

SWITZERLAND

Priorities supported by indicators

Remove barriers to competition in network industries (2007, 2009, 2011)

Recommendations: Reduce further state control, improve competitors' access to the network and strengthen the sector regulators' powers.

Actions taken: Competitors' access to the network was improved in fixed line telephony in 2007 and in electricity transmission in 2008. The independent electricity commission took up work in 2008. The scope of the legal monopoly for letter delivery has been gradually reduced.

Reduce producer support to agriculture (2007, 2009, 2011)

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 and milk production quotas in 2010. Producer support is being shifted to some extent to less distortive direct income support.

Facilitate full-time labour force participation of women (2007, 2009, 2011)

Recommendations: Improve provision of pre-school education and childcare at affordable prices. Move from joint to individual tax assessment of spouses' incomes.

Actions taken: The central government decided in 2010 to continue co-funding of childcare facilities to some extent until 2014. In 2009, Parliament approved a tax allowance for childcare expenses and many cantons have agreed to start compulsory schooling at four years. Legislation reducing differences in taxation between main and second income earners came into effect in 2008.

Other key priorities

Increase the efficiency of the health care system (2007, 2009, 2011)

Recommendations: Do away with the mixed hospital funding. Allow insurers more freedom to contract with individual providers. Widen the compensation of insurers for differences in risk characteristics.

Actions taken: 2007 legislation increased co-payment on branded drugs when a cheaper generic equivalent is available. Hospital funding based on diagnosis-related groups is being introduced by 2012.

Improve access to tertiary education (2009, 2011)

Recommendations: Introduce loans with income contingent repayments while allowing universities to raise fees. Review the mix of vocational and academic education content within upper secondary vocational tracks.

Actions taken: A 2009 law co-ordinates the policy of the Confederation and the cantons towards tertiary academic education, and introduces an independent accreditation agency and cost benchmarking across tertiary academic institutions. Regional governments are considering widening student loans somewhat.

Remove non-tariff trade barriers (2007)

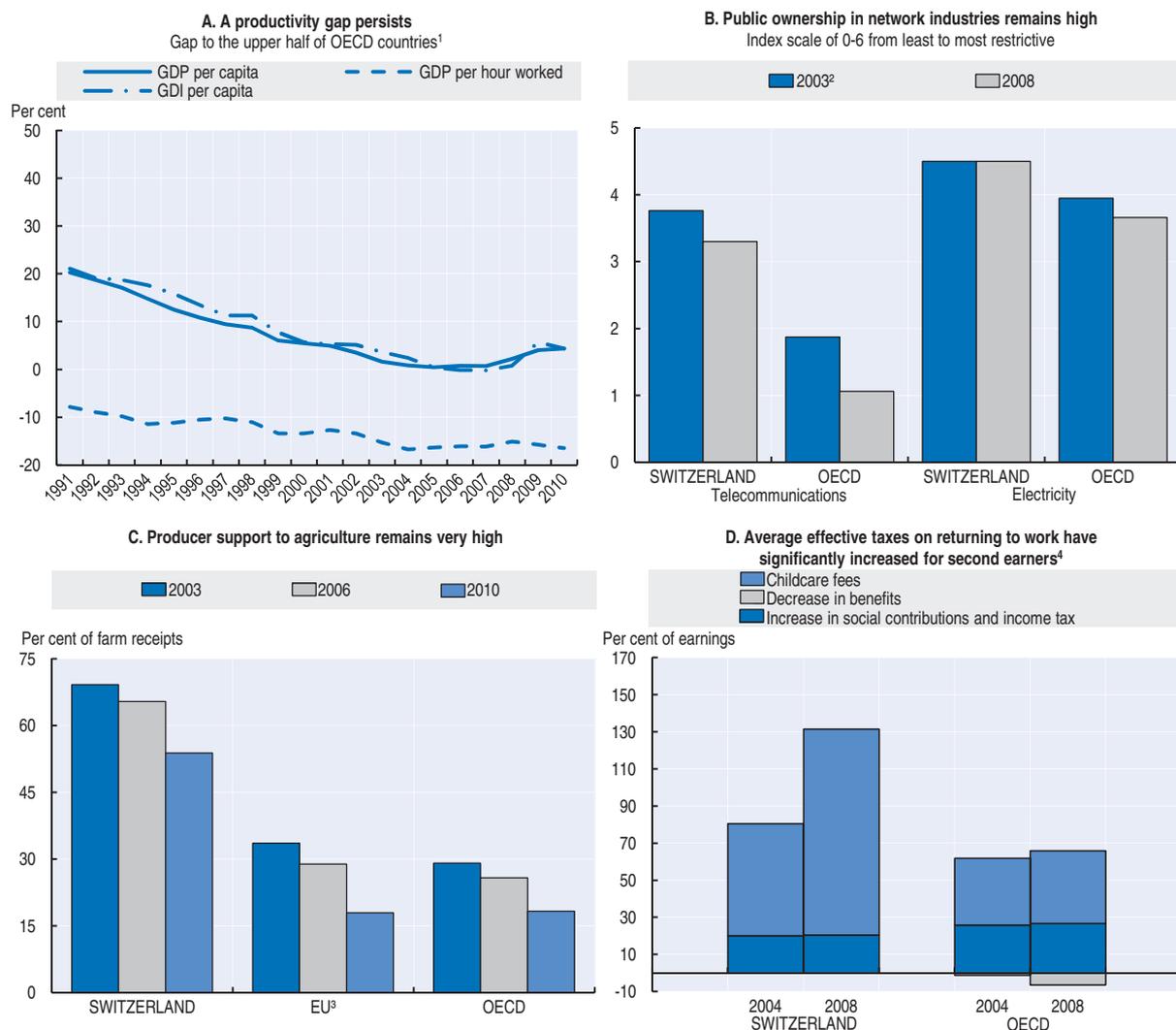
Recommendations: Products conforming to EU standards should be accepted.

Actions taken: The government introduced the "Cassis de Dijon" principle in 2010, eliminating remaining technical barriers for over 80% of the imports from the EU, and facilitated domestic approval of foreign pharmaceuticals that are lawfully introduced abroad.

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- Real GDP per capita has been growing over the past five years vis-à-vis the best performing countries notably on account of expanding labour utilisation. While the productivity gap has stopped widening, it remains substantial.
- Among priority areas, considerable progress has been made in reducing non-tariff barriers to trade. Network industries have been opened up to competition but the gap relative to best practice remains large. There remains wide scope for lowering protection of domestic agricultural production, reducing the cost of health care provision and facilitating full-time female labour force participation.
- In other areas, parliament has approved in 2011 legislation to address the Too-Big-To-Fail problem of financial intermediaries with systemic risks.

Performance and policy indicators



1. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).
2. The OECD average excludes Chile, Estonia, Israel and Slovenia.
3. Average of European countries in the OECD.
4. Based on implicit tax on returning to work, defined as the cost of childcare, reductions in income-related benefits and increases in social contributions and personal income taxes, all relative to earnings in the new job. Measured for second earner with income equal to two-thirds of average earnings. The OECD average excludes Chile, Estonia, Israel, Italy, Mexico, Turkey and Slovenia.

Source: Chart A: OECD, *National Accounts and Economic Outlook No. 90 Databases*; Chart B: OECD, *Product Market Regulation Database*; Chart C: OECD, *Producer and Consumer Support Estimates Database*; Chart D: OECD, *Benefits and Wages Database*.

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