

SPRING 2014 REFORM BAROMETER - SWITZERLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
OECD 1	When inflation pressures reappear on the horizon and the risks in the world economy are more balanced, the SNB should return to a free float and raise the policy rate.	Important	Satisfactory	The economy trusts in the capabilities and the accurate assessment of the National Bank to take the right measures in time. Currently, the Swiss Franc is still over appreciated by 20%.
OECD 2	Take further macro-prudential measures, such as increasing the counter-cyclical buffer, should imbalances in the mortgage and housing markets increase.	Important	Satisfactory	The federal government has taken appropriate measures.
OECD 3	Within the constraints of the debt brake rule, a re-evaluation of spending priorities may be warranted; in particular, a shift towards productivity enhancing public expenditures would be appropriate in the medium term.	Irrelevant	Satisfactory	In the assessment of the Federations the Swiss debt brake rule has proven its merits. It is doubtful, whether productivity enhancing public expenditures will have the desired effect and do not rather compromise the currently sound public budgets which will be challenged in the coming years by higher public expenditures in the field of social security and public pension funds currently not subject to the debt brake rules.
OECD 4	Put greater emphasis on market mechanisms in the transition from nuclear to renewable energy.	Important	Unsatisfactory	The Swiss government has introduced a feed-in-tariff system to promote renewable energies like Germany. Despite some announcements to introduce market mechanisms, no concrete plans have been presented yet.
OECD 5	Implement a CO2 levy on transport fuels so as to better exploit the low costs of meeting emissions-reductions targets in the transport sector relative to other sectors.	Helpful	Satisfactory	For heavy vehicles a weight- and distance-related tax was successfully introduced in 2001. This tax contributes to the reduction of CO2-emissions and other externalities. A moderate CO2-levy on transport fuels was introduced in 2005 in order to finance UNFCCC CDM-projects, which largely helped Switzerland to reach the Kyoto-target by 2012.
OECD 6	Further promote private- and public-sector energy-related research, and continue engagement with foreign researchers to facilitate realisation of the Energy Strategy 2050.	Important	Mixed	Energy research plays an important role in achieving the transition from fossil towards renewable energy supply. Public-private-partnerships can be helpful to achieve the goal, especially in times of limited public funds.
OECD 7	Accelerate the pace of agricultural sector reform, including moving entirely to direct payments to farmers, and by further integrating the entire food value chain in international trade.	Extremely important	Unsatisfactory	This recommendation is fully supported by the business federations. A liberalisation of the agricultural sector is of essence as it hampers access of Switzerland to international markets and weakens Switzerland's position in FTA negotiations. The agricultural sector only contributes with 1% to the national GDP (public subsidies included). Only Norway is more protective of its agricultural sector.

OECD 8	Address issues with academically weaker students within the integrated school system as part of a comprehensive integration policy. Focus teacher-training programmes more on developing practical remedial teaching skills.	Irrelevant	Excellent	Compared to international standards, Switzerland is well positioned in this field. More can be done, but it is in the competence of regional governments (Cantons) where it belongs. Regional cooperation agreements are in place where necessary.
OECD 9	Examine the roots of, and propose remedies for the poor productivity performance, including by creating a productivity commission.	Extremely important	Unsatisfactory	Business federations agree with the recommendation of OECD. More knowledge (studies) on the reasons of comparably weak productivity and improvement must be aimed for.
OECD 10	Increase women's labour-market options by increasing public spending on childcare and out-of-school-hours care and by setting applicable regulations to enhance the range of available price-quality choices.	Important	Satisfactory	The reconciliation of work and family life is a constant objective to reach equality between men and women and an important means to counter skill shortages.
OECD 11	Remove the so-called marriage tax penalty at the federal level by introducing individual, as opposed to family, taxation or some equivalent measure.	Helpful	Mixed	The abolition of the marriage penalty has been ordered by the Supreme Court. A popular initiative has been launched to implement it and is being supported by the government. As the implementation of the popular initiative will be very costly, the business federations are questioning whether it is the right instrument to achieve the goal although they do support it in principle.
OECD 12	Implement a corporate governance code establishing gender goals to increase women in senior management.	Helpful	Excellent	Important, but this must remain to be a matter of the private sector and of self-regulation.
OECD 13	Increase the proportion of women on company boards by setting ambitious targets combined with the "Comply or Explain" practice or by setting quotas.	Helpful	Satisfactory	Important, but this must remain to be a matter of the private sector and of self-regulation.