51st IER Committee meeting

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National report Switzerland

Swiss economy forecast and current situation*

In the second quarter of 2026, GDP adjusted for sporting events grew by an exceptionally strong 1.5%. In line with improved sentiment indicators, this growth was broad-based across both industries and demand components. Even so, the increase is likely to overstate underlying economic momentum: almost half of it was attributable to the highly volatile value added to the chemical and pharmaceutical industry, accompanied by a sharp rise in exports. The Expert Group therefore anticipates a degree of correction in the second half of the year.

Despite the expected correction, the economy remains broadly on track for recovery. Moreover, the strong first half of the year has prompted a marked upward revision to the growth forecast. The Expert Group now expects GDP adjusted for sporting events to **grow by 1.7% in 2026** (June forecast: 0.9%). In particular, foreign trade is expected to contribute more strongly to this year's growth than was anticipated in June. This reflects the robust performance seen so far and a somewhat more favourable global economic environment. The recent depreciation of the Swiss franc is also supporting the exchange-rate-sensitive parts of the export sector.

As before, a moderate expansion in domestic demand is also expected. Rising utilisation of production capacity is supporting investment activity, and private consumption should continue to grow moderately. Despite the recent uptick, inflation has remained at moderate levels, and futures markets point to falling oil prices over the coming months. On this basis, the Expert Group's forecast for average annual **inflation** in **both 2026 and 2027** remains unchanged at **0.6%.**

A further pickup in global demand is expected for 2027. The rest of Europe, notably Germany, is expected to continue recovering from the period of weakness seen in recent years, which will also benefit the Swiss economy. The forecast for growth in GDP adjusted for sporting events remains unchanged at 1.6%.

This economic development is also reflected in the labour market, with a gradual decline in **unemployment** numbers expected. The average annual unemployment rate is expected to stand **at 3.1% in 2026**, edging down to **3.0% in 2027** (forecast unchanged).

Economic risks

A more favourable economic performance than forecast is also possible, for example if GDP growth in the second half of the year is stronger than currently assumed. In addition, a stronger economic recovery could materialise internationally and, in turn, in Switzerland. More favourable labour market developments could then further strengthen domestic demand.

Nonetheless, the conflict in the Middle East remains a major risk to the global economic outlook. Sustained high oil prices could place a significant burden on the global economy, and would also push inflation higher in Switzerland. Given low storage levels in Europe, further price increases are also possible for natural gas. Conversely, a rapid easing of the geopolitical situation could relieve pressure on energy markets.

This forecast is based on the technical assumption that US import tariffs remain broadly at their current levels. However, uncertainty persists, and further adjustments to US tariff policy, as well as additional trade-policy measures, cannot be ruled out.

Further risks to the economic outlook stem from possible corrections in financial markets and from global debt, given that financing costs have risen internationally. Should any of these risks materialise, upward pressure on the Swiss franc would be expected.

*Seco Economic forecast (17 September 2026)

Economic situation in the MET Industry after second / third quarter 2026 (Swissmem)*

The following report presents export figures for the third quarter of 2026. The other figures for the Swiss MET industry relate to the first half of 2026.

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 semester of 2026, revenues grew by 2.5% 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 the first semester of 2026, the Tech sector is sending increasingly positive signals.

Swiss Tech exports developed in the first three quarter of 2026 worldwide in a positive way (+4.0%), with different ways depending on the sales markets. At regional level, tech exports to Asia increased by 2.7% overall, while the EU is once again sending slightly positive signals (+4.5%).

Despite its high share (23.3%), Germany, the most important export market, is in stable, with in the first semester of 2026 a growth of 4.4 compared to the same period last year.

The USA remains the second largest market (14.1%) and exports grew by 4.5% compared with 2025, when their value was particularly low due to the very high tariffs of 39%.

Following several weak quarters, exports to China also recorded growth of 4.1% in the first three quarters of 2026.– despite a still significant share of 6.3%.

Exports of the key product groups have performed differently: most have risen slightly again following the positive trend in the final semester of 2025. Others are still experiencing difficulties. Compared to 2025, exports of product groups grew in the first three quarters of 2026 by +4.0 per cent, with varying development in the different product groups: in metals +6.6 per cent, 0.9 per cent in mechanical engineering, a grow by +6.7 per cent in electrical engineering/electronics and -0.9 per cent in precision instruments.

In addition, capacity utilization in the first semester of 2026 declined at 81.1 per cent, well below the long-term average of 85.6 per cent. The number of employees in the Tech industry remained stable at 323,300 over the past year.

New order intake sends a strong signal. With a rise of 12.1% in the first semester of 2026, demand in the tech industry is gaining significant momentum.

Several key issues will determine the outlook for 2027: 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 II /III. 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. In September 2026, the number of unemployed people fell by 1,064, or 0.8%, compared with the previous month, to 140,480. Compared with the same month of the previous year, unemployment increased by 7,247, or 5.4%. The unemployment rate remained unchanged at 3.0% in September 2026.

Short time work

According to data available at the end of September 2026, 8,339 people were affected by short-time working in June 2026, 84 fewer (-1.0%) than in May 2026, following a three-month reporting period.

The number of affected business units increased by 35 (+5.8%) compared with May 2026, reaching 638 after the same reporting period.

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.**

In mid-October 2026, the Federal Council announced that, in view of the improved economic data, it would shortly review the maximum duration of short-time working compensation. The Federal Council is likely to reduce the maximum entitlement period to 18 or even 12 months. A decision is expected by the end of November 2026.

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

- **October 2026**: Consultation in the Council of States (chamber of cantons)
    - General support for the package
    - Mandatory referendum with a majority of the popular vote and a majority of the cantons
    - Wage protection : The Council of States approved the package of 14 domestic measures negotiated by the social partners and supported by the gouvernement.
    - Posting of workers : The existing general security-deposit requirement for EU service providers would be replaced by a more targeted system. A deposit could be imposed where a company has previously failed to comply with its obligations.
    - Immigration safeguards : The chamber supported additional domestic measures linked to high levels of immigration (safeguard clause in the package).
    - Cohesion contribution : The Council of States approved commitment credits of aprox. CHF 3.3 billion in connection with Switzerland’s future cohesion contributions
- **December 2026**:
    - Consultation of the package in the National Council
    - Last Consultation in the Council of States (electricity agreement)
- **Summer 2027 / Spring 2028:** probably popular referendum

US Tariffs

On 24 July 2026, the US introduced new additional tariffs following an investigation under Section 301 of the Trade Act of 1974 into trade in goods produced using forced labour. A variable additional tariff of up to 12.5% will be levied on imports from Switzerland, offset by the existing most-favoured-nation (MFN) duty. For example, if the MFN duty on a product is 5%, the new additional tariff will be 7.5%. If the MFN duty is already 12.5% or higher, only the MFN duty is levied. Numerous product categories are exempt from the additional tariffs. These new additional tariffs replace the additional tariffs in force since February 2026 under Section 122 of the Trade Act of 1974, which amounted to 10% on top of the MFN duty. Existing sector-specific additional tariffs remain in force. From 31 July 2026, the US will impose additional tariffs under Section 232 on pharmaceutical products. These will not stack with the additional tariffs under Section 301.

Tariffs of 50% still apply to steel and aluminium.

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 on 29 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 324,000 people in Switzerland. In 2025, around 6,600 jobs were lost. Numerous companies in the export-oriented MET (Tech) industry were on short-time working due to a lack of orders. In 2026, the situation improved slightly. Employment has remained stable, while turnover has increased by around 3%. Orders have also risen significantly, by approximately 12%. However, the picture is mixed: large companies are benefiting from the boom in artificial intelligence and data centers, while SMEs continue to report a shortage of orders. The number of companies using short-time working has also declined.

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.

AI and collective bargaining

The current Swiss MEM Collective Employment Agreement runs until 30 June 2028. It does not contain a dedicated AI chapter, but existing provisions on employee participation, personnel monitoring, data protection, training and structural change already provide a basis for addressing AI at company level.

Typical trade-union demands for future agreements may include:

- Advance information and consultation before introducing AI systems affecting jobs, work organisation or working conditions.
- Human oversight: recruitment, performance assessments, disciplinary measures and dismissals should not be based solely on automated decisions.
- Transparency: employees and their representatives should know which systems are used, what data they process and how recommendations are produced.
- Restrictions on surveillance, particularly emotion recognition, continuous behavioral monitoring and automated productivity scoring.
- Data protection and security, including limits on the use of employee data for training external AI models.
- Impact assessments covering jobs, discrimination, health, workload and privacy.
- Training and reskilling during working hours, with employers bearing reasonable costs.
- Employment safeguards: consultation on redeployment and retraining before AI-related redundancies.
- Periodic joint reviews by management and employee representatives.

In Switzerland, collective agreements would complement rather than replace legislation. The Federal Data Protection Act already applies directly to AI-supported processing and provides transparency rights and human review of automated individual decisions.

Switzerland currently has no overarching AI Act; the federal government is preparing targeted legislation and non-binding industry measures rather than copying the EU model wholesale.

From an employers' perspective, rules should therefore be risk-based, technology-neutral and practical. They should protect employees without requiring negotiations for every ordinary software update or restricting productivity-enhancing innovation.

Information and consultation of workers as regards introduction of major changes in the workplace (AI or others)

The general Employee Participation Act contains no specific provisions in this regard. Arrangements concerning workplace changes are often set out in collective employment agreements or company regulations. Fundamental changes to employment conditions require an amendment to the employment contract, potentially by means of a termination with an offer of re-employment on revised terms.

The entire field of AI is still relatively new, and clear guidelines on the systematic information or consultation of employees are not yet in place. However, companies are increasingly developing internal policies governing the use of AI.

Others

Minimum wages in Switzerland are not regulated at national level. At present, only a small number of cantons have statutory minimum wages. A few months ago, the Swiss Parliament decided that minimum wages agreed in collective employment agreements should take precedence over any cantonal minimum wages. The trade unions have launched a referendum against this decision, as they fear that it could allow wages to fall below cantonal minimum-wage levels.

November 2026