

Switzerland

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Switzerland	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Offshore Finance Centre Not on EU White list equivalent jurisdictions
Medium Risk Areas:	US Dept of State Money Laundering assessment Compliance of OECD Global Forum's information exchange standard
<p>Major Investment Areas:</p> <p>Agriculture - products: grains, fruits, vegetables; meat, eggs</p> <p>Industries: machinery, chemicals, watches, textiles, precision instruments, tourism, banking, and insurance</p> <p>Exports - commodities: machinery, chemicals, metals, watches, agricultural products</p> <p>Exports - partners: Germany 19.8%, US 11.1%, Italy 7.2%, France 7.1%, UK 5.4% (2012)</p> <p>Imports - commodities: machinery, chemicals, vehicles, metals; agricultural products, textiles</p> <p>Imports - partners: Germany 29.7%, Italy 10.2%, France 8.4%, US 5.6%, China 5.6%, Austria 4.2% (2012)</p>	
<p>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</p>	

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.

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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/TF 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)

No longer catergorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report.

Switzerland was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Switzerland is a major international financial center. The country's central geographic location; political neutrality; relative social and monetary stability; sophisticated financial services sector; increasing presence in precious metals refinement; and long tradition of banking secrecy all contribute to Switzerland's success, while also making Switzerland a prime target for money laundering abuse.

Reports indicate criminals attempt to launder illegal proceeds in Switzerland from a wide range of criminal activities conducted worldwide, including financial crimes, narcotics trafficking, arms trafficking, organized crime, and terrorism financing. Switzerland has been a favored venue for kleptocrats to stash ill-gotten funds. Foreign narcotics trafficking organizations, often based in Russia, the Balkans, Eastern Europe, South America, and West Africa, dominate narcotics-related money laundering operations in Switzerland. According to a 2015 national assessment of the money laundering and terrorist financing risks in Switzerland drawn up by an interdepartmental working group, the main threats for the Swiss financial sector are "fraud, embezzlement, corruption, and participation in a criminal organization."

There are currently 21 casinos in Switzerland. Every casino must obtain a concession from the Federal Council (the highest authority of the executive branch) that needs to be renewed every 20 years. While casinos are generally well regulated, there are concerns they are being used to launder money. Corrupt casino employees also are known to have facilitated drug money laundering activities.

Do financial institutions engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO

Criminalization of money laundering:

“All serious crimes” approach or “list” approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES **civilly:** YES

Know-your-customer (KYC) rules:

Enhanced due diligence procedures for PEPs: Foreign: YES **Domestic:** YES

KYC covered entities: Banks; securities and insurance brokers; money exchangers or remitters; financial management firms and wealth managers; investment companies; insurance companies; casinos; financial intermediaries; commodities traders; and investment advisors

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 1,753 in 2014

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks; securities and insurance brokers; money exchangers or remitters; financial management firms and wealth managers; casinos; financial intermediaries; and investment advisors

money laundering criminal Prosecutions/convictions:

Prosecutions: 687 in 2014

Convictions: 57 in 2014

Records exchange mechanism:

With U.S.: MLAT: YES **Other mechanism:** YES

With other governments/jurisdictions: YES

Switzerland is a member of the FATF.

Enforcement and implementation issues and comments:

Within Switzerland, there is a lack of adequate regulation of some designated non-financial business sectors, such as real estate, jewelry, luxury cars, dealers of works of art and antiquities, and commodities like oil, gas, and gold.

As of December 31, 2015, a new legal framework will be in force in Switzerland and target companies issuing bearer shares. The new framework requires such companies to identify beneficial owners owning at least 25 percent of the company’s shares and/or voting power and to freeze suspicious assets without informing the owners. In the wake of the arrests of several members of the Federation International Football Association (FIFA) in May, the Swiss Parliament changed domestic anti-corruption laws to cover international sports associations.

The law will allow the authorities to criminally investigate sports officials, identify them as politically exposed persons (PEPs), and apply KYC rules to them. Corruption against private persons will be considered an official crime and therefore not require a plaintiff to be investigated by Swiss authorities.

On November 18, 2015, the Swiss Federal Council also introduced a stricter regime for the country's approximately 250 freeports storing goods estimated at \$100 billion. The new rules will require freeport operators to identify the beneficial owner of diamonds, precious metals, watches, and pieces of art. Under the new regulations, there is now a six-month time limit on the storage of goods intended for export. The deadline can be extended if proper grounds are determined. A 2013 report by the Swiss Federal Audit Office determined that the long-term storage of goods with great value in freeports was indicative of illegal storage for the purpose of tax optimization or to circumvent trade regulations on cultural goods or weaponry.

Persons physically transferring money worth more than \$10,600 into or out of Switzerland must specify its origins, its future destination, and its owner, but only if asked by the Swiss authorities.

Switzerland's role as a global commodities trading hub is increasing. Switzerland is the world's largest trading hub for crude oil and iron ore and is a premiere location for gold refining. Swiss customs and law enforcement authorities should examine the link between commodities and trade-based money laundering. Swiss authorities should take steps to regulate all designated non-financial businesses and professions in accordance with international standards.

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 2014 (introduction):

Switzerland is classified a Tier 2 country - A country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Switzerland is primarily a destination and, to a lesser extent, a transit country for women and children subjected to sex trafficking and children forced into begging and theft. Sex trafficking victims originate primarily from Central and Eastern Europe (Romania, Hungary, Bulgaria, Poland, Slovakia, Czech Republic, Slovenia, Ukraine, and Moldova), though victims also come from Latin America (Brazil and the Dominican Republic), Asia (China and Thailand), and Africa (Nigeria and Cameroon). Children forced into begging and shoplifting largely originate from Hungary, Romania, and Bulgaria; many of these children are ethnic Roma. Federal police assessed in 2013 the total number of potential trafficking victims residing in Switzerland was between 2,000 and 3,000. There reportedly is forced labor in the domestic service sector and increasingly in agriculture, construction, hotels, and restaurants. According to Swiss authorities, female and underage asylum seekers are especially vulnerable to trafficking.

The Government of Switzerland fully complies with the minimum standards for the elimination of trafficking. During the reporting period, the federal government passed a decree prohibiting the prostitution of all minors nationwide. Authorities convicted more traffickers in 2013 and courts increasingly issued prison sentences reflecting the severity of the crime. The government provided more identified victims with reflection periods and long-term residency permits, though victims in asylum procedures had difficulty accessing assistance. The government launched its first-ever nationwide awareness campaign.

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

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	86
World Governance Indicator – Control of Corruption	98

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](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 is a peaceful, prosperous, and modern market economy with low unemployment, a highly skilled labor 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 neighbors in the euro zone, which purchases half of all Swiss exports. The global financial crisis of 2008 and resulting economic downturn in 2009 stalled export demand and put Switzerland in a recession. The Swiss National Bank (SNB) during this period effectively implemented a zero-interest rate policy to boost the economy as well as prevent appreciation of the franc, and Switzerland's economy began to recover in 2010. The sovereign debt crises currently unfolding in neighboring euro-zone countries pose a significant risk to Switzerland's financial stability and are driving up demand for the Swiss franc by investors seeking a safe-haven currency. 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 during 2011-13. Switzerland has also come under increasing pressure from individual neighboring countries, the EU, the US, and international institutions to reform its banking secrecy laws. Consequently, the government agreed to conform to OECD regulations on administrative assistance in tax matters, including tax evasion. The government has renegotiated its double taxation agreements with numerous countries, including the US, to incorporate the OECD standard, and is considering the possibility of imposing taxes on bank deposits held by foreigners. These steps will have a lasting impact on Switzerland's long history of bank secrecy.

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)

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 border securities trading as well as the admission of securities to trading.

Executive Summary

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. Such factors include economic and political stability, a transparent legal system, reliable and extensive infrastructure, efficient capital markets and excellent quality of life in general. Many US firms base their European or regional headquarters in Switzerland, drawn to the country's low corporate tax rates, exceptional infrastructure, and productive and multilingual work force.

Switzerland was ranked as the world's most competitive economy according to the World Economic Forum's Global Competitiveness Report in 2013. The high ranking reflects the country's sound institutional environment, excellent infrastructure, efficient markets and high levels of technological innovation. Switzerland has a developed infrastructure for scientific research; companies spend generously on R&D; intellectual property protection is generally strong; and the country's public institutions are transparent and stable.

Many of Switzerland's cantons make significant use of fiscal 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 but this practice has been criticized by the European Union, which has requested the abolition of these practices. Individual income tax rates vary widely across the 26 cantons. Corporate taxes vary depending upon the many different tax incentives. Zurich, which is sometimes used as a reference point for corporate location tax calculations, has a rate of around 25%, which includes municipal, cantonal, and federal tax. The [World Bank](#), in its "Doing Business" survey ranks Switzerland as the 29th most attractive destination for doing business in the world and 2nd on the [IMD World Competitiveness Scoreboard](#). However, the approval on February 9, 2014 of an initiative to restrict the principle of free movement of citizens from the European Union may strain relations with the EU going forward. This could have negative economic consequences for Switzerland; the Swiss government is currently in discussions with the EU on this matter.

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

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude Toward FDI

Switzerland welcomes foreign investment and accords it national treatment. Foreign investment is not hampered by significant barriers. No discriminatory effects on foreign investors or foreign-owned investments have been reported.

Other Investment Policy Reviews

[World Trade Organization: Trade Policy Review - Report by the Secretariat - August 16 2013 - Switzerland and Liechtenstein](#)

The report states that “the Swiss Constitution allows national and foreigners to operate business in Switzerland, to form a company or to hold an interest in one. [...] Most economic sectors are open to investment by Swiss nationals and foreigners. However, investment restrictions continue to apply to 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) are also applied in air and maritime transport, hydroelectric and nuclear power, operation of oil and gas pipelines, and transportation of explosive materials.”

The same report states that “Liechtenstein has a stable and predictable investment regime. Most sectors are open to national and foreign investment, except for residency requirements; restrictions on the purchase of real estate; restrictions in production, trade, and transport of electricity, gas, and water (subject to state monopoly); and restrictions applied to a number of financial services (asset management, investment consulting, and assuming trusteeships) when these are provided on a professional basis by trustees or trust companies”.

Laws/Regulations of FDI

The major laws governing foreign investment in Switzerland are the Swiss Code of Obligations, the Lex Friedrich/Koller, the Securities Law, and the Cartel Law. There is no screening of foreign investment. 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 can find it difficult to enter these markets due to high entry costs and the relatively small size of the Swiss market.

Industrial Strategy

The WTO report concluded that “the high living standards, highly skilled labour force, flexible labour laws, reliable infrastructure, as well as relatively low levels of taxation, are considered to make Switzerland one of the most attractive locations for foreign direct investment (FDI) in the world.”

Switzerland Global Enterprise is the Swiss government’s federal-level agency promoting investments into Switzerland (<http://www.s-ge.com>). The 26 cantons independently promote investments into their territories and have individual strategies to attract investments. Some cities and regions also have their own economic development organizations.

Limits on Foreign Control

Foreign and domestic enterprises may engage in various forms of remunerative activities and may freely establish, acquire and dispose of interests in business enterprises. However, the following legal restrictions apply:

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 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 commercial presence by persons or enterprises without legal personality under Swiss law requires an establishment authorization according to cantonal law. The aforementioned requirements do not generally pose a major hardship or impediment for US 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 quoted on the stock exchange, Swiss companies may in their articles of incorporation impose certain restrictions on the transfer of registered shares to prevent unfriendly takeovers by domestic or foreign companies (article 685a of the Code of Obligations). Unwelcome takeovers can also be warded off by public companies, but legislation introduced in 1992 has made this practice more difficult. Public companies must now cite in their statutes significant reasons, relevant for the survival, conduct and purpose of their business, to prevent or hinder a takeover by an outsider. As a further measure, public corporations may limit the number of registered shares that can be held by any one shareholder to a certain 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 (for which the implementing decree entered into effect in 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 well in advance of any takeover attempt (i.e., not to thwart an attempt already launched).

A reform of the corporation tax – implemented in early 2009 – reduces levies on dividends to investors with a stake of at least 10%. They are no longer taxed in full, but only at the rate of 50% for commercial investments and 60% for the private sector.

Banking - - The Swiss Federal Banking Commission (EBK), the Federal Office of Private Insurance and the Anti-Money Laundering Control Authority were merged in January 2009 to form the Swiss Financial Market Supervisory Authority (FINMA). This body aims to instill confidence in the financial markets and protect customers, creditors and investors.

Those wishing to establish banking operations in Switzerland must obtain prior approval from FINMA. This 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 up 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, banks can be obliged to seek approval from the Swiss national bank to issue foreign bonds or other financial instruments that would cause capital outflow. 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.

With the exception of those few sectors in which Swiss-owned enterprises have been granted a legally established monopoly (i.e., railways, fire insurance, and certain utilities), non-discriminatory competition between foreign and domestic commercial entities prevails.

Cartels and Monopolies - - 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 disapproved on the grounds of competition policy, although there is no evidence that regulators have applied these rules in a discriminatory manner.

Competition Law

The Federal Competition Commission may initiate investigations against entities suspected of hampering competition and issues a decision in light of an analysis of the prevailing conditions of competition in the sector. Secondly, the so-called Price Controller, like the Competition Commission is formally part of the Ministry of Economy, Education and Research, can suggest or insist on price modifications in the area of radio and television, the federal railway system, postal services, water, waste removal, and the medical sector.

The WTO Trade Policy Review concluded that “legislation on competition 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), which allows price investigations by the Price Controller when competition is deemed to be lacking.”

Investment Trends

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	7 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	4 of 177	http://www.heritage.org/index/ranking

World Bank's Doing Business Report "Ease of Doing Business"	2013	29 of 189	http://doingbusiness.org/rankings
Global Innovation Index	2013	1 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 80,970	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Remittance Policies

There are no restrictions on, or difficulties in, 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.

Currency Manipulation

The U.S. Department of Treasury concluded in its semi-annual report to Congress on International Economic and Exchange Rate Policies on April 15, 2014 that "the Swiss authorities faced a constrained policy environment as external forces pushed the economy into deflation in the summer 2011. In September 2011, after a number of alternate policy measures failed to achieve the Swiss National Bank's (SNB) monetary policy objectives, it established a minimum exchange rate ("floor") of 1.20 Swiss francs per euro, temporarily changing the exchange rate regime from a floating to a managed rate. Through 2012 the SNB intervened repeatedly to prevent the franc from appreciating. [...] The SNB continues to reaffirm its commitment to a managed rate, noting that it is prepared to buy foreign currency in unlimited quantities to enforce the 1.20 exchange rate.

Since establishing the exchange rate floor, the SNB's foreign reserve assets have increased by \$172 billion on a headline basis, and now total \$492 billion as of February 2014. [...]

The exchange rate floor has contributed to the reduction of deflation and overall economic stability. Once economic conditions normalize, a return to a freely floating currency would be desirable."

3. Expropriation and Compensation

There are no known cases of expropriation.

4. Dispute Settlement

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

The organization of the judiciary differs from canton to canton. The larger the canton the more courts of first instance one finds. In smaller cantons, there is usually one. 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 solely to intellectual property rights. The verdicts of the cantonal high courts can be appealed at the level of the Swiss Supreme Court. The court system is independent, competent and substantively fair.

Switzerland is party to a number of bilateral and multilateral treaties governing the recognition and enforcement of foreign judgments. Due to its close ties with the European Union, a multilateral treaty, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (also called the Lugano Convention) entered into force on January 1, 2011 replacing an older legal framework with the same name. A set of bilateral treaties is also in place dealing with judgments of foreign courts. There is no such agreement in place addressing the enforcement of judgments of foreign courts between the U.S. and Switzerland.

Bankruptcy

The World Bank's "Doing Business" survey ranks Switzerland as 47th out of 189 countries when it comes to resolving insolvency. The average time to close a business in Switzerland amounts to three years (as opposed to 1.7 years in the OECD) and 47.6 cents on the dollar are recovered by the claimants from the insolvent firm (as opposed to 70.6 cents in the OECD).

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

Investment Disputes

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

ICSID Convention and New York Convention

Switzerland is a member of the ICSID Convention since June 14, 1968 (entry into force of the convention) and member of the New York Convention since June 1, 1965 (ratification).

Duration of Dispute Resolution

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

The U.S. and Switzerland have only been on opposite sides of a WTO dispute once, when Switzerland (with other complainants) complained about the U.S. on matters related to Definite Safeguard Measures on Imports of Certain Steel Products. In December 2003, these safeguards were abolished by the U.S. The U.S. has never acted as a complainant against Switzerland in the framework of WTO.

Investment Incentives

The WTO Trade Policy Review notes “[b]oth Switzerland and Liechtenstein have a strong, export-oriented industrial base. Switzerland has a policy to support research and improve framework conditions for all economic sectors but it does not adhere to a policy of national champions. There are no cash subsidies in place to specific manufacturing industries other than measures open to all companies.” Investment incentives are in the competence of the cantons and apply for domestic as well as foreign investors. Various tax privileges exist at the cantonal level for holding companies and mixed companies (for instance in rural areas). These companies remain, however, subject to ordinary taxation at the federal level.

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 Centres of Competences in Research (NCCR), the National Research Programmes (NRP) or the Research in Swiss Government Departments.

Data Storage

There is no “forced localization” laws designed to force foreign investors to use domestic content in goods or technology (i.e. storage of data within Switzerland). Businesses need to be aware that Switzerland follows strict privacy laws and certain data may not be legally collected in Switzerland as they are 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 (FDPIC).

6. Right to Private Ownership and Establishment

There is a right for foreign and domestic private entities to establish and own business enterprises and engage in all forms of remunerative activity

7. Protection of Property Rights

Real Property

Interests in property is recognized and enforced.

Intellectual Property Rights

Switzerland effectively enforces intellectual property rights linked to patents and trademarks. However, since 2010 Swiss authorities have not vigorously enforced copyright on the internet,

due to an interpretation of a court verdict in September 2010 (the so-called *Logistep* case). The Swiss High Court ultimately ruled in this case that internet protocol addresses were particularly worthy of protection and may not be used generally to identify violators of copyright on the internet. Although uploading of copyright-protected material remains *de jure* illegal, it has become *de facto* legal as prosecutors have generally refused to engage into any legal proceedings against alleged violators during the past three years. The relevant government authorities, including the Institute of Intellectual Property and the Federal Council may address this issue in the first half of 2014.

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English speaking lawyers in Switzerland

WIPO Country Profile: http://www.wipo.int/members/en/details.jsp?country_id=33

8. Transparency of the Regulatory System

The Swiss government uses transparent policies and effective laws to foster competition. 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.

9. Efficient Capital Markets and Portfolio Investment

Money and Banking System, Hostile Takeovers

Switzerland has a highly developed and sound banking system that provides credit to market terms. There is an effective regulatory system established to encourage and facilitate portfolio investment. Domestic and foreign bidders are treated equally when it comes to hostile takeovers.

10. Competition from State-Owned Enterprises

OECD Guidelines on Corporate Governance of SOEs

The five Swiss State-Owned Enterprises (SOEs) in federal ownership are active in the areas of ground transportation (travel), information and communication, defense and aerospace (services) and are typically undertaking “public function mandates,” but may also cover some hybrid 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 and 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). The SOEs typically closely interact with private industry and are also active in foreign markets (i.e. Swisscom and Ruag). Generally, private sector competitors can compete with SOEs under the same terms and conditions with respect to access to markets, credit, and other business operations.

The OECD stressed in 2011 that Switzerland had adhered to the OECD Guidelines on Corporate Governance for SOEs. In its 2013 report the OECD concluded in another report that “in Switzerland the board [of SOEs] has the legal role of proposing the final candidate(s) to the AGM [Annual General Meeting] for appointment. For fully-owned SOEs, the Federal Council (executive authority), as the sole shareholder, decides on the nominees. Nevertheless, the board has a strong role in identifying potential nominees. When vacancies arise the Chair and/or board committee develop a requirement profile for board members and specifically define the board’s needs in new appointments.”

Swiss SOEs publish annual reports and report every year 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.

Sovereign Wealth Funds

Switzerland does not have a Sovereign Wealth Fund (SWF) or an asset management bureau (AMB).

11. Corporate Social Responsibility

OECD Guidelines for Multinational Enterprises

The Swiss government actively promotes the OECD Guidelines for Multinational Enterprise or the United Nations Guiding Principles on Business and Human Rights.

In 2014 Switzerland was ranked 1st out 100 countries evaluated in the Environment Performance Index (EPI), and labor laws are respected.

In 2014, according to the World Bank Doing Business report, Switzerland only ranked 170th out of 189 rankings in the field of investor protection. This surprisingly low score has not damaged Switzerland’s reputation as a major business hub and as one of the strongest economies in Europe. This is likely because of the particular methodology applied by the World Bank, and can be explained by the lack of disclosure obligations in Switzerland in general (i.e.

transactions performed by the company, conflict of interests) and the lack of ease for shareholders to file suits.

12. Political Violence

Political violence is very rare in Switzerland.

The most prominent act in the recent years happened on April 1, 2011 when a letter bomb exploded and targeted employees of a lobbying organization promoting nuclear power. The militant attack is assumed to have been orchestrated by elements of an international anarchist network having also targeted Swiss embassies in the past. Nuclear power has contributed to the radicalization of certain small groups within Switzerland advocating for the immediate closure of the country's nuclear plants.

13. Corruption

UN Anticorruption Convention, OECD Convention on Combating 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 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.

14. Bilateral Investment Agreements

Bilateral Taxation Treaties

To date, Switzerland has concluded numerous investment protection treaties with developing and emerging market economies. Around 115 remain in force.

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

15. OPIC and Other Investment Insurance Programs

Switzerland has not signed an investment protection agreement with any Western European country or the United States.

OPIC is not active in Switzerland. However, Switzerland is a member of the Multilateral Investment Guarantee Agency .

16. Labor

The Swiss labor force is highly educated and skilled. Foreigners not only fill low-skilled, low-wage jobs, but also highly technical positions in the manufacturing and service industries. Roughly 29% of the estimated labor force of approximately 4.9 million people is foreign. Many

foreign nationals are long-time Swiss residents who have not applied for or been granted Swiss citizenship. Only 3.3% of the workforce is employed in agriculture, where foreign "seasonal workers" take many low-wage jobs.

The Swiss economy is capital intensive and geared toward high value-added products and services. Wages in Switzerland are among the highest in the world.

The prohibition on strikes by federal public servants was repealed in 2000. The Federal Council may only restrict or prohibit the right to strike where it affects the security of the state, external relations, or the supply of vital goods to the country. Civil servants in a few cantons and municipalities are still denied the right to strike.

Switzerland is in compliance with ILO conventions. Government regulations cover maximum work hours, minimum length of holidays, sick leave and compulsory military service, contract termination, and other requirements. However, there is no minimum wage law. Employees in the retail sector and in restaurants, bars, and the like, in cooperation with other interests, have been successful in slowing reform of the restrictive federal and cantonal laws governing opening hours. Shop-hour restrictions are nevertheless loosening gradually in centers such as Zurich, Geneva, and Bern.

Swiss voters narrowly accepted in 2005 the revision of the Swiss Federal labor law in order to provide for flexible working hours, such as Sunday openings in major railway stations and airports. The new regulation entered into force on April 1, 2006. Shopping hours outside of airports and railway stations remain regulated by cantonal laws. In a national initiative, Swiss voters on February 9, 2014 decided to abolish the principle of free movement for citizens of the European Union and to return to a quota regime to be able to limit immigration. In summer 2014, the Swiss Federal Council will publish proposals on how to implement this initiative that could potentially impact the Swiss labor market as it could become harder for companies within Switzerland to recruit labor from the EU market.

Approximately one-fourth of the country's full-time workers are unionized. In general, labor/management relations are good, with a willingness on both sides to settle disputes by negotiations rather than by labor action. Some 606 collective agreements exist today in Switzerland (of which approximately 1% concern the agriculture sector, 39% the secondary sector and 60% the third sector) and are usually renewed without major problems. Since 2002, trade unions have complained that too little of the Swiss labor force is covered by collective agreements. Although days lost to strikes in Switzerland are among the lowest in the OECD, Swiss trade unions have encouraged workers to go on strike on several occasions in recent years.

At the macro level, salaries increased by 1.5% in 2012.

The average unemployment rate amounted to 4.5% in 2013 (according to the ILO method of calculation). The average unemployment rate was 9.4% for foreigners and 3.1% for Swiss citizens. All cantons bordering EU countries suffer higher unemployment rates than the rest of Switzerland. Other cantons enjoy a better situation. Young workers aged 15-24 and persons aged between 25 and 39 were faced unemployment rates of 8.5% and 4.9%, respectively, in 2013.

17. Foreign Trade Zones/Free Ports

Swiss international airports have stores offering duty free shopping. Private companies can utilize duty-free warehouses to import goods tax and duty free into Switzerland as long as the goods are subsequently re-exported to third countries. In each of these examples, foreign-owned companies receive the same treatment as domestic firms. These warehouses have undergone significant expansions in recent years and may become the target for foreign tax authorities concerned with their role in abetting tax evasion and money laundering.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source: <u>State Secretariat for Economic Affairs</u>		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) <i>(Millions U.S. Dollars)</i>	2012	584,007	2012	631,200	http://www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical sources* <u>Swiss National Bank</u> <u>State Secretariat for Economic Affairs</u>		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country <i>(Millions U.S. Dollars, stock positions)</i>	2012	92,571	2012	130,315	<u>(BEA)</u> click selections to reach. Bureau of Economic Analysis Balance of Payments and Direct Investment Position Data

					U.S. Direct Investment Position Abroad on a Historical-Cost Basis By Country only (all countries) (Millions of Dollars)
Host country's FDI in the United States (Millions U.S. Dollars, stock positions)	2012	214,723	2012	203,954	<u>OECD Stat Extracts</u> FDI positions by partner country (reporting country U.S.)
Total inbound stock of FDI as % host GDP (<i>calculate</i>)	2012	123	2011	89	<u>OECD iLibrary</u> Outward and inward FDI stocks <u>World Bank Data 2011</u>

Statistical discrepancies

The significant statistical discrepancies are due to different methodologies when measuring foreign direct investment.

As the OECD Benchmark Definition of Foreign Investment concludes there "are two possible approaches to identify the home country (of the direct investor) for inward FDI and the host country (of the direct investment enterprise) for outward FDI:

- i. by immediate host country/investing country (IHC/IIC)
- ii. by ultimate host country/ultimate investing country (UHC/UIC)"

Switzerland uses the immediate investing country approach (IIC) and the U.S. uses the more complex ultimate investing country approach (UIC). The OECD report explains in great detail how the two different approaches generate different figures.

TABLE 3: Sources and Destination of FDI

Foreign Direct Investment from/ in Counterpart Economy Data					
Switzerland, 2012					
Source: <u>IMF</u>					
From Top Five Sources/ To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total inward	728,499	100%	Total outward	1,137,208	100%

Netherlands	179,163	25%	United States	199,920	18%
Luxembourg	145,929	20%	Luxembourg	122,029	11%
United States	94,622	13%	Netherlands	81,173	8%
Austria	68,427	9%	United Kingdom	89,865	8%
France	40,019	5%	Germany	58,073	5%
"0" reflects amounts rounded to +/- USD 500,000					

TABLE 4: Sources of Portfolio Investment

Portfolio Investments Assets								
<i>Switzerland, June 2013</i>								
Source: <u>IMF</u>								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	1,152,606	100%	World	498,286	100%	World	654,320	100%
United States	181,081	16%	Luxembourg	138,813	28%	United States	89,528	14%
Luxembourg	160,772	14%	United States	91,553	18%	France	66,651	10%
France	89,308	8%	Ireland	32,328	6%	Netherlands	66,648	10%
Germany	83,206	7%	Germany	32,072	6%	Germany	51,134	8%
Netherlands	74,109	6%	Cayman Islands	30,721	6%	United Kingdom	38,486	6%

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, IFRC, 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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