

## **STUDY ON THE IMPACT OF THE INTERNATIONAL SECTOR IN GENEVA**

### **Importance of the private sector Context and key figures**

The history of Geneva is strongly associated with its openness to the rest of the world, and in Geneva, Swiss and foreign multinationals find fertile ground for their development. The economic vitality and the prosperity of the Lake Geneva arc are closely linked to the presence of multinational (MNCs). They provide many jobs, they are commercial partners for thousands of small- and medium-sized and independent businesses, and they contribute significantly to the Social State. They also play an essential role in terms of research and training. As a result, they are a vital force behind the influence of an international Geneva.

#### **Key numbers with respect to multinationals**

- 119,169 direct jobs in the Canton of Geneva;
- 185,576 direct, indirect, or induced jobs generated by the presence of multinationals, equal to 47% of jobs in Geneva;
- Multinationals, which represent only 5.5% of institutions in the Canton, represent 32% of its jobs;
- 4% of companies of at least 250 employees represent 55% of the jobs in all of the MNCs;
- Each job in a multinational generates 1.51 jobs in society (for example, service providers, businesses owners, hotel operators, transportation providers);
- 21.3 billion in value added in the Canton of Geneva, which equates to 40% of the canton's GDP;
- 2.52 billion in tax revenues stemming from income taxes on multinational employees and from the VAT in greater Geneva.

#### **Substantial tax contribution**

The study does not provide figures regarding corporate tax revenues due to the unavailability of data. However, given the significance of multinationals in the economy of Geneva, with respect to their direct, indirect, and induced contribution to the value added of the Canton, it is highly probable that a substantial portion of total tax revenues generated by corporate taxes comes from multinationals. As an example, the fiscal and financing reform of the OASI (FFR of the OASI) brought about a strong increase in tax revenues, moving from 1.9 to 2.5 billion CHF between 2019 and 2022, despite the pandemic. The increased tax rates for MNCs and their resilience had a key impact. Because of the significant size of their tax contribution, generated both through taxes on individual taxpayers and on corporate entities, they contribute in a substantial way to the financing of public services.

#### **Strong contribution to employment**

Multinationals are major creators of employment, and they recruit locally more frequently than 10 years ago. What's more, the presence of multinationals in Geneva has a multiplying effect on the local economy, generating employment opportunities in various related sectors that benefit the entirety of the local ecosystem. Therefore, it is not that there are two or even several economies that rub shoulders within the Canton. Rather, there is an entire interdependent ecosystem.

The international sector is a key actor within this ecosystem. The examples below bear witness to its importance:

- Jobs in the professional services: multinationals need legal, accounting, management consultation, and translation services.

- Jobs in logistics and transportation: multinationals import and export goods. This stimulates the transport and logistics industries, creating jobs for drivers, agents, freight forwarders, and warehouse workers.
- Jobs in the hotel and restaurant sectors.
- Jobs in information technology and telecommunications: multinationals need solid IT infrastructures. This creates jobs for engineers, developers, network administrators, and cybersecurity specialists.
- Jobs in education and training: multinationals invest in training their personnel. Language schools, universities, and professional training benefit from this demand.

### **Training and innovation support**

Multinationals also intersect with academic institutions and universities. For example, there is a partnership between the GEM and the Department of Economy Management of Geneva (GSEM) to create a master's in Business Analytics. Multinationals also train many young people in the region and develop scientific collaborations with universities.

They contribute greatly to research and development activity (R&D): 89% of R&D expenses come from companies with at least 50 employees. 78% of the jobs in companies of this size are to be found in multinationals in Switzerland.

### **Integration and local engagement**

Multinationals are perfectly integrated into the economic and social fabric, and they are responsibly committed to the region. They have partnerships with many institutions and entities (including economic associations, social partners, IO and INGO (ILO and OIE).

### **Stability of basic conditions**

In light of the period of uncertainty and conflict we have entered, multinationals have to be certain that basic stable conditions will be maintained that are favourable to their development, in order to foresee a long-term future in Switzerland.

For Switzerland and Geneva to remain competitive, multinationals have to be certain they can count on:

- A stable legal and legislative framework;
- Ease of access to a qualified workforce to supplement the local workforce, and this involves maintaining free circulation of persons;
- Ease of access to foreign markets, which requires in particular stable and durable relations with the EU;
- Competitive fiscal conditions that correspond to international norms.