



BULGARIAN-SWISS COOPERATION PROGRAMME
БЪЛГАРО-ШВЕЙЦАРСКА ПРОГРАМА ЗА СЪТРУДНИЧЕСТВО



Българо-швейцарска търговска камара
Bulgarian-Swiss Chamber of Commerce

Bulgaria – Switzerland: *Production partner in the MEM-Industry*

Business forum organised by the Bulgarian-
Swiss Chamber of Commerce

Thursday, 29 June 2017, Plovdiv

“Supported by a grant from Switzerland through the Partnership and Expert Fund”

Agenda

1. Switzerland
2. The Swiss MEM – Industry
3. Challenges for the Swiss MEM-Industry
4. Opportunities for the Bulgarian manufacturers
5. High expectations from the Outsourcing-Partner
6. How to encourage the BG-CH economic relations?
7. Brief overview of my person

Switzerland

Key facts

8'237'000

Inhabitants

24.6 %

Foreign nationals

26

Cantons

2,300

Communes

14.9%

Of total expenditure on education

2/3

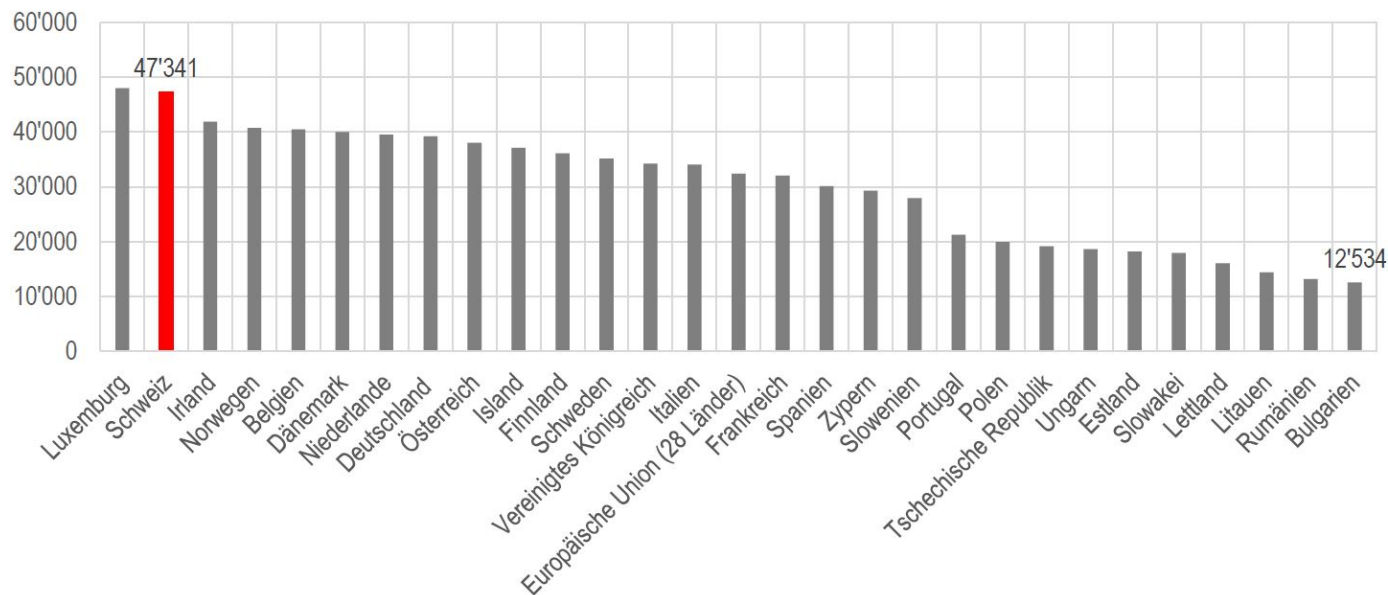
Of adolescents choosing dual-track system



Switzerland

Labor market performance

Mean annual earnings, industry construction and service sector, firms with 10 employees and more, purchasing power standard, 2014



Mean annual earnings PPS

		Working time assumption
Switzerland	47'341	240 days
Bulgaria	12'534	240 days

Source: Eurostat, Structure of earnings survey

After 64 working days in Switzerland at average wage level,
bulgarian mean annual earning would be reached

Switzerland

Some Economic facts



Switzerland.

WE CREATE VALUE ADDED

28.1 MILLION WATCHES

Switzerland is a leading watch exporter. In 2013 it exported watch and clock products worldwide to a value of USD 23.6 billion.



EXPORTS

The largest shares of exported goods:

Swiss GDP by sector:

Primary sector — 0.8%
Secondary sector — 26.7%
Tertiary sector — 72.5%

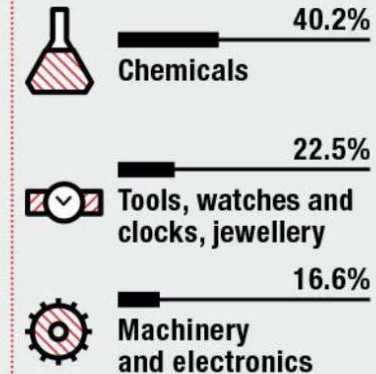
99% of registered businesses in Switzerland are SMEs with fewer than 250 staff.

The EU is Switzerland's biggest trading partner.



COFFEE

With 65,500 tonnes exported worldwide, export revenue from coffee came to CHF 2.2 billion in 2013 – 4x higher than that of cheese exports and 3x that of chocolate.



2015 ©FDFA, PRS / Sources (2014): Federal Statistical Office (FSO), Federal Customs Administration (FCA), Federation of the Swiss Watch Industry (FH) / For more visit aboutswitzerland.org

MEM – Industry 2015 at a glance

(50% from the overall Swiss industry)

- Turnover: CHF 84 billions
- 99% SMEs (less than 250 employees)
- Export: CHF 63 billions (1/3 from the overall CH-Export)
- Export share: 77% (60% in the EU)
- Share in the GDP: 9%
- Employees: 320 000 in Switzerland (+ 520'000 abroad)
- Apprentices: 24 000 in Switzerland

Switzerland is (still) associated with competitive industry conditions

- Intense Innovations (ETHs, FoA, FHS)
- Excellent Education (duale education system)
- Associated to the EU-market
- Bilateral free trade agreements
- Open and flexible labor market
- Sufficient and low-cost bank loans
- Moderate taxes
- Political stability (low debt)
- Liberal economic conditions

Actions needed in the Swiss MEM Industry

- Innovations' boost
- Cost reduction
- Labor market improvement
- Investments' generation
- Benefitting from the globalization
- Flexibility increase

Cost reduction through efficiency and effectiveness

- Increasing of the productivity would compensate high labor costs
 - Automation of the assembly allows competitive advantages (Investments)
- *Not everything could be automated**
- Relocation of hand-work from CH to countries with low-labor costs (i.e. East Europe)
 - Benefitting from the Swiss advantages (Innovation, Education, Professionals, etc.)

Opportunities for Bulgaria in the MEM Industry

- Bulgaria as an interesting destination for the Swiss MEM
 - Close location to West Europe
 - Part from the EU-market
 - Low manufacturing costs
 - Well-educated labor
 - ...
- All these advantages has been already seen by numerous Swiss manufacturing companies

Requirements for successful partnerships with BG-companies

- Presence of Know-how (i.e. Engineering, Metalworking, Welding, Surface treatment, etc.)
- Reliable Partner (open communication)
- Foreign language expertise
- High quality manufacturing process
- Competitive prices
- Well-structured (available) logistics

Working Supply Chain

- Procurement of Materials (local suppliers)
- Labor force capacity (Know-how, Foreign language expertise)
- Final assembly location
- Quality control
- Logistic experience (i.e. Special dimensions - transport)

Conservatism of the CH-Entrepreneurs, outsourcing and investing abroad

- Swiss entrepreneurs are extremely loyal to their partners.
- They are living in a politically correct environment. Outsourcing is not something popular. (Job losses could affect one village or an entire region)
- Swiss SMEs need mostly small series, where the Outsourcing is expensive. (Flexibility is often more important than the costs)

How to encourage the BG-CH economic relations even more?

- Improving the image. Removing the prejudice.
(Benchmarking)
- Information (Marketing of the success stories):
 - Legislation: EU highlight the need of judicial reform
 - Corruption: In general – NO presents
 - Criminality: Similar levels to these in Eastern and Central Europe

Brief overview of my professional experience in Central and East Europe

- 1999 Co-founder of the Swiss-Middle Europe Chamber of Commerce (SEC) and 18 years on the position CEO
- Since 2017 owner of:



- www.sm-industrieconsult.com

Thank you for your attention!