

25 June 2026

National report Switzerland

Swiss economy forecast and current situation*

Switzerland's GDP rose by 0.2% in the fourth quarter of 2025, after a contraction of 0.4% in the previous quarter. Overall economic development thus stabilised at the end of the year. Available data and surveys indicate that GDP will continue to grow in the current first quarter.

The war in the Middle East has led to a sharp rise in international energy prices since the end of February. This is dampening the international economic outlook and is expected to result in higher inflation rates, including in European and Asian trading partner countries. There is a great deal of uncertainty regarding the further development of the conflict in the Middle East and its economic impact.

Against this backdrop, the Expert Group is raising its technical assumption for average oil prices in the current and coming year. Based on this, inflation in 2026 is expected to be slightly higher than previously anticipated (0.4%; December forecast: 0.2%) along with slightly weaker momentum in private consumption. In addition, subdued growth in global demand and the high value of the Swiss franc are slowing down exposed sectors of the export economy. This, in turn, is weighing on investment activity. Overall, the Expert Group has slightly lowered its growth forecast for Switzerland. For 2026, it expects Swiss GDP growth to be below average at 1.0% (December forecast: 1.1%).

In 2027, growth in the Swiss economy is expected to accelerate to 1.7%, with average annual inflation of 0.5% (unchanged forecasts). Global demand should accelerate moderately. Other European countries, particularly Germany, are likely to gradually recover from their current slump, which will also support the Swiss economy. Increasing utilisation of production capacities is causing investment momentum to pick up moderately.

The economic situation is reflected in the labour market. The unemployment rate is expected to rise to an annual average of 3.0% in 2026 and only fall back to an average of 2.8% in 2027. The slight downward revision compared with the December forecast (3.1% and 2.9% respectively) is mainly due to the somewhat more favourable development at the end of 2025.

Economic risks

The war in the Middle East led to increases in international oil and Gas (energy) prices since the end of February; market developments are highly volatile. The further development of the conflict is uncertain and poses risks to global economic development. For example, a prolonged disruption to the energy infrastructure or transport routes in the region could cause prices to rise further. In such a scenario, the global economy would be placed under additional strain and inflation would rise worldwide. Weaker growth and higher inflation would also be expected in Switzerland.

In addition, uncertainty remains regarding international economic and trade policy. This forecast is based on the technical assumption that US import tariffs will remain at their current level. However, changes to US customs tariffs and additional customs duties are possible, for example after the current regulation in the US expires.

Other economic risks also persist. Renewed corrections on the financial markets are possible. The risks associated with global debt, particularly sovereign debt, remain high. Should any of these risks materialise, further upward pressure on the Swiss franc would be expected.

*Seco Economic forecast (18 March 2026 and 11 May 2026)

Economic situation in the MET Industry after first quarter 2026 (Swissmem)*

The Tech (MET) industry revenues have gradually declined over the last few years, with a slight improvement in the final quarter of 2025. In the first quarter of 2026, revenues grew by 3.4% compared to the previous year. After a long period of stagnation, turnover in the Tech industry is showing a slight upturn again. Revenue growth is gradually picking up. With the increase in Q1 2026, the Tech sector is sending increasingly positive signals.

Swiss Tech exports developed in the first quarter of 2026 worldwide in a slightly positive way (+1.1%), with different ways depending on the sales markets. At regional level, tech exports to Asia fell by 4.5% overall, while the EU is once again sending slightly positive signals (+3.9%).

Despite its high share (23.3%), Germany, the most important export market, is in stable, with in the first quarter of 2026 a little growth of 1.8% compared to the same period last year.

The USA remains the second largest market (14.0%) with an increasingly marked decline in exports of 4.2%.

A sharp decline can be observed in China: minus 8.3% – despite a still significant share of 5.7%.

Austria stands out positively: exports there are up 44.7%, although its market share has risen to 4.8%. (Note special factors: rail vehicles).

Exports of the key product groups have performed differently: most have risen slightly again following the positive trend in the final quarter of 2025. Others are still experiencing difficulties. Compared to 2025, exports of product groups grew in the first quarter of 2026 very slightly by +1.1 per cent, with varying development in the different product groups: in metals +3.9 per cent, -3.9 per cent in mechanical engineering, a growth by +4.1 per cent in electrical engineering/electronics and -4.4 per cent in precision instruments.

In addition, capacity utilization in the first quarter of 2026 declined at 81.6 per cent, well below the long-term average of 85.6 per cent. The number of employees in the tech industry has been also declining for about a year. It decreased to 322,900 in the last quarter of 2025 and was 2.0 per cent or 6,600 workplaces lower than at the same period of last year.

New order intake sends a strong signal. With a rise of 10.1% in Q1 2026, demand in the tech industry is gaining significant momentum.

Export expectations are positive, but depend on international trade policy (new tariffs). 36 per cent of our companies expect an increase in foreign orders, the highest figure in six quarters. There is optimism regarding China (net balance: +16 percentage points). Domestic prospects remain subdued (net balance: -8 percentage points).

Several key issues will determine the outlook for 2026: the future course of the Iran conflict, the US tariff deal and the EU steel quota arrangements – all of which remain unresolved. These issues remain crucial for our industries – particularly for SMEs, which are already under pressure. The continued strength of the Swiss franc and the fragile global economy represent a constant burden.

*Swissmem own Report after I. Quarter 2026

Actual situation on the labor market

The State Secretariat for Economic Affairs (SECO) has published its latest figures on the labour market situation in Switzerland. The number of unemployed fell by 2,627 (-1.8%) in May 2026 compared with the previous month, to 140,275. Compared with the same month last year, unemployment rose by 12,331 (+9.6%). The unemployment rate remained at 3.0% in May 2026.

Short time work

According to data as at the end of May 2026, 12,066 people were affected by short-time working in February 2026, 1,333 fewer (-9.9%) than in January 2026 following a three-month reporting period. The number of business units affected, following a three-month recording period, fell by 2 (-0.3%) to 763 compared with January 2026.

On 8 October 2025, the Federal Council increased the maximum duration of short-time working compensation to 24 months, thereby exercising a corresponding extended power recently granted to it by Parliament. With this increase in the duration of benefits, it is providing targeted support primarily to export-oriented industries and companies in Switzerland. The amended ordinance will come into force on 1 November 2025 and will remain in force until 31 July 2026.

On 27 May 2026, the Federal Council decided to extend once again the maximum period for receiving short-time working allowance, which is currently set at 24 months instead of the 12 months provided for by law. This extension will remain in force **until 31 January 2027**.

The Federal Council is taking this measure against a backdrop of considerable uncertainty regarding the global economy and international trade. The ongoing geopolitical tensions in the Middle East are putting pressure on energy markets and certain supply chains, and are consequently also affecting the outlook for global economic growth in the industrial sector. This exacerbates an already very tense situation, which stems in particular from the uncertainties surrounding the additional tariffs introduced by the US in spring 2025. Against this backdrop, certain export sectors are already being significantly affected, particularly the mechanical, electrical and metalworking industry (MET industry) and the watch industry, both of which rely heavily on short-time working allowance.

Current political issues

Bilaterals III with the EU: Swissmem decides in favour

But the liberal labour market must be preserved

- Privileged market access: virtually unobstructed access to the vast European single market (55% of tech industry exports) secured
- Electricity agreement: greater grid stability, more stable networks, lower prices, complete market opening with freedom of choice
- Horizon Europe: full association key for SMEs, cutting-edge research and innovation
- Institutional solution: resolution of disputes on an equal footing generates legal certainty, dynamic adoption of legislation is clearly limited to 5 domestic market agreements
- Cohesion payments: increase in Swiss contribution is a discouraging but necessary concession

Timetable

- **March 2026:** Message from the Federal Council to Parliament
- **2026 / Spring 2027:** Consultation in both chambers of Parliament
- **Spring 2028:** probably popular referendum

US Tariffs

Following the lifting of the country-specific additional tariffs by the US Supreme Court, the US President introduced a new across-the-board additional tariff of 10% citing a different legal basis. This across-the-board additional tariff is to be levied on all trading partners and is in addition to the applicable Most Favoured Nation tariffs. Certain products listed in Annex II of the Executive Order remain exempt from the additional tariffs. Existing sector-specific additional tariffs remain payable. Tariffs of 50% still apply to steel and aluminium. From 31 July 2026, additional tariffs will be imposed on pharmaceutical products under Section 232.

The Swiss government is currently conducting further negotiations with the US to find a definitive agreement that makes companies exporting to the US more competitive again.

War Materiel Act

In late 2025, the Swiss parliament passed amendments to the War Material Act to allow the government to preemptively authorize exports to nations with export regimes similar to Switzerland's, even if those countries are engaged in armed conflicts.

Amendments passed by parliament are being actively challenged by civil society alliances via a nationwide referendum. This referendum has been successfully launched and has reached the required 50,000 signatures. The vote will take place in September or November 2026.

Roundtable on National developments

Collective agreements in the MET industries: recent outcomes

The current collective agreement for the MET (Tech) industry was extended by five years in 2023 and remains in force until 30 June 2028. Negotiations are expected to take place in 2028, with preparations set to begin at the end of 2026. The specific demands of the social partners are not yet known. However, these must not undermine the competitiveness of our companies.

Restructuring trends in MET industries with a particular focus on automotive sector

The MET industry currently employs around 323,000 people in Switzerland. Last year, around 6,600 jobs were lost. Numerous companies in the export-oriented MET (Tech) industry are on short-time working due to a lack of orders. Widespread restructuring has so far been avoided. However, if the order situation (which is being affected by geopolitical uncertainty) does not improve, companies currently on short-time working may be forced to implement redundancies.

The automotive sector in Switzerland operates primarily as a supplier to the German (though not exclusively) automotive industry (employing around 35,000 people). There have already been a number of adjustments to workforce numbers in recent years. Should the German or European automotive sector, in particular, fail to recover, restructuring is also to be expected in Switzerland. As an alternative solution, some companies are considering adjusting their scope of activities.

Collective bargaining as a tool to improve gender pay gap

Collective labour agreements contain general provisions prohibiting discrimination against women. This also applies to pay. The collective agreement for the MET (Tech) industry does not contain any specific procedure for addressing wage discrimination against women. The Federal Act on Gender Equality, however, requires companies with 100 or more employees to carry out a mandatory pay equality analysis.

Statistical surveys in the MET sector in Switzerland have shown that the gender pay gap stands at around 3% and therefore falls within the 5% tolerance limit prescribed by the federal government. Introducing further provisions in collective bargaining would not improve this situation, but would instead lead to more bureaucracy and a restriction on companies' freedom to operate.

Finally, there is always a risk that if additional provisions are introduced in collective bargaining, this will lead to trade unions calling for these to be enshrined in law.

Emerging practices in collective bargaining (adapting to structural drivers)

Today's collective bargaining negotiations generally follow the traditional format, with demands put forward by both employers and employees. General issues that have already been discussed at the legislative level can certainly act as catalysts (paternity or maternity leave, continued pay during sick leave, annual leave, etc.).

When new employee-friendly provisions are introduced into collective bargaining, there is a risk that trade unions will attempt to have these provisions enshrined in law and that even higher demands will be made during the next round of negotiations for a new collective bargaining.

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