SWITZERLAND

Priorities supported by indicators

➤ ***Remove barriers to competition in network industries (2005, 2007, 2009)***

Recommendations: Remove legal restrictions on competitors' access to the incumbent's local loop network in telecommunications. Improve access of competitors to network infrastructure characterised by natural monopoly conditions.

Actions taken: Access to the local loop in fixed line telephony was opened subject to some restrictions in 2007. An independent sector regulator, legislation requiring non discriminatory access to the transmission grid and some vertical separation were introduced in the electricity industry in 2008. The scope of the legal monopoly for mail delivery has been reduced in several steps and the postal services regulator strengthened.

Reduce producer support to agriculture (2005, 2007, 2009)

Recommendations: Lower trade barriers and subsidies to producers, and decouple subsidies from production. Reform land law.

Actions taken: The government eliminated most export subsidies in 2007. Producer support will remain constant in nominal terms until 2011 and is being shifted to some extent to income support.

Facilitate full-time labour force participation for women (2007, 2009)

Recommendations: Improve provision of pre-school education and childcare at affordable prices.

Actions taken: Some regional governments have decided to reduce the compulsory education age to four. Differences in taxation between main and second income earners were reduced in 2007.

Further liberalise professional services (2005)

Recommendations: Remove limitations to the establishment of businesses stemming from differences in cantonal regulation.

Actions taken: The origin principle, which applies to cross-cantonal service flows and for businesses expanding across cantons, has been enforced by the competition regulator since 2006.

Other key priorities

Increase the efficiency of the health care system (2005, 2007, 2009)

Recommendations: Make insurers responsible for all hospital funding. Allow insurers more freedom to contract with individual providers, and widen the extent to which insurers are compensated for differences in risk characteristics among their insurees.

Actions taken: Reimbursements for pharmaceuticals were more closely benchmarked on lower prices of generic products in 2007. A parliamentary sub-committee recommended giving patients more freedom to choose their hospital, but the proposal has not been voted on.

Improve access to tertiary education (2009)

Recommendations: Develop quality assessments of universities, and introduce loans with income-contingent repayments while allowing universities to raise further resources through higher fees.

Actions taken: Parliament is considering legislation to introduce a new independent accreditation agency whose decisions will be linked to a review of universities' internal quality assessments. Regional governments are considering widening student loans somewhat.

Remove non-tariff trade barriers (2007)

Recommendations: Products conforming to EU standards should be accepted.

Actions taken: Implementation of the *Cassis de Dijon* principle, under which goods lawfully produced in a member EU state can be sold in any other EU state, was approved in 2009, subject to some exceptions, but barriers to food imports were tightened.

Curb the rising number of disability pensions (2005)

Recommendations: Reduce flows into disability insurance and increase outflows.

Actions taken: The early detection of disability risks has been continuously enhanced and measures easing re-entry into the labour market have been developed.

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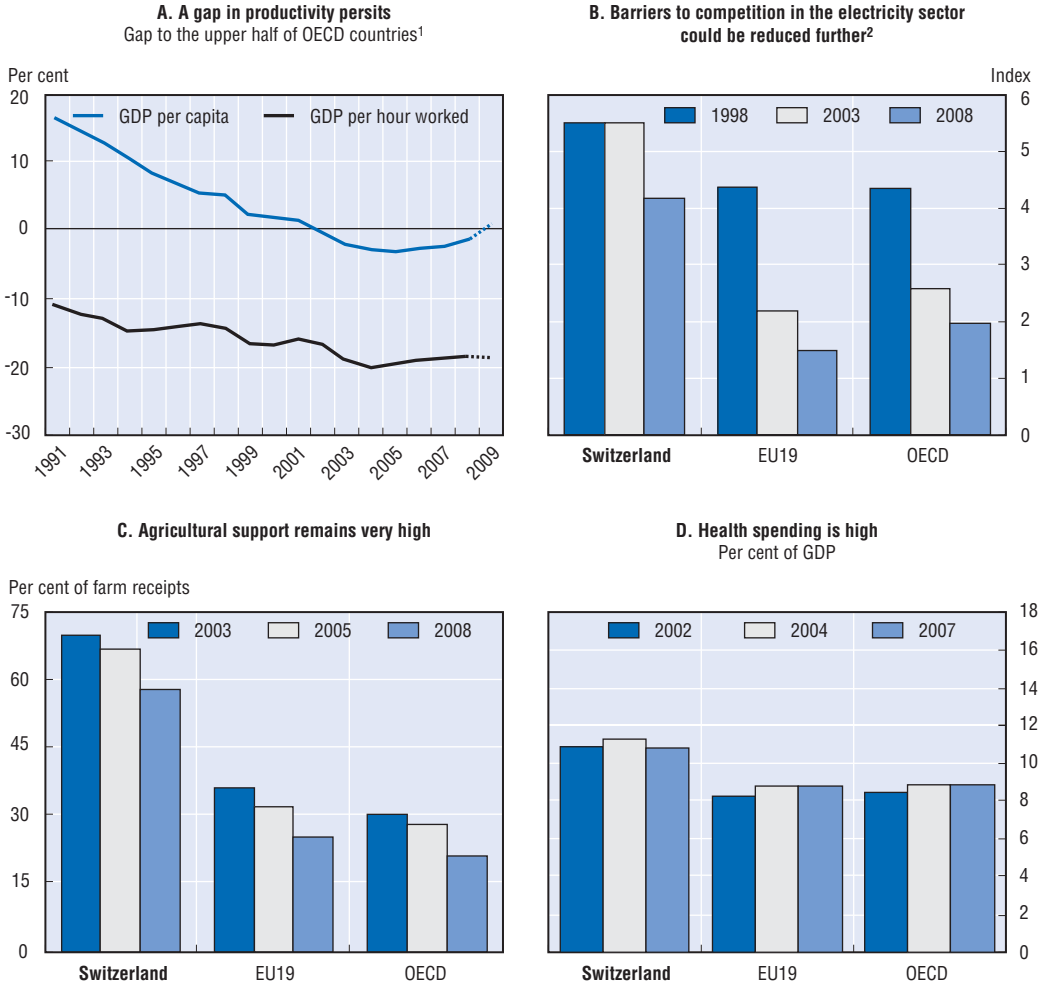
- The fall in GDP per capita relative to best performing countries has been halted, though the wide labour productivity gap remains.
- In key priority areas, non-tariff barriers to trade have been reduced to a considerable extent. Progress in lowering protection of domestic agricultural production and the cost of health care provision has been slow. Framework conditions for competition in network industries have improved but the gap relative to best practice remains large. Supply of childcare facilities remains low.
- In other areas, reform of general competition law has moved Switzerland considerably closer to best practice, and administrative costs for businesses have been much reduced.



1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). The gaps for 2009 are OECD estimates, based on the *OECD Economic Outlook*, No. 86.
2. Index scale of 0-6 from least to most restrictive.

Source: Chart A: OECD, *National Accounts* and *Economic Outlook 86 Databases*; Chart B: OECD, *Product Market Regulation Database*; Chart C: OECD, *Producer and Consumer Support Estimates Database*; Chart D: OECD, *Health Database*.

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