

SWITZERLAND

GDP per capita has fallen steadily in relative terms to below the best performing countries, with the widening gap reflecting weak productivity performance.

Policy priorities

Further reduce barriers to competition in network industries

Challenge and recommendations: It was recommended that the liberalisation process be accelerated, in particular in the energy, postal and telecommunications sectors, by removing barriers to entry.

Actions taken: A sector-specific regulatory framework for the electricity industry was approved by parliament, setting up an independent regulator, introducing limited vertical separation requirements as well as free choice of supplier by 2013. In telecommunications markets, entrants were granted access to the unbundled local loop subject to restrictions. The scope of the legally protected monopoly in letter delivery was reduced somewhat. The government intends to present draft legislation to parliament to reduce entry barriers for foreign providers of rail-transport services and to increase the use of tendering of contracts for providing regional passenger-transport services.

Reduce producer support to agriculture

Challenge and recommendations: In order to reduce high domestic food prices and excessive resources in agriculture, it was recommended that the reduction of producer support to agriculture be accelerated and subsidies be de-linked from production.

Actions taken: Parliament has voted to maintain the level of subsidies to farmers broadly constant in nominal terms between 2007 and 2011 but to partly shift production subsidies to income support. Trade barriers for a few agricultural products were eliminated vis-à-vis EU countries in 2007.

Facilitate full-time labour force participation for women

Challenge and recommendations: To help reconcile work with raising children, it was recommended that affordable full-time care for both very young and school-age children be developed.

Actions taken: The cantons have signed an agreement lowering the starting age for compulsory, free schooling to four years of age. The reform of personal income taxes, in force since January 2008, reduces the large difference in marginal tax rates between second and main earners of married couples.

Remove non-tariff trade barriers

Challenge and recommendations: To stimulate foreign competition, it was recommended that technical regulations deviating from those of EU members in areas such as production, packaging and labelling, be reduced by accepting products conforming to EU standards (the “Cassis de Dijon principle”).

Actions taken: The government has proposed draft legislation to adopt the “Cassis de Dijon principle”, subject to a few restrictions, largely resulting from stricter health, safety and environmental standards.

Reduce health-system costs through better regulation

Challenge and recommendations: To contain health care costs through greater scope for differentiating fees and better control of medical interventions, it was recommended that the requirement for insurers to contract with all health care providers collectively be abolished and barriers between cantons created by the canton-based organisation of both health-care supply and the insurance system be removed.

Actions taken: Parliament has postponed discussions on allowing selective contracting in ambulatory services. Draft legislation to widen patient hospital choice across cantonal borders is being discussed.