitments under the UN Guiding Principles on Business and Human Rights. The Swiss Government also participated in the drafting and implementation of the OECD Due Diligence Guide for Responsible Supply Chains of Minerals from Conflict and High Risk Areas, is a member of the Extractive Industries Transparency Initiative, and supports the Better Gold Initiative, which promotes responsible gold mining in Peru, with plans to expand to Bolivia and Colombia. The State Secretariat for Economic Affairs (SECO) houses Switzerland's National Contact Point for the OECD Guidelines and can be contacted at:

http://mneguidelines.oecd.org/ncps/switzerland.htm

Switzerland has signed onto a number of nonbinding agreements outlining best practices for corporations, including the Voluntary Principles on Security and Human Rights and the International Code of Conduct for Private Security Service Providers. An ongoing political debate exists over whether Swiss courts should exercise jurisdiction to hear cases of alleged harm (human rights and environmental) done by Swiss companies in foreign countries.

Of additional note, Switzerland was recently ranked 1st out 178 countries evaluated by the Yale University-based Environmental Performance Index (EPI). In 2013, Swiss voters also approved a referendum allowing shareholders to curb excessive executive pay. Lastly, the

Switzerland-based "Thun Group" is a global leader in translating the RBC risk-based due diligence approach to voluntary guidelines for the financial sector.

Latest update to the Background report on Commodities:
http://www.news.admin.ch/NSBSubscriber/message/attachments/40643.pdf

Information about the Swiss Better Gold Association:
http://www.swissbettergold.ch/en/about

11. Political Violence

Political violence is very rare in Switzerland but is perpetrated by representatives of both left and right-wing groups, including nuclear power opponents and neo-Nazi groups. The most relevant act in recent years occurred in April 2011 when a letter bomb targeting employees of a lobbying organization for nuclear power exploded. A group of Turkish nationalists similarly clashed with a group of Kurdish independence supporters on the streets of Bern (the nation's capital) in 2015, angered by the ongoing conflict between their two ethnic groups in the Middle East. During the resulting violence two protestors were killed and a number of people were injured.

12. Corruption

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Switzerland ratified the UN Anticorruption Convention on September 24, 2009 and signed the OECD Anti-Bribery Convention in 1997. It entered into force on May 1, 2000.

Switzerland also maintains an effective legal and policy framework to combat domestic corruption. US firms investing in Switzerland have not complained of corruption to the Embassy in recent years, and laws appear to be enforced effectively. The giving or accepting of bribes in Switzerland is subject to criminal and civil penalties, including imprisonment up to five years.

In February 2001 Switzerland signed the Council of Europe's Criminal Law Convention on Corruption, and signed the UN Convention against Corruption in December 2003. In order to implement the Council of Europe's convention, the Swiss parliament amended the Penal Code to make bribery of foreign public officials a federal offense (Title Nineteen "Bribery"). These amendments entered into force on May 1, 2000. In accordance with the revised 1997 OECD Anti-Bribery Convention, the Swiss parliament amended legislation on direct taxes of the Confederation, cantons, and townships to prohibit the tax deductibility of bribes. These amendments became effective on January 1, 2001.

Under Swiss law, officials are not to accept anything that would "challenge their independence and capacity to act." According to the law, the range of permissible receipt of "individual advantages" is a sliding scale, depending on the role of the official. Some officials may receive no advantages at all (e.g., those working for financial regulators), while others are allowed to receive several hundred Swiss Francs. The upper-limit value of presents, such as bottles of champagne and watches, is a grey area that varies according to department and canton. Transparency International has recommended that a maximum sum valid at the federal level should be fixed. Some multinationals have assisted with the fight against corruption by setting up internal hotlines to enable staff to report problems anonymously.

The law provides criminal penalties for official corruption, and the government generally implements these laws effectively. Investigating and prosecuting government corruption is a federal responsibility. A majority of cantons also require members of cantonal parliaments to disclose their interests. A joint working group comprising representatives of various federal government agencies works under the leadership of the Federal Department of Foreign Affairs to combat corruption.

On September 24, 2009, Switzerland ratified the United Nations Convention against Corruption. Government experts believe this ratification will not result in significant changes, since passive and active corruption of public servants is already considered a crime under the Swiss Criminal Code (Art. 322).

In October 2013, the Group of States against Corruption (GRECO, Council of Europe) concluded “that the current low level of compliance with the recommendations is ‘globally unsatisfactory.” Areas which needed particular attention were transparency of party funding, criminalization of trading in influence, and the dual criminality requirement. Switzerland maintains its official reservations on the relevant articles in the Criminal Law Convention on Corruption.

A number of Swiss federal administrative authorities are also involved in combating bribery. The Swiss State Secretariat for Economic Affairs (SECO) deals with issues relating to the OECD Convention, the Federal Office of Justice deals with those relating to the Council of Europe Convention, and the Department of Foreign Affairs deals with the UN Convention. The power to prosecute and judge corruption offenses is shared between Swiss cantons and the Swiss federal government. For the federal government, the competent authorities are the Office of the Attorney General, the Federal Criminal Court and the Federal Police. In the cantons, the relevant actors are the cantonal judicial authorities and the cantonal police forces.

Resources to Report Corruption

Contact at government agencies:

Michel Huissoud
Director
Swiss Federal Audit Office
Monbijoustrasse 45
3003 Bern / Switzerland
Ph. +41 31 323 10 35
E-mail: verdacht@efk.admin.ch

Contact at “watchdog” organizations:

Martin Hilti
Executive Director
Transparency International Switzerland
Schanzeneckstrasse 25
P.O. Box 8509
3001 Bern / Switzerland
Ph. +41 31 382 3550
E-Mail: info@transparency.ch

13. Bilateral Investment Agreements

While the United States and Switzerland do not share an investment agreement, Switzerland has concluded numerous investment protection treaties with developing and emerging market economies; over 120 BITs and 30 relevant FTAs remain in force. See the UNCTAD Investment Policy Hub for a full listing:

http://investmentpolicyhub.unctad.org/IIA/CountryBits/203#iiaInnerMenu

Bilateral Taxation Treaties

Switzerland concluded an Income Tax Treaty with the United States in 1996. A 2009 Protocol to this Treaty has been ratified by Switzerland, but not by the U.S. Senate.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Not applicable.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2014	$701.9	2014	$701.0 billion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014	$222.5 billion	2014	$152.8 billion	http://bea.gov/international/direct_investment_ multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	2014	$253.5 billion**	2014	$224.0 billion	http://bea.gov/international/direct_investment_ multinational_companies_comprehensive_data.htm

Total inbound stock of FDI as % host GDP	2014	117.7%	2013	115%	https://data.oecd.org/fdi/fdi-stocks.htm.

*Data are from either the Federal Statistical Office (www.bfs.admin.ch) or the Swiss National Bank (www.snb.ch)

**Including Canada

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	798,624	100%	Total Outward	1,064,130	100%
Luxembourg	187,472	23%	United States	193,479	18%
Netherlands	179,794	23%	Luxembourg	128,305	12%
United States	101,417	13%	Netherlands	97,511	9%
Austria	60,214	8%	United Kingdom	59,494	6%
France	40,140	5%	Canada	41,227	4%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars, June 2015)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,297,820	100%	All Countries	605,173	100%	All Countries	692,647	100%
United States	271,397	21%	Luxembourg	174,257	29%	United States	150,663	22%
Luxembourg	205,484	16%	United States	120,734	20%	Netherlands	65,824	10%
France	92,068	7%	Ireland	49,611	7%	France	65,509	9%

Germany	89,353	7%	Cayman Islands	45,015	7%	United Kingdom	56,587	8%
United Kingdom	87,350	7%	United Kingdom	32,781	6%	Germanys	52,209	8%

Liechtenstein

Liechtenstein's investment conditions are virtually identical in most key aspects to those in Switzerland, due to its dependence on the Swiss economy. The two countries have their own customs union and Swiss authorities are responsible for implementing import and export regulations. Additionally both countries are members of the European Free Trade Association (EFTA), an intergovernmental trade organization and a free trade area that operates in parallel with the European Union (EU) and participates in the EU's single market. Liechtenstein has a stable and open economy that has created almost 36,700 jobs, practically exceeding the domestic population of 37,400 – requiring a substantial number of foreigners (mainly Swiss and Austrians) to fill many of these jobs. Liechtenstein is also a very wealthy country – when adjusted for purchasing power parity, its per capita gross domestic product (GDP) is the highest in the world. According to the Liechtenstein Statistical Yearbook , the tertiary sector creates 60.4% of Liechtenstein's jobs, particularly in the finance sector, followed by the secondary sector (especially manufacturing tools, precision instruments, and dental products), which employs 38.8% of the work force. Agriculture accounts for less than 1% of the country's employment.

The country reformed its tax system in 2011. The corporate tax rate, at 12.5%, is one of the lowest in Europe. Capital gains, inheritance, and gift taxes have been abolished. The Embassy has no recorded complaints from U.S. investors stemming from market restrictions in Liechtenstein.

Link to statistical yearbook of Liechtenstein:

http://www.llv.li/#/1859/statistisches-jahrbuch

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

civil law system; judicial review of legislative acts, except for federal decrees of a general obligatory character

International organization participation:

ADB (nonregional member), AfDB (nonregional member), Australia Group, BIS, CD, CE, CERN, EAPC, EBRD, EFTA, EITI (implementing country), ESA, FAO, FATF, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAIA (observer), MIGA, MONUSCO, NEA, NSG, OAS (observer), OECD, OIF, OPCW, OSCE, Paris Club, PCA, PFP, Schengen Convention, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNITAR, UNMISS, UNRWA, UNTSO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

There are, at present, no currency restrictions on inward investments, and the Swiss franc is freely convertible into any other currency. Bank accounts may be maintained in local or foreign currencies either in or outside Switzerland without restriction. There is no distinction between resident and non-resident accounts.

If the Swiss accounts are kept in a currency other than Swiss francs (i.e. in a functional currency), exchange gains or losses from the conversion of the functional currency accounts to CHF accounts are no longer taxable or tax deductible since the issuance of a respective federal court law decision in October 2009.

Treaty and non-treaty withholding tax rates

Switzerland has exchange of information relationships with 118 jurisdictions through 100 DTCs, 3 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Albania	DTC	12 Nov 1999	21 Dec 2000	No	No
Algeria	DTC	3 Jun 2006	9 Feb 2009	No	No
Antigua and Barbuda	DTC	20 Aug 1964	1 Jan 1961	No	No
Argentina	DTC	23 Apr 1997	not yet in force	No	No
Armenia	DTC	12 Jun 2006	7 Nov 2007	No	No
Australia	DTC	30 Jul 2013	not yet in force	Unreviewed	Yes
Australia	DTC	28 Feb 1980	13 Feb 1981	No	No
Austria	DTC	30 Jan 1974	4 Dec 1974	Yes	Yes
Azerbaijan	DTC	23 Feb 2006	13 Jul 2007	No	No
Bangladesh	DTC	10 Dec 2007	13 Dec 2009	No	No
Barbados	DTC	20 Aug 1963	20 Aug 1963	No	No
Belarus	DTC	26 Apr 1999	28 Dec 1999	No	No
Belgium	DTC	28 Aug 1978	26 Sep 1980	No	No
Bulgaria	DTC	19 Sep 2012	18 Oct 2013	Unreviewed	Yes
Canada	DTC	5 May 1997	21 Apr 1998	Yes	Yes
Chile	DTC	2 Apr 2008	5 May 2010	No	No
China	DTC	6 Jul 1990	27 Sep 1991	No	No
China	DTC	25 Sep 2013	not yet in force	Unreviewed	Yes
Chinese Taipei	DTC	14 Jul 2011	13 Dec 2011	Unreviewed	Yes
Colombia	DTC	26 Oct 2007	11 Sep 2011	No	No
Croatia	DTC	12 Mar 1999	20 Dec 1999	No	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Czech Republic	DTC	4 Dec 1995	23 Oct 1996	No	No
Côte d'Ivoire	DTC	23 Nov 1987	30 Dec 1990	No	No
Denmark	DTC	23 Nov 1973	15 Oct 1974	No	Yes
Dominica	DTC	20 Aug 1963	1 Jan 1961	No	No
Ecuador	DTC	28 Nov 1994	22 Dec 1995	No	No
Egypt	DTC	20 May 1987	14 Jul 1988	No	No
Estonia	DTC	11 Jun 2002	12 Jul 2004	No	No
Faroe Islands	DTC	20 Mar 1978	1 Jan 1975	No	Yes
Finland	DTC	16 Dec 1991	26 Dec 1993	No	Yes
Former Yugoslav Republic of Macedonia	DTC	14 Apr 2000	27 Dec 2000	No	No
France	DTC	9 Sep 1966	26 Jul 1967	No	Yes
Georgia	DTC	15 Jun 2010	7 Jul 2011	No	No
Germany	DTC	11 Aug 1971	29 Dec 1972	Yes	Yes
Ghana	DTC	23 Jul 2008	30 Dec 2009	No	No
Greece	DTC	16 Jun 1983	21 Feb 1985	No	Yes
Grenada	DTC	20 Aug 1963	1 Jan 1961	No	No
Guernsey	TIEA	17 Sep 2013	not yet in force	Unreviewed	Yes
Hong Kong, China	DTC	4 Oct 2011	15 Oct 2012	Unreviewed	Yes
Hungary	DTC	9 Apr 1981	27 Jun 1982	No	No
Iceland	DTC	3 Jun 1988	20 Jun 1989	No	No
India	DTC	2 Nov 1994	29 Dec 1994	Yes	Yes
Indonesia	DTC	29 Aug 1988	24 Oct 1989	No	No
Iran	DTC	27 Oct 2002	31 Dec 2003	No	No
Ireland	DTC	8 Feb 1966	1 Jan 1989	Unreviewed	Yes
Isle of Man	TIEA	28 Aug 2013	not yet in force	Unreviewed	Yes
Israel	DTC	2 Jul 2003	22 Dec 2003	No	No
Italy	DTC	9 Mar 1976	27 Mar 1979	No	No
Jamaica	DTC	6 Dec 1994	27 Dec 1995	No	No
Japan	DTC	19 Jan 1971	26 Dec 1971	No	Yes
Jersey	TIEA	17 Sep 2013	not yet in force	Unreviewed	Yes
Kazakhstan	DTC	21 Oct 1999	24 Nov 2000	No	No
Korea, Republic of	DTC	12 Feb 1980	22 Apr 1981	No	Yes
Kuwait	DTC	16 Feb 1999	31 May 2000	No	No
Kyrgyzstan	DTC	26 Jan 2001	5 Jun 2002	No	No
Latvia	DTC	31 Jan 2002	18 Dec 2002	No	No
Liechtenstein	DTC	22 Jun 1995	17 Dec 1996	No	No
Lithuania	DTC	27 May 2002	18 Dec 2002	No	No
Luxembourg	DTC	21 Jan 1993	9 Feb 1994	Yes	Yes
Malaysia	DTC	30 Dec 1974	8 Jan 1976	No	No
Malta	DTC	25 Feb 2011	6 Jul 2012	Yes	Yes
Mexico	DTC	3 Aug 1993	8 Sep 1994	No	Yes
Moldova, Republic of	DTC	13 Jan 1999	22 Aug 2000	No	No
Mongolia	DTC	20 Sep 1999	25 Jun 2002	No	No
Montenegro	DTC	13 Apr 2005	10 Jul 2007	No	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Montserrat	DTC	30 Sep 1954	23 Feb 1955	No	No
Morocco	DTC	31 Mar 1993	27 Jul 1995	No	No
Netherlands	DTC	26 Feb 2010	9 Nov 2011	Yes	Yes
New Zealand	DTC	6 Jun 1980	21 Nov 1981	No	No
Norway	DTC	7 Sep 1987	2 May 1989	No	Yes
Pakistan	DTC	19 Jul 2005	4 Nov 2008	No	No
Peru	DTC	21 Sep 2012	24 Apr 2013	Unreviewed	Yes
Philippines	DTC	24 Jun 1998	30 Apr 2001	No	No
Poland	DTC	2 Sep 1991	25 Sep 1992	No	Yes
Portugal	DTC	26 Sep 1974	17 Dec 1975	No	No
Qatar	DTC	24 Sep 2009	15 Dec 2010	No	Yes
Romania	DTC	25 Oct 1993	27 Dec 1994	No	Yes
Russian Federation	DTC	15 Nov 1995	18 Apr 1997	No	Yes
Saint Kitts and Nevis	DTC	26 Aug 1963	1 Jan 1961	No	No
Saint Lucia	DTC	26 Aug 1963	1 Jan 1961	No	No
Serbia	DTC	13 Apr 2005	5 May 2006	No	No
Singapore	DTC	24 Feb 2011	1 Aug 2011	Yes	Yes
Slovakia	DTC	14 Feb 1997	23 Dec 1997	Unreviewed	Yes
Slovenia	DTC	12 Jun 1996	1 Dec 1997	No	Yes
South Africa	DTC	8 May 2007	27 Jan 2009	No	No
Spain	DTC	26 Apr 1966	2 Feb 1967	Yes	Yes
Sri Lanka	DTC	11 Jan 1983	14 Sep 1984	No	No
Sweden	DTC	7 May 1965	6 Jun 1966	No	Yes
Tajikistan	DTC	23 Oct 2010	26 Oct 2011	No	No
Thailand	DTC	12 Feb 1996	19 Dec 1996	No	No
Trinidad and Tobago	DTC	1 Feb 1973	20 Mar 1974	No	No
Tunisia	DTC	10 Feb 1994	28 Apr 1995	No	No
Turkey	DTC	18 Jun 2010	8 Feb 2012	No	Yes
Turkmenistan	DTC	5 Oct 2012	not yet in force	Unreviewed	Yes
Ukraine	DTC	30 Oct 2000	22 Feb 2002	No	No
United Arab Emirates	DTC	6 Oct 2011	21 Oct 2012	Yes	Yes
United Kingdom	DTC	8 Dec 1977	7 Oct 1978	No	Yes
United States	DTC	2 Oct 1996	19 Dec 1997	No	No
Uruguay	DTC	18 Oct 2010	28 Dec 2011	No	Yes
Uzbekistan	DTC	3 Apr 2002	15 Aug 2003	No	No
Venezuela	DTC	20 Dec 1996	23 Dec 1997	No	No
Viet nam	DTC	6 May 1996	12 Oct 1997	No	No
Virgin Islands, British	DTC	20 Aug 1963	1 Jan 1961	No	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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Gary Youinou

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