

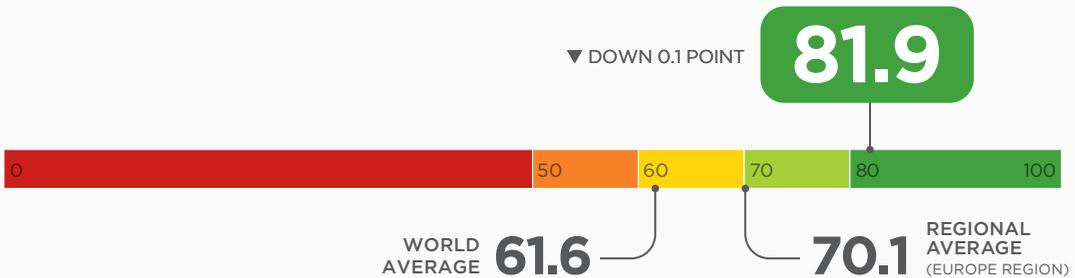
# SWITZERLAND

Switzerland's economic freedom score is 81.9, making its economy the 4th freest in the 2021 *Index*. Its overall score has decreased by 0.1 point, with only small changes registered in individual indicators. Switzerland is ranked 1st among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Switzerland's economy remains in the free category where it has been for more than a decade. Only four other countries achieved that elite status this year. Economic freedom is well established and institutionalized in Switzerland. Were it not for its perpetual and comparatively low scores on the indicators for tax burden and government spending, Switzerland might well be the top-rated country in the *Index*.

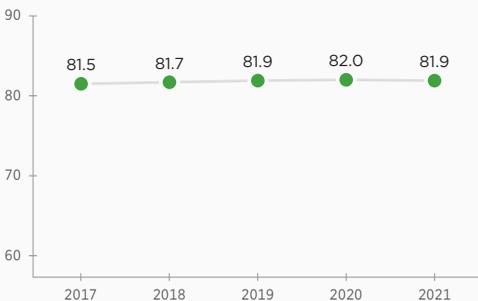
**IMPACT OF COVID-19:** As of December 1, 2020, 4,940 deaths had been attributed to the pandemic in Switzerland, and the economy was forecast to contract by 5.3 percent for the year.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.1

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
8.6 million

**GDP (PPP):**  
\$566.2 billion  
0.9% growth in 2019  
5-year compound annual growth 1.7%  
\$70,989 per capita

**UNEMPLOYMENT:**  
4.6%

**INFLATION (CPI):**  
0.4%

**FDI INFLOW:**  
-\$21,740.0 million

**PUBLIC DEBT:**  
39.3% of GDP

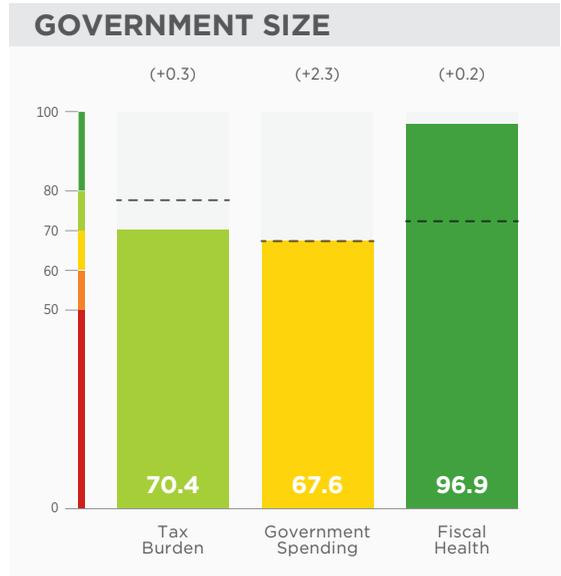
2019 data unless otherwise noted. Data compiled as of September 2020

**BACKGROUND:** Switzerland's federal canton system of government disperses power widely. A seven-member Federal Council exercises executive authority. Switzerland has a long tradition of openness to the world but jealously guards its independence and neutrality. Reflecting voters' concerns about climate change, the Green Party surged to fourth place in October 2019 elections and overtook one of the parties in the coalition government, the Christian Democrats. Policy proposals are frequently subjected to referenda, and concerns related to the coronavirus pandemic in May 2020 led to the first postponement of a referendum since 1951. Switzerland has one of the world's highest per capita GDPs and a highly skilled labor force. The economy relies on financial services, precision manufacturing, metals, pharmaceuticals, chemicals, and electronics.

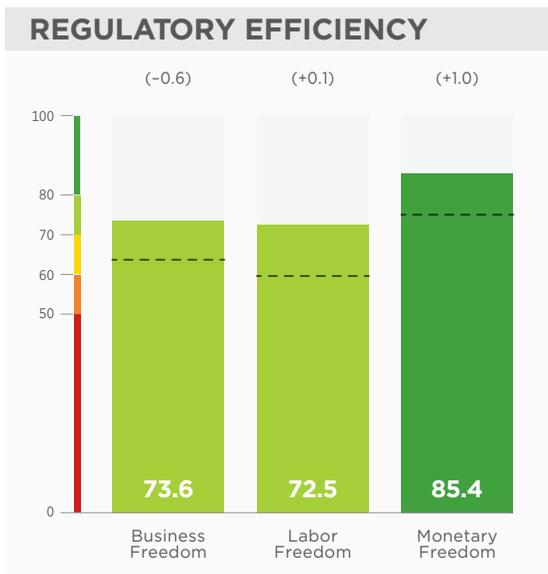
# 12 ECONOMIC FREEDOMS | SWITZERLAND



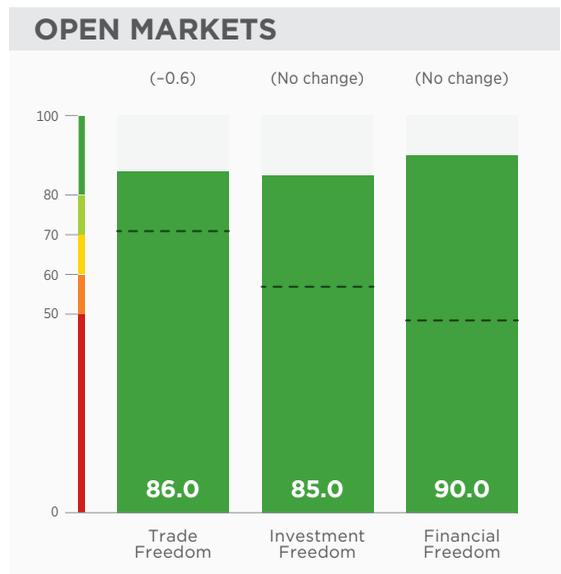
Protection of property rights is strongly enforced, and an independent and fair judicial system is institutionalized throughout the economy. Intellectual property rights are respected and enforced. Commercial and bankruptcy laws are applied consistently and efficiently. The government is free from pervasive corruption, thanks largely to its strong institutions. Switzerland is ranked 4th in Transparency International's 2019 *Corruption Perceptions Index*.



Cantonal-level taxation is more burdensome than federal-level taxation. The top federal income tax rate is 11.5 percent. The federal corporate tax rate is 8.5 percent. The overall tax burden equals 27.9 percent of total domestic income. Government spending has amounted to 32.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.2 percent of GDP. Public debt is equivalent to 39.3 percent of GDP.



Switzerland did not keep pace with other countries this year in improving the business environment. Labor productivity is high, and there is no federally mandated minimum wage. Switzerland has few price controls, but its agricultural sector remains protected and heavily subsidized with direct subsidy payments comprising two-thirds of an average farm's profits.



Switzerland has 31 preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 154 nontariff measures are in effect. The consistent, transparent, and modern investment framework supports and facilitates foreign investment. Buttressed by a sound regulatory regime, the competitive financial sector offers a wide range of financing instruments. Banking remains well capitalized, facilitating access to credit.