

Buying or Renting a Home in **SWITZERLAND**

David Hampshire & Anne-Marie Travers

Printed in
COLOUR



From the publisher of the best-selling guide,
Living and Working in Switzerland

Buying or Renting a Home in Switzerland

• A Survival Handbook •



David Hampshire & Anne-Marie Travers



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Chillon Castle, Vaud

What readers & reviewers have said about Survival Books:

'If you need to find out how France works then this book is indispensable. Native French people probably have a less thorough understanding of how their country functions.'

Living France

'It's everything you always wanted to ask but didn't for fear of the contemptuous put down. The best English-language guide. Its pages are stuffed with practical information on everyday subjects and are designed to compliment the traditional guidebook.'

Swiss News

'Rarely has a 'survival guide' contained such useful advice – This book dispels doubts for first-time travellers, yet is also useful for seasoned globetrotters – In a word, if you're planning to move to the US or go there for a long-term stay, then buy this book both for general reading and as a ready-reference.'

American Citizens Abroad

'Let's say it at once. David Hampshire's Living and Working in France is the best handbook ever produced for visitors and foreign residents in this country; indeed, my discussion with locals showed that it has much to teach even those born and bred in l'Hexagone – It is Hampshire's meticulous detail which lifts his work way beyond the range of other books with similar titles. Often you think of a supplementary question and search for the answer in vain. With Hampshire this is rarely the case. – He writes with great clarity (and gives French equivalents of all key terms), a touch of humour and a ready eye for the odd (and often illuminating) fact. – This book is absolutely indispensable.'

The Riviera Reporter

'A must for all future expats. I invested in several books but this is the only one you need. Every issue and concern is covered, every daft question you have but are frightened to ask is answered honestly without pulling any punches. Highly recommended.'

Reader

'In answer to the desert island question about the one how-to book on France, this book would be it.'

The Recorder

'The ultimate reference book. Every subject imaginable is exhaustively explained in simple terms. An excellent introduction to fully enjoy all that this fine country has to offer and save time and money in the process.'

American Club of Zurich

'The amount of information covered is not short of incredible. I thought I knew enough about my birth country. This book has proved me wrong. Don't go to France without it. Big mistake if you do. Absolutely priceless!'

Reader

'When you buy a model plane for your child, a video recorder, or some new computer gizmo, you get with it a leaflet or booklet pleading 'Read Me First', or bearing large friendly letters or bold type saying 'IMPORTANT - follow the instructions carefully'. This book should be similarly supplied to all those entering France with anything more durable than a 5-day return ticket. – It is worth reading even if you are just visiting briefly, or if you have lived here for years and feel totally knowledgeable and secure. But if you need to find out how France works then it is indispensable. Native French people probably have a less thorough understanding of how their country functions. – Where it is most essential, the book is most up to the minute.'

Living France

A comprehensive guide to all things French, written in a highly readable and amusing style, for anyone planning to live, work or retire in France.

The Times

Covers every conceivable question that might be asked concerning everyday life – I know of no other book that could take the place of this one.

France in Print

A concise, thorough account of the Do's and DONT's for a foreigner in Switzerland – Crammed with useful information and lightened with humorous quips which make the facts more readable.

American Citizens Abroad

'I found this a wonderful book crammed with facts and figures, with a straightforward approach to the problems and pitfalls you are likely to encounter. The whole laced with humour and a thorough understanding of what's involved. Gets my vote!'

Reader

'A vital tool in the war against real estate sharks; don't even think of buying without reading this book first!'

Everything Spain

'We would like to congratulate you on this work: it is really super! We hand it out to our expatriates and they read it with great interest and pleasure.'

ICI (Switzerland) AG

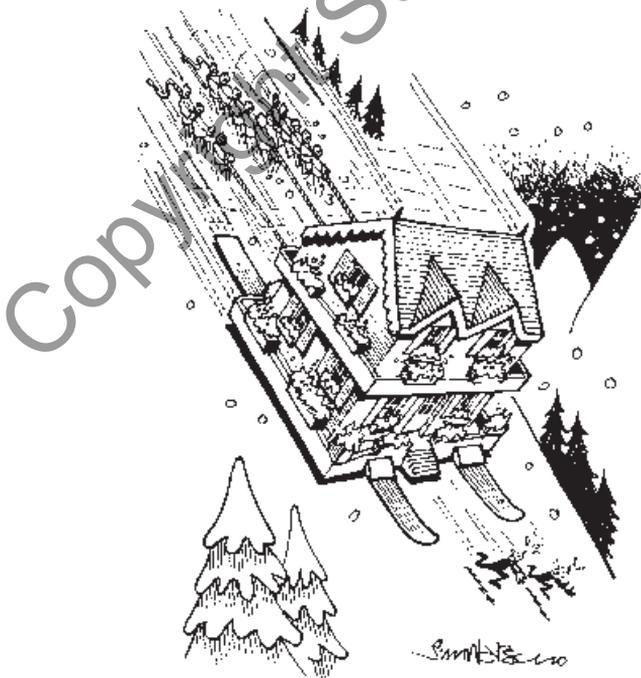
Important Note

Switzerland is a diverse country with many faces. It has four national languages, both federal and cantonal laws, a variety of religions and customs, and continuously changing rules and regulations – particularly with regard to foreigners.

Always check with an official and reliable source (not always the same) before making any major decisions or taking an irreversible course of action. Don't, however, believe everything you're told or read, even, dare I say it, herein!

To help you obtain further information and verify data with official sources, useful addresses and references to other sources of information have been included in all chapters, and in **Appendices A** and **B**. Important points have been emphasised throughout the book, some of which it would be expensive or foolish to disregard. **Ignore them at your peril or cost.**

Unless specifically stated, a reference to a company, organisation or product doesn't constitute an endorsement or recommendation, unless specifically stated.



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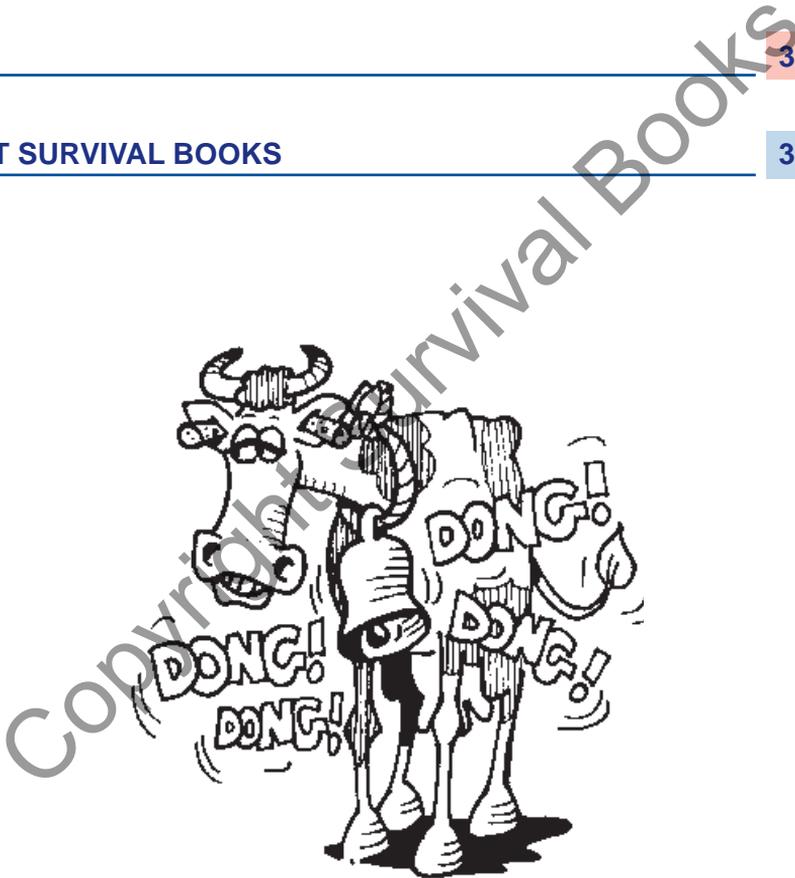
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Authors' Notes

- ◆ Frequent references are made in this book to the European Union (EU), which comprises Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK. The European Economic Area (EEA) includes the EU countries plus the European Free Trade Association (EFTA) countries of Iceland, Liechtenstein and Norway. Although Switzerland isn't a member of the EEA, it's a member of the EFTA and enjoys the same privileges and rights as EEA members.
- ◆ All times are shown using the 12-hour clock; times before noon are indicated by the suffix 'am' and times after noon by 'pm'.
- ◆ Unless otherwise stated, all prices quoted are in Swiss francs (CHF) and include VAT. They should be taken as estimates only, although they were mostly correct at the time of publication and fortunately don't change overnight in Switzerland.
- ◆ His/he/him also means her/she/her (please forgive me ladies). This is done to make life easier for both the reader and the author, and isn't intended to be sexist.
- ◆ British English and spelling is used throughout the book. Names of Swiss towns and foreign words are generally shown in their English spelling, e.g. Basle (Basel), Berne (Bern), Geneva (Genève), Lucerne (Luzern) and Zurich (Zürich).
- ◆ Warnings and important points are printed in **bold** type.
- ◆ The following symbols are used in this book: ☎ (telephone), 📠 (fax), 🌐 (Internet) and ✉ (email).
- ◆ Lists of **Useful Addresses** and **Useful Websites** are contained in **Appendices A** and **B** respectively.
- ◆ For those unfamiliar with the metric system of **Weights & Measures**, conversion tables are included in **Appendix C**.
- ◆ The airlines serving Switzerland from the UK and USA are listed in **Appendix D**.
- ◆ A map showing the Swiss cantons is inside the back cover. Other physical, road and rail maps are shown in **Appendix E**.
- ◆ Glossaries of property terms in French-English and German-English are included in **Appendix F**.



Introduction

If you're planning to buy or rent property in Switzerland or even just thinking about it, this is **THE BOOK** for you! Whether you're seeking a modern apartment, a period house or a chalet, a holiday or a permanent home, ***Buying or Renting a Home in Switzerland*** will help make your dreams come true. The aim of this book is to provide you with the information necessary to help you choose the most favourable location, and most appropriate home to satisfy your personal requirements – and at the right price. Most importantly, it will help you avoid the pitfalls and risks – not that there are many – associated with buying a home in Switzerland

You may already own or rent a home in another country; however, buying or renting a home in Switzerland (or in any 'foreign' country) is a different matter altogether. One of the most common mistakes many people make when buying or renting a home abroad is to assume that the laws and procedures are the same as in their home country. **This is rarely, if ever, the case!** Buying property in Switzerland is generally very safe, particularly when compared with some other countries. However, if you don't follow the rules provided for your protection, a purchase can result in a serious financial loss, as some people have discovered.

For most foreigners, buying or renting a home in Switzerland has previously been a case of pot luck. However, with a copy of ***Buying or Renting a Home in Switzerland*** to hand you'll have a wealth of priceless information at your fingertips – information derived from a variety of sources, both official and unofficial, not least the hard won personal experiences of the authors, their friends, colleagues and acquaintances.

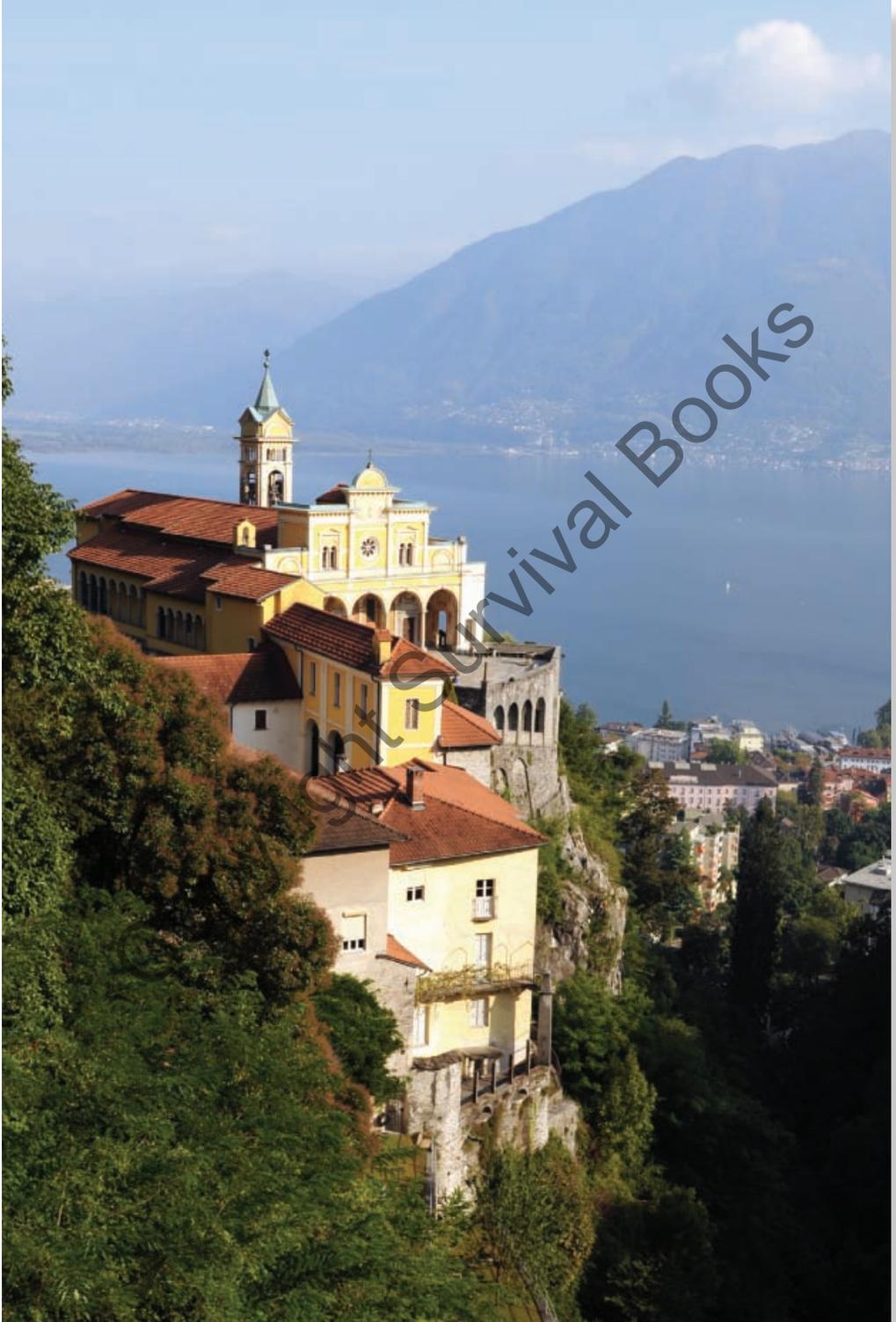
This book doesn't contain all the answers – but what it will do is reduce the risk of making an expensive mistake that you may regret later, and help you make informed decisions and calculated judgements, instead of costly mistakes and uneducated guesses (forewarned is forearmed!). **Most important of all, it will help you save money and will repay your investment many times over.**

Buying or renting a home in Switzerland is a wonderful way to make new friends, broaden your horizons and revitalise your life, and – if you're a non-resident – it will provide a welcome bolt-hole to recuperate from the stresses and strains of modern life. I trust that this book will help you avoid the pitfalls and smooth your way to many happy years in your new home in Switzerland, secure in the knowledge that you've made the right decision.

Viel Glück/Bon courage!

*David Hampshire &
Anne-Marie Travers*

January 2010



Madonna del Sasso, Orselina, Ticino

1.

MAJOR CONSIDERATIONS

Buying or renting a home in Switzerland isn't only a major financial commitment, but is also an undertaking that can have a huge influence on many other aspects of your life, including your health, security and safety; your family relationships and friendships; and your lifestyle, opinions and outlook. You also need to bear in mind any restrictions that may affect your choice of location and type of property, such as whether you'll need (or be able) to learn another language or dialect; whether you'll be able (or be permitted) to find employment or start a business; whether you can adapt to and enjoy the climate; whether you'll be able to take your pets with you; and, not least, whether you'll be able to afford the kind of home (and lifestyle) that you want. In order to ensure that you're making the right move, it's as well to confront these and other major considerations before making any irrevocable decisions.

WHY SWITZERLAND?

Switzerland is one of the most beautiful countries in Europe, and one of the most captivating, with an abundance of ravishing landscapes and charming towns and villages. It's a country of huge variety, offering something for everyone: magnificent unspoiled countryside for nature-lovers; a wealth of historical towns and ancient cities for history buffs; an abundance of mountains, lakes and rivers for sports enthusiasts; lively nightlife for the jet set in the major cities and resorts; excellent wines and cuisine for gourmets; a profusion of painting, sculpture and music for art lovers; and relaxation and tranquillity for the stressed. Few other countries in the world offer such an exhilarating mixture of beauty, culture, history, sophistication and style.

Furthermore, it has exceptional political, social and economic stability; excellent communications and transport infrastructure; quality homes and efficient public services; outstanding education and health systems; low taxation; a beautiful, clean and safe environment; a tolerant multicultural, cosmopolitan society where English is the *lingua franca*; and the highest quality of life and

standard of living in the world. Put simply, it's one of the most attractive countries in the world in which to invest, do business, live or work.

When buying or renting property in Switzerland, you aren't simply buying a home, but a lifestyle. As a location for a holiday, retirement or permanent home, it has few rivals, and offers a wide choice of high quality property and a fine climate for most of the year, particularly if you're a winter and/or summer sports enthusiast.

However, despite the many excellent reasons for buying or renting a home in Switzerland, it's important not to be under any illusions about what you can expect from a home there. The first and most important question you need to ask yourself is **exactly** why do you want to buy a home there? Obviously if you'll be working in Switzerland then you'll need somewhere to live and most employees initially rent a home there.

If you're seeking a holiday or retirement home, then you'll be able to choose from a much wider area, but will face many other decisions. For example, if you're seeking a second home, will it be used mainly for long weekends or for longer stays? Do you plan to let it to offset some of the mortgage and

running costs? Are you primarily looking for a long-term investment or do you plan to work or start a business in Switzerland in future?

Often buyers have a variety of reasons for buying a home in Switzerland; for example, some people buy a holiday home with a view to living there permanently or semi-permanently when they retire. If this is the case, there are many more factors to take into account than if you're 'simply' buying a holiday home that you'll occupy for just a few weeks a year, when it may be wiser not to buy at all! If, on the other hand, you plan to work or start a business in Switzerland, you'll be faced with a whole different set of criteria.

Can you afford to buy a home in Switzerland, where property is relatively expensive? What of the future? Is your income secure and protected against inflation and currency fluctuations? In recent years, many people purchased holiday homes abroad by taking out second mortgages on their family homes and stretching their financial resources to the limit. Not surprisingly, when the recession struck in 2008, many people had their homes repossessed or were forced to sell at a huge loss when they were unable to maintain the mortgage payments. Another danger is taking out a mortgage in Swiss francs when your income is in another currency, such as £sterling, US\$ or Euros, which could be devalued against the Swiss franc, leading to a huge hike in mortgage payments.

The Swiss aren't very mobile and they move house much less frequently than the Americans and British, which (along with historically low inflation) is reflected in the stable property market. Nevertheless, prices in some regions have increased considerably in the last decade, driven up by foreign buyers and speculators; in the major cities, fashionable resorts and most popular regions, prices rise faster than average, which is usually reflected in much higher purchase prices (see **Cost of Property** on page 196).

You shouldn't expect to make a quick profit when buying property in Switzerland, but look upon a property purchase as an investment in your family's future happiness, rather than merely in financial terms.

Unless you know exactly what you're looking for and where, it's sensible to rent a

property for a period (see **Chapter 6**) until you're more familiar with the country or a particular region. As when making any major financial decision, it isn't wise to be in too much of a hurry. Many people make expensive (even catastrophic) errors when buying property abroad, usually because they don't do sufficient research and are too hasty, often setting themselves ridiculous deadlines (such as buying a home during a long weekend break or a week's holiday). Not surprisingly, most people wouldn't dream of acting so rashly when buying property in their home country! It isn't uncommon for buyers to regret their decision after some time and wish they'd purchased a different kind of property in a different region – or even in a different country!

✓ SURVIVAL TIP

Before deciding to buy a home in Switzerland, you should do extensive research (see page 103), study the possible pitfalls and be prepared to rent for a period (see Chapter 6).

Advantages & Disadvantages

There are both advantages and disadvantages to buying or renting a home in Switzerland, although for most people the benefits far outweigh the drawbacks.

Advantages

- ◆ guaranteed summer sunshine (most of the time) and winter snow in high-altitude resorts – Switzerland is one of the world's foremost winter and summer playgrounds;
- ◆ relatively good value for money (provided you avoid the most fashionable areas);
- ◆ unparalleled build quality and fixtures and fittings;
- ◆ a very secure and stable property market;
- ◆ a good long-term investment with sustainable growth prospects;
- ◆ historically and consistently low interest rates, with one the world's strongest and most stable currencies;

- ◆ safe purchase procedures (scams are almost unknown) and the honesty and integrity of (most) licensed real estate agents and notaries;
- ◆ an excellent country in which to establish or run a business with low corporate and personal taxes, state-of-the-art telecommunications and infrastructure;
- ◆ situated at the heart of Europe with excellent transport links, both domestically and internationally;
- ◆ a multicultural, multilingual and international society, where English is widely spoken;
- ◆ a gentle, slower pace of life in rural areas;
- ◆ a very high standard of living and quality of life, with excellent education and health facilities;
- ◆ comparatively low taxation, especially if you qualify for lump-sum taxation;
- ◆ one of the world's most stable countries – both economically and politically;
- ◆ a beautiful, clean and safe environment.

Disadvantages

- ◆ restrictions regarding buying, renting and selling a holiday home for non-residents;
- ◆ long waiting lists for permits for holiday homes in some cantons for non-residents;
- ◆ high cost of property (and rents) compared with many other countries;
- ◆ relatively high home running costs compared with some other countries;
- ◆ high cost of living (although this is usually offset by high salaries and relatively low taxes);
- ◆ unexpected renovation and restoration costs if you buy an old home and don't do your homework;
- ◆ possible currency risks if your income isn't in Swiss francs;
- ◆ overbearing bureaucracy and paperwork (which was invented to prevent the Swiss having paradise on earth!);

- ◆ overcrowding in the major cities and popular tourist areas;
- ◆ the risk of overpaying for a home and being unable to sell it and recoup your investment;
- ◆ the expense of getting to and from Switzerland if you don't live in a nearby country or a country with inexpensive air or rail connections.

CLIMATE

It's almost impossible to provide a general description of the Swiss climate, as it varies considerably from region to region (like the Swiss themselves); probably no other country in Europe has such diverse weather conditions in such a small area.

The Alps, extending from east to west, form a major weather division between the north and south of Switzerland, and separate weather forecasts are usually given for each area. The climate north of the Alps is continental with hot summers and cold winters, although prolonged periods when the temperature is below freezing are rare during daytime (unless you live on top of a mountain).

In winter, the average daytime temperature at higher elevations is often below zero and can be freezing, although the sun can be very hot and you can get sunburnt easily. In winter it usually snows everywhere at some time, even in the lowlands, although Basle gets an average of just 11 days snow per year and it rarely snows in Geneva (around nine days a year) and it usually melts within a day or two. At higher altitudes, it generally thaws by spring,



except above 2,000m (6,561ft). Many areas experience heavy fog and mist, caused by temperature inversions, particularly in autumn. In winter, avalanches are common but they rarely occur in towns or villages or on ski pistes where there's extensive avalanche protection (slopes where there's a danger of avalanches are cleared by blasting). Mudslides, rockfalls and floods are a danger in some areas in spring (with the winter thaw) and in summer.

In Ticino, south of the Alps, a mild Mediterranean climate prevails and even in winter it's significantly warmer here than elsewhere in Switzerland. Spring and autumn are usually mild and fine in most areas. Generally, Switzerland has more rainfall than most other regions of Europe (although Valais is particularly dry) and the country is noted for its low humidity and lack of wind. Most areas suffer occasionally from the *foehn*, a warm oppressive south wind often blamed for headaches, fatigue, vertigo, bad tempers and other minor irritating complaints (you can even buy a gadget to ease its unpleasant effects).

The daily weather forecast in winter includes the snowfall limit (*Schneefallgrenze*, *limite des chute de neige*), which is the lowest level (in metres) where snow will fall and where freezing point will occur (*Nullgradgrenze*, *limite du degré zéro*). Generally, Swiss weather forecasts are highly accurate. Average afternoon temperatures in Centigrade and Fahrenheit (in brackets) are shown in the table below:

The Swiss weather forecast is available by telephone (☎ 162 – CHF 0.50 plus 0.50 per minute) in the local language, on the Swiss television teletext service, via the internet (e.g. 🌐 www.meteocentrale.ch/en and www.wetter.ch) and in daily newspapers. The pollen count (*Pollenbericht*, *indice de pollen*) is reported from March to July on the Swiss television teletext service, in daily newspapers and at 🌐 www.meteoschweiz.ch (under Health). Avalanche bulletins are given on telephone service number ☎ 187 (CHF 0.50 plus 0.50 per minute) and in English on the website of the Swiss Federal Institute of Snow and Avalanche Research (🌐 www.slfr.ch/english/en).

ECONOMY & TRADE

Despite its limited size and lack of raw materials, Switzerland is one of the most productive, competitive and prosperous countries in the world. Swiss products are renowned for their quality, reliability and after sales service, with a strong emphasis on the refinement and finishing of products, and high quality specialisation. Switzerland's success is due to a combination of technical know-how, enterprising spirit, hard work, virtually no strikes, high investment in plant and equipment, and an overriding pro-business mentality. Like Japan, it's largely dependent on imports, particularly raw materials, semi-finished and finished products, energy sources and food. Many Swiss companies are leaders

Temperature/Rainfall Averages

City	Average Temperature °C (°F)	Rainfall in mm (inches)	
		January	July
Basle	0.9 (33.6)	18.5 (65.3)	778 (30.6)
Berne	1.0 (33.8)	17.5 (63.5)	1,028 (40.5)
Geneva	1.0 (33.8)	19.3 (66.7)	822 (32.4)
Lucerne	0.2 (32.4)	17.9 (64.2)	1,545 (60.8)
Lugano	2.6 (36.7)	21.1 (70.0)	1,171 (46.1)
Sion	0.8 (33.4)	19.1 (66.4)	598 (23.5)
Zurich	0.5 (32.9)	17.6 (63.7)	1,086 (42.8)

Source: 🌐 www.meteoschweiz.ch.

in their fields and a 'Made in Switzerland' label has a certain cachet to many buyers, who gladly pay a premium for Swiss quality, durability and reliability.

One of Switzerland's most important industries is precision mechanical and electrical engineering, which produces highly specialised equipment and tools, particularly machine tools, and textile and printing machinery. Many Swiss companies are also world leaders in the fields of life sciences (biotech, MedTech, pharmaceuticals), information and communication technologies (ICT), and micro- and nanotechnology. Other major industries include watch-making, chemicals and pharmaceuticals, tourism, and the textile and clothing industries. The Swiss food industry is also prosperous and Swiss chocolate and cheese, among other foods, are exported throughout the world (Nestlé is the world's largest food company). Despite the fact that only a quarter of Switzerland's surface area is productive, Swiss farmers produce around 70 per cent of the country's food.

It's the service sector, however, which contributes most towards balancing the budget, in particular Swiss banks and insurance companies. The tourist industry is also important and is one of the country's largest employers, providing work directly or indirectly for some 250,000 people. Tourism is Switzerland's third-largest export earner (after the machine and chemical industries) with foreign tourists spending some CHF 15bn annually (around 3 per cent of GDP). The Swiss workforce consists of around 4.4mn people or around 55 per cent of the population (55 per cent men and 45 per cent women), some 25 per cent of whom are foreigners, mostly from the EU. Around 70 per cent are employed in the services sector, 25 per cent in industry, trades and construction, and 5 per cent in agriculture and forestry.

It was feared that Switzerland's rejection of European Union membership would prove an obstacle to future growth and prosperity, as few western countries are so dependent on the outside world for their economic survival. However, Switzerland has negotiated a series



of bilateral trade treaties with the EU, and most EU citizens have the right to live and work freely in Switzerland (Swiss citizens have the same rights in EU countries). As a trading partner, Switzerland is the third-largest goods supplier and second-largest customer of the EU, and some 45 per cent of Swiss direct investment is in EU countries. The Swiss can therefore enjoy the benefits of EU membership without the bureaucracy and expense (nobody said the Swiss weren't smart!).

Switzerland cannot afford any kind of isolation, either with regard to energy or raw materials, or in relation to its capital and labour markets. For this reason, Switzerland's foreign exchange system has always been based on a free market, opposition to all forms of protectionism, and a policy of low customs duties with almost no restrictions on imports. It's ranked fourth in the world for economic freedom – behind Hong Kong, Singapore and New Zealand – and first in Europe.

Agricultural products are virtually the only exception. Most food imports are subject to high duties in order to protect the livelihood of Swiss farmers and ensure sufficient food production in times of need (due to their high production costs, Swiss farmers cannot compete with imports). Swiss farmers receive a large part of their income from federal subsidies, although there are regular battles over milk prices and production quotas. Despite the duties on imported food, Switzerland imports more agricultural products per capita than any other European country. Other important benefits of the Swiss farming policy are safeguarding the traditional Swiss way of life, particularly in mountainous regions, and the protection of the environment.

Agriculture is considered a vital prerequisite for the tourist industry. Nevertheless, each resident pays some CHF 500 a year to subsidise Swiss farmers.

The Swiss economy remains strong and competitive, despite the strength of the Swiss franc, high labour costs and ever-increasing competition. However, Swiss companies have felt the pinch in recent years and are increasingly being forced to move production and other facilities abroad, reduce prices and shave their profit margins. The Swiss economy is among the world's most open (number three) and most competitive (number eight), and its GDP per head (US\$42,000) is the third-highest in the world, thanks primarily to high-value-added services, specialized industries, and a highly qualified workforce.

Switzerland spends more per capita on research and development, science and education than any other country, had the third-highest number of computers per head in 2008, and is a world leader in advanced technology exports. The Swiss economy is among the world's most open and most competitive – in 2009 it knocked the US off the top spot – and its exports as a percentage of GDP are the world's highest. The Swiss have also produced (per capita) more Nobel Prize winners and registered more patents than any other country.

Recession

Switzerland's economic growth was relatively strong from 2004 to 2007, with average annual GDP growth of 2.9 per cent, although it slowed to 1.6 per cent in 2008 with the onset of the global financial crisis. Switzerland entered recession in early 2009, but wasn't as badly affected as many other countries, such as Germany, Japan, the UK and the US; and although exports fell by around 17 per cent in the first eight months of the year, the domestic economy remained relatively robust. The country's GDP contracted by around 2 per cent in 2009, although it's forecast to grow by 0.5-1 per cent in 2010.

The Swiss unemployment rate reached 4.2 per cent in November 2009 (around 150,000) – a five-year high – and is expected to reach around 5 per cent in 2010, an unprecedented level for a country that for many years officially had zero unemployment! The country's average inflation was just 0.89 per cent from 1994 to 2007, but rose to 2.4 per cent in 2008 due to high global food and fuel costs. Switzerland experienced deflation of around -0.4 per cent in 2009 and the forecast for 2010 is inflation of around 1 per cent.

GOVERNMENT

Switzerland is the most politically stable country in the world. The Swiss constitution (reviewed and updated in 2001) provides both the Confederation and cantons with the system of a democratic republic, in the form of direct or representative democracy. Switzerland's foreign policy is neutral. A number of important recent referendums (e.g. EEA membership and Swiss UN troops, both of which were rejected) have shown only too clearly that the Swiss government is increasingly out of step (at least in terms of foreign policy) with its people. However, Switzerland's foreign policy isn't entirely isolationist and in 1992 it became a member of the IMF and the World Bank (it's also a member of the Council of Europe, GATT and the OECD). In 2002, the Swiss voted to become a member of the United Nations (after 57 years!).



In Switzerland, power flows upwards from some 3,000 communities (*Gemeinde, commune*), each of which has a local council or municipal authority.

A Swiss citizen is first and foremost a citizen of a community (written in his passport), which remains ultimately responsible for his welfare throughout his life. In a community, the executive is the administrative council headed by the mayor, with legislative matters handled by the municipal council. The community levies local taxes and has self-rule in all matters that aren't the responsibility of either the federal government or the canton. These include the administration of public property such as forests; water, gas and electricity supplies; bridges, roads and administrative buildings; schools (primary education); and the civil defence, fire, health and local police departments. Several communities make up a borough or county (*Bezirk, district*).

Next in line are the 26 cantons (*Kanton/ Stände, canton*) – see **Chapter 2** – six of which rank as 'half-cantons' (half a canton is better than none). Each canton has its own written constitution and is in effect a sovereign state subject to federal law. The cantonal governments consist of an executive state council of five to nine members (each head of a department) and a legislative grand council of varying size, depending on the canton. Each canton is responsible for its own civil service; citizenship; church matters; education; finances and income tax; labour department; land usage; law and order; libraries; public health; public transport; roads; stock exchange supervision; and water and electricity supply.

The federal government is directly responsible for the armed forces; civil, criminal and industrial law; currency; customs and federal taxes; fishing, forestry and hunting (shared with the cantons); foreign policy; hydroelectric and nuclear power; monetary controls; pensions; post and communications services; and railways. Legislative power is exercised by the federal assembly (*Bundesversammlung, Assemblée Fédérale*), consisting of two chambers of equal status:

- ◆ **The Council of States** (*Ständerat, Conseil des Etats*) comprises 46 representatives of the cantons. The 20 'full' cantons have two representatives each and the six half-cantons one each.
- ◆ **The National Council** (*Nationalrat, Conseil National*), is elected for a four-year term and consists of 200 direct representatives of the people. The number of members allocated to each canton depends on their size and population, e.g. Zurich has 34 seats, while cantons Appenzell-Ausserrhoden, Appenzell-Innerrhoden, Glarus, Nidwalden, Obwalden and Uri have just one seat each.

Both chambers hold four regular sessions a year, each of three weeks duration, and bills must be debated and passed by both chambers. Members aren't professional politicians and hold other jobs, although most are self-employed or high-ranking corporate executives with the time and money to be part-time politicians. Politicians are paid around CHF 70,000 a year.

Traditionally, relatively few federal politicians have been women (possibly because they've only had the right to vote since 1971), although this is changing; in 2009, almost 30 per cent of *Nationalrat* members, 22 per cent of *Ständerat* members and three of the seven federal councillors were women. (In 2010, the President of Switzerland will be a woman, and both chambers – *Nationalrat* and *Ständerat* – will be presided over by women.) The misogynist men of half canton Appenzell-Innerrhoden steadfastly refused to give women the right to vote in community and cantonal elections, until being overruled by the federal government in 1990.

The federal assembly elects the seven federal councillors (comprising the federal executive), who serve for four years and head the departments of foreign affairs; the interior; justice and police; defence and sport; finance; economics and environment; and transport and energy (including communications). Re-election of federal councillors is permitted. Each year the assembly elects a councillor as president of the Confederation (who remains anonymous to everyone but his/her spouse). The highest judicial authority is the Federal Supreme Court, which sits in Lausanne and

consists of 30 members elected by the federal assembly.

The Swiss system of democracy, although not perfect, is among the best ever devised. Almost everyone is represented through proportional representation (with the notable exception of the 1.7mn foreigners who comprise around 22 per cent of the population). Local communities and cantons have real powers that cannot be usurped or vetoed by the federal government, and all important decisions must be decided by the people through referendums. The system functions well because politicians of all parties work together for the greater benefit of the majority, rather than indulging in petty squabbling and party politics.

However, Swiss politics are also terminally boring for most foreigners, although the EEA/EU issue injected a modicum of interest in recent decades and the Swiss are beginning to debate issues with some passion (and invariably vote the opposite way in referendums from what their elected representatives would like – such as the vote in November 2009 to ban the building of minarets).

If you're an insomniac, you can find out more about Swiss politics at www.socio.ch/polit.

PERMITS & VISAS

Before making any plans to live or work in Switzerland, you must ensure that you have a valid passport (with a visa if necessary) and the appropriate documentation to obtain a residence permit. The laws regarding work and residence permits for European Union nationals (plus nationals of the European Economic Area/EEA – which includes the EU countries plus Iceland, Liechtenstein and Norway) changed in 2002, when the bilateral treaty between Switzerland and the EU/EEA was introduced. **Henceforth the acronym EU is used to refer to both the EU and the EEA, unless otherwise noted.** There are now two distinct categories of foreigners living and working in Switzerland: EU citizens, who in many ways have similar rights to Swiss citizens, and non-EU citizens, for whom it has become more difficult to obtain work and/or residence permits.

Foreigners entitled to live or work (or both) in Switzerland are issued with a residence permit (*Aufenthaltsbewilligung, autorisation de séjour*) in a plastic cover entitled 'foreigners' permit' (*Ausländerausweis, livret pour étrangers*). Although it isn't mandatory, it's advisable to carry your Swiss residence permit, passport or other official form of identification with you at all times within Switzerland.

Older children without residence permits should carry passports or identity cards to verify their age, for example to purchase reduced price public transport tickets and cinema tickets for age-restricted performances. Secondary school children are often issued with a school identity or student card (*Schülerausweis/Studentenausweis, carte d'identité scolaire/carte d'étudiant*). Foreigners working for international organisations in Switzerland are issued with an identity card (*Identitätskarte, carte de légitimation*) but not a residence permit, and aren't subject to quotas or the same regulations as people working for Swiss employers.

Caution

Infringements concerning residence permits or registration of foreigners are taken very seriously by the Swiss authorities. There are penalties for breaches of regulations, including permit revocation and deportation for flagrant abuses.

Visas

Some foreigners require a visa to enter Switzerland, whether as a visitor or for any other purpose. This includes most, so-called, third-world nationals – a term used by the Swiss authorities to refer to anyone who isn't a citizen of an EU or Schengen (see below) member country. **It doesn't mean nationals of third-world countries.** If in doubt, check with a Swiss embassy or consulate.

Visitors

If you aren't a national of a Schengen member country (see below) or a country on the Schengen visa-free list (see <http://>

switzerland.visahq.com/requirements), you'll need a Schengen visa (☞ www.schengenvisa.cc), costing CHF 60, to visit Switzerland.

This also allows you to travel freely within all Schengen countries for up to 90 days in a six-month period or 180 days a year. If you have a multiple-entry visa, you can enter and leave the Schengen area any number of times within the 180-day period. There are also Schengen transit and short stay visas.

Schengen visa holders aren't permitted to live permanently or work in Switzerland (or any Schengen member country); business trips aren't considered to be employment. Foreigners who intend to take up employment or self-employed activity in Switzerland (or any Schengen country) may require an employment visa (see below), even if their nationality is listed on the Schengen visa-free list.

To extend a stay beyond three months without leaving Switzerland, you must apply to the local canton's 'aliens police' and be registered by your landlord with the local community if your stay exceeds three months. If you wish to establish temporary residence for longer than six months a year, you must apply at a Swiss embassy or consulate before arriving in Switzerland.

Non-EU nationals aren't permitted to visit Switzerland as tourists and seek employment, because applications for work permits are only considered when a non-EU national is outside Switzerland. However, you can visit Switzerland to meet prospective employers or attend interviews.

Schengen Agreement

Switzerland is a signatory to the Schengen agreement, an open-border policy between 25 European countries. Switzerland officially became a member on 12th December 2008, and all land border controls between Switzerland and the other 24 member countries were removed (air border controls were removed in March 2009).

Other Schengen members are Austria, Belgium, the Czech Republic, Denmark, Estonia,

Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain and Sweden. Bulgaria, Liechtenstein and Romania are planning to implement the agreement later. The United Kingdom and Ireland aren't members, but are signatories to the Schengen police and judicial cooperation treaty.

Under the Schengen agreement, immigration checks and passport controls take place when you first arrive in a member country from outside the Schengen area, after which you can travel freely between member countries.

Work Permits

The latest work permit regulations are outlined below. For more information, see our sister publication, *Living and Working in Switzerland*.

EU Citizens

On 1st June 2002, a new permit system was introduced for most EU citizens under a bilateral agreement between Switzerland and the EU. This agreement applies to EU/EEA nationals from Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland (EEA), Ireland, Italy, Liechtenstein (EEA), Luxembourg, Malta, the Netherlands, Norway (EEA), Portugal, Spain, Sweden and the UK.

Other EU countries (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia – termed the EU-8 countries – plus Bulgaria and Romania) are



United Nations, Geneva

excluded from the bilateral agreement for the time being, and considered to be non-EU citizens with regard to work permits in Switzerland.

The transitional period for the EU-8 excluded countries will end on 30th April 2011, after which they will be allowed unrestricted access to work permits in Switzerland. For citizens of Bulgaria and Romania (termed the EU-2 countries), the transitional period will apply for a maximum of seven years, i.e. until 2014.

The agreement will eventually (expected in 2014) culminate in all EU citizens having complete freedom of movement within Switzerland, and Swiss citizens having the same rights within EU countries – unless the Swiss decide otherwise in a referendum. Under the agreement, Swiss employers are no longer required to prove that they cannot find a Swiss person to do a job before employing an EU citizen, and employers aren't required to disclose salaries to the authorities.

Companies registered in an EU country can send their employees to work in Switzerland for a maximum of 90 days each calendar year without obtaining a work permit. They must, however, register employees with the Federal Office for Migration (www.bfm.admin.ch), and provide the same conditions with regard to working time, salary and holidays as are mandatory in Switzerland.

For stays of up to 12 months and extendable for an additional six months, an L-EC/EFTA permit is issued, which can be transferred between employers and can be renewed if employment continues or a new job is found after that time. L-EC permit holders can also bring their families to Switzerland.

EU citizens with an employment contract for an unlimited term receive a B-EC/EFTA permit that's valid for five years, which allows employees to change jobs or cantons without any restrictions. If a B-EC/EFTA permit holder loses his job, he can stay in Switzerland for the duration of his permit, provided he has sufficient funds to live on and doesn't become dependent on social security. He can also claim unemployment benefits under the same conditions as a Swiss citizen, look for a new job or become self-employed. After five years the B-EC/EFTA permit is automatically converted to a permanent residence 'C' permit (*Niederlassungsbewilligung, permis d'établissement*).

Authors' Note

The acronym EC refers to the European Community or European Union (EU) as it's now called. EFTA is the abbreviation for the European Free Trade Association, of which Switzerland is a member along with Iceland, Liechtenstein and Norway. Together, the EU and EFTA members comprise the European Economic Area (EEA).

Non-EU Citizens

Non-EU citizens – so-called third world nationals – (and EU citizens who don't qualify under the new rules – see above) must obtain an 'assurance of a residence permit' (*Zusicherung der Aufenthaltsbewilligung, assurance d'autorisation de séjour*) before entering Switzerland to take up employment. This is an official document issued by the Swiss federal government stating that you've been offered a position with a Swiss employer or have been given permission to live in Switzerland, and that you'll be granted a residence permit after your arrival. The assurance must be obtained before arrival in Switzerland to take up residence.

Since the introduction of the Swiss-EU agreement, it has become more difficult for non-EU nationals to obtain work permits. Before applying for an annual permit for a non-EU national, a Swiss employer must have previously advertised the job vacancy in Switzerland. There are strict annual permit quotas in each canton, plus a federal government quota that can be used in exceptional circumstances. Each canton's quota is based on economic factors and manpower requirements in the canton. In deciding whether to grant a permit, the authorities consider the provision of essential services and supplies, economic necessity due to lack of personnel, and the promotion of commercial development. The authorities can usually exercise their discretion within the bounds of the law.

There are quotas in all cantons for non-EU nationals, including American citizens, and your success in applying for a work permit varies according to the canton, and often depends on the number of unemployed people in a particular