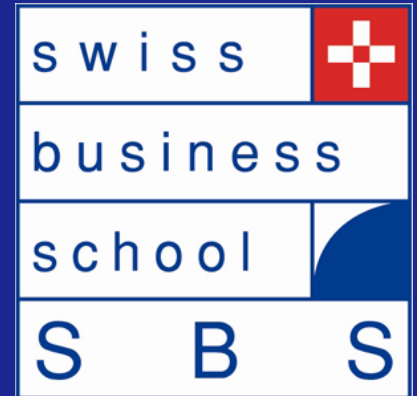


Warm Welcome to Indian Institute of Management Indore!



*How to do business in Switzerland
and the EU*

Dr. Bert Wolfs

Some facts about India:

- Congratulations to INDIA!!!

World Bank: Top 100 of Ease of doing business

- 30 days to register a business
- Delhi: 45 days to get the electricity connection
- Women: Job market participation - low

India by economic figures:

- **GDP: 2263.53 bn \$** (2016, World Bank)
- **GDP Growth: 7.1 %** (2016, World Bank)
- **Inflation: 2.07 %** (the average inflation of India in 2017, Government of India)
- **Population: 1.324 bn** (2016, World Bank)



Why doing business in/with old continent?

- Europe
- European Union: 28 Member States/
Eurozone
- Switzerland

Switzerland: key facts

- **Independent since: 1499** (gained formal independence from the Holy Roman Empire)
- **Confederation**
- **26 Cantons**
- **Multi-lingual**

Switzerland: key economic sections

- **GDP: 659.8 bn \$** (2016, World Bank)
- **GDP Growth: 1.3 %** (2016, World Bank)
- **Inflation: 0.46 %** (the average inflation in Switzerland in 2017, Bundesamt für Statistik)
- **Population: 8.372 mn** (2016, World Bank)
- **Positive Trade Balance in 2016 → 34.7 bn \$**

(India increased its imports from Switzerland at the fastest rate, up 631.2% in value from 2009 to 2016)

Switzerland: Raw materials & oil

Major raw materials trade companies:

- Glencore, Zug (145 bn \$)
- Trafigura, Lucerne (80 bn \$)
- Gunvar, Geneva
- Vital Group, Geneva (195 bn \$)_{RV}
- Cargill, Geneva

Commodity Traders in Switzerland:

- Lake of Geneva, biggest coffee traders (Sucafina, Louis-Dreyfus)
- Lake Geneva: 22% of world cotton trading
- Lake Geneva: Nr. 1 sugar trade in the world, together with London
- Ethanol: 4 major players, one in Geneva (industrial earth oil, biofuel)

Source: STSA 2016

Shipping Traders: Basel & Geneva

- Mediterranean Shipping Co. (MSC)
10.8 % of global container capacity
- FIATA, Zurich
- Panalpina, Basel

Switzerland: Since Fukushima changes

TPES (Total Primary Energy Supply)

- 40 % oil (43 % via SAPPRO pipeline)
- 26 % nuclear energy

Oil: fully covered by imports (236kb/d in 2011):

- Gasoline (70)
- Heating/other Gasoil (62)
- Diesel (49)

Refined products import: Germany (51 %), Italy (13 %), France (13 %), Holland (12 %), Belgium (10 %)

Source: iea.org (2010)

Oil operating companies:

- 60 importers, 7 major: BP, Total, Esso, Shell, Tamoil, Eni, Petroplus
- 19 retail companies, 3626 filling stations (Avia)
- 17 producers of bio diesel
- 2 refineries, capacity 125 kb/d
(Cressier, Collombey)

(2011)

Switzerland: Natural Gas

- No domestic production of natural gas
- Demand: 3.7 billion cubic metres
(10.1 Mcm/d, 2010) stable
- Consumption: Residential Sector (38 %)
- Imports: Holland (27 %), Russia (24 %), Norway (23 %), Germany (13 %)
- Transport: pipeline, no LNG Terminal

Source: iea.org

Switzerland: Gas companies

- Swissgas AG (67 %)
- Gasverbund Mittelland AG
- Erdgas Ostschweiz
- Gaznat
- AIL

Switzerland:

- **No. 1 in Innovation!** (Source: Global Innovation Index 2017)

Switzerland: 67.69 out of 100

(efficiency ratio: 0.95)

- India: place No. 60; 35.47 out of 100

(efficiency ratio: 0.66)

Source: GII Report, 2017



Switzerland: World Competitiveness Ranking

- Switzerland: No. 2, after Hong Kong
- India: No. 45, before Russia

Switzerland: Why innovate?

- Out of necessity
- Smart Tech, smart cities
- Strong Swiss Franc! Killer!
- Industries:
 - Textile: Noise
 - Finance: Blockchain, Cryptocurrencies
 - Digitalization
 - Industry 4.0



BREAK BREAK BREAK BRAEK !

BREAK

Europe: old continent

- Dutch East India Company (from 1602-1800)

→ Spice Trade (Monopoly)

→ Shares

- Globalization: shift from unipolar to multipolar world

USA → China/India

Shift from Countries → Trade Blocks

Europe: European Union

- Started as a peace project
- Basis: ECSC
- 6 founding fathers
- Axis: Germany ↔ France

European Union: figures

EU:

GDP: 17.1 tn \$ (2016, International Monetary Fund)

GDP Growth: 1.9 % (Eurostat 2016)

Inflation: 1.5 % (annual infl. in 2017, ec. europa.eu)

Common Currency: Euro

Population: 510.1 Million (Eurostat 2016)

Area: 4,475,757 km² (Wikipedia)

India:

GDP: 2263.53 bn \$ (2016, World Bank)

GDP Growth: 7.1 % (2016, World Bank)

Inflation: 2.07 % (the average inflation of India in 2017, Government of India)

Currency: Rupee

Population: 1.324 Billion (ESA.UN.org)

Area: 3,287,263 km² (India.gov.in)

European Union:

- Legislative Power
- Executive Power
- Judicial Power

Legislation: European Union

- Primary legislation
- Secondary legislation
 - Regulations: binding leg. Act, must be applied in all member states
 - Directives
 - Decisions
 - Recommendations
 - Opinions: not binding (several institutions)

Lobbying: European Union

Example: Volkswagen

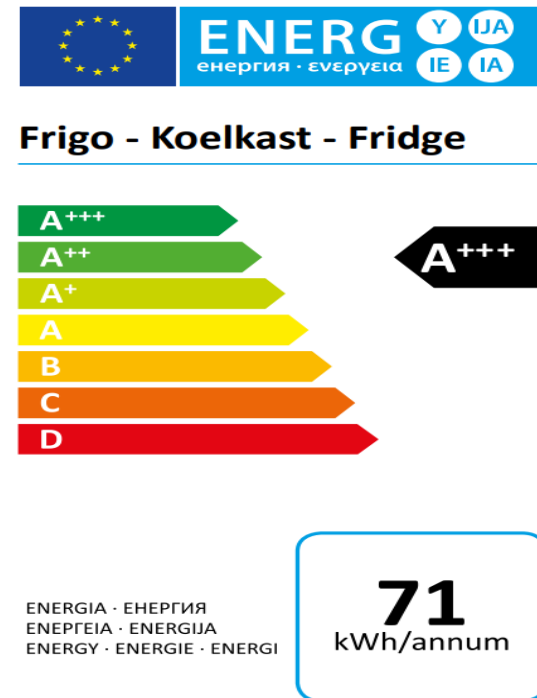
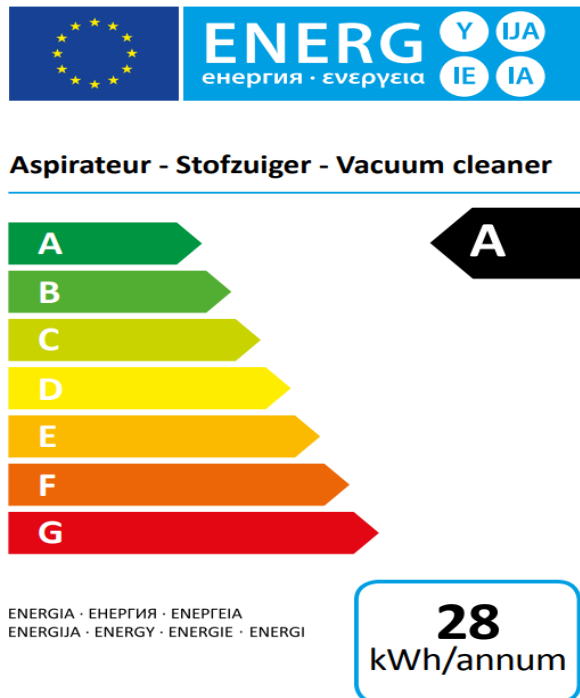
10 Million Euro

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European Union Energy Label

- EU's Energy Labelling Directive, a process managed by the European Commission. Products are labelled on a scale of A+++ (most efficient) to G (least efficient).
- Result → energy saving of around 175 Mtoe (million tonnes of oil equivalent) by 2020



Source: ec.europa.eu

Business in the EU:

- Start-ups
- VAT + customs
- European standards: CE making
- Recruitment & staff welfare
- Import & Export
- Environmental Rules

Business in the EU:

- Start-ups:
 - different legislations
 - culture
- VAT + customs:
 - VAT differs
 - NO VAT on exports to countries outside the EU
 - Co. Tax: avg. 15 % (France: 33.33 %)
- European standards: CE

Business in the EU:

- Recruitment of staff: social dumping an issue,
Indian workers
- Import & Export
- Environmental Rules:
 - Kyoto
 - Paris Climate Agreement

EU: Energy Policy 2030

Targets:

- 40 % cut in greenhouse gas emissions compared to 1990 levels
- at least 27 % share of renewable energy consumption
- at least 27 % energy savings with business as usual scenario

Energy Policy:

- Black: fossil
- Blue: circular economy
- Green: only subsidies

Source: ec.europa.eu

EU: Oil & Gas

- Oil: Production offshore

UK → 48 Million tonnes

Norway → 90 Million tonnes

- Biggest obstacle: not drilling, but public opposition
- Resources: European Oil → 25 billion barrels
- Harbors: Rotterdam, Antwerp, Bremen, Hamburg, Le Havre
- Pipeline projects: Nord Stream

Wyborg (Russia) → Lubmin (Germany)

- Turkish Gas pipeline → Austria (South Stream)

EU: big players in Oil & Gas

France: Total

Spain: Repsol

Italy: Eni

Austria: OMV

Poland: PKN

Holland: Shell, biggest by revenue (50 bn \$)

UK: Shell, BP

Norway: Statoil

Brexit and Oil & Gas Industry

- 23/6/2016! UK electoral voted to leave EU
- Consequences: uncertainty & uncertainty
- Short-term: legislative changes affecting the downstream industry, currency risk, rev. in US Dollar → costs in British Pound
- L-T: currency risk, M & A
- Conclusion: impact Brexit: upstream: Minimum, downstream: L-T only

Source: J. La Master, Denning Law Journal

Overall Conclusions:

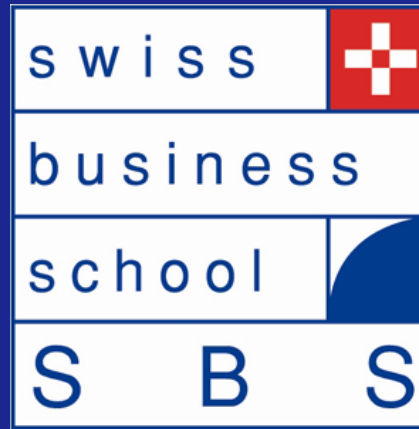
Switzerland & EU

- Good, stable investment climate
- Older population, demographics
- Corporate legislative differences
- Tax differences

But overall diversity is also our strength. Like India!

QUESTIONS?





THANK YOU!

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