

Global Industry Competitiveness Index (GICI) 2024

Competitiveness analysis of the Swiss
chemical and pharmaceutical industry

A study by BAK Economics and
commissioned by scienceindustries,
the Swiss Business Association
Chemistry Pharma Life Sciences



Wirtschaftsverband
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This publication uses the generic masculine to refer to persons and positions, rather than employing both masculine and feminine forms. All terms apply equally to both men and women.

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Editorial

Competitiveness and sustainability go hand in hand

The Swiss chemical and pharmaceutical industry is one of the most competitive in the world, ranking second after the United States and ahead of Ireland. It could maintain its leading position in this year's Global Industry Competitiveness Index (GICI). Switzerland is strong in all four pillars: "Performance", "Market position and efficiency", "Innovation and technology leadership", and "Location quality". This is crucial to our competitive advantage.

Competitiveness and sustainability do not have to be incompatible but can go hand in hand – the GICI 2024 also shows this. We can be proud that our chemical and pharmaceutical industry ranks first in the world in terms of the environmental index. This is due to reduced greenhouse gas emissions, high energy efficiency and investments in this area.

The encouraging track record of our member companies is based on a combination of broad operational measures and innovative products and services. In this way, they are making a significant contribution to achieving the 2050 net-zero target and the UN Sustainable Development Goals. To ensure that our industries remain part of the solution to future global challenges, we need a business- and innovation-friendly framework that enables us to continue fulfilling our responsibilities.



A handwritten signature in blue ink, appearing to read "M. Leuenberger".

Dr. Matthias Leuenberger
President scienceindustries

Executive Summary

The Swiss chemical and pharmaceutical industry is one of the most competitive in the world and ranks among the top three locations in the Global Industry Competitiveness Index (GICI) for the fifth year in a row. In 2024, Switzerland holds second place, ranking behind the USA and ahead of Ireland. Compared to last year, it has improved by one place, due on the one hand to its own strengths and on the other to Ireland's poorer performance. In addition to economic indicators, the focus topic of 2024 addresses the issue of ecological sustainability. In international comparisons, Switzerland's chemical and pharmaceutical industry receives top marks for minimizing the environmental impact of economic growth.

Since 2020, the Global Industry Competitiveness Index (GICI) has been measuring the international competitiveness of the chemical and pharmaceutical industries. The GICI is conducted by BAK Economics on behalf of scienceindustries, the Swiss Business Association Chemistry Pharma Life Sciences. Competitiveness is measured along the dimensions of "Performance", "Market position and efficiency", "Innovation and technology leadership" and "Location quality".

For years, Switzerland has had a very evenly balanced strength profile. The Swiss chemical and pharmaceutical industry can claim a place on the podium in all four dimensions. None of the other 39 countries covered by the GICI 2024 can match this level of strength in each of the four pillars.

The USA rises to first place in the 2024 ranking of the most competitive countries, largely due to its strong market position and exceptional innovative capacity. Ireland, showing weaker growth dynamics, falls from first to third place. Belgium, Germany, and France enter the top 10.

The top 10 most competitive chemical and pharmaceutical locations



Source: BAK Economics

Focus 2024: Sustainability

The long-term sustainable development of an industry depends on a sustainability strategy that combines economic success, social responsibility and ecological balance. While the GICI measures economic competitiveness, this year's focus topic concentrates on the ecological dimension. An environmental index is calculated based on greenhouse gas emissions per value added, energy consumption per value added and investments in environmental technologies. In combination with the indicators measured in the GICI, this index allows to draw conclusions about the environmental impact of economic growth.

The analysis shows that the Swiss chemical and pharmaceutical industry is not only one of the most competitive internationally, but also one of the most environmentally friendly. Among the 15 largest European locations, Switzerland ranks first in terms of environment. Slovenia and Denmark make up the podium.

This result is due to several factors. Firstly, the chemical and pharmaceutical industry in Switzerland has greatly reduced the proportion of fossil fuels used, which has led to a reduction in greenhouse gas emissions. Secondly, it has invested heavily in integrated and end-of-pipe technologies – in relation to the level of its emissions and energy consumption. Thirdly, the industry also has a lower energy intensity compared to other countries, which is mainly due to the extensive research and development (R&D) activities.

The economic success of companies also contributes to the financing of the necessary investments in environmental protection. Therefore, when designing the framework conditions, both the economic situation and the environment must be kept in mind. Environmental regulations should not become a (bureaucratic) burden – this applies in particular to SMEs – and must be designed in a way that is compatible with incentives (e.g. regulations on non-financial reporting or the regulatory requirements for a circular economy). Technological progress can be an important catalyst. Decisions on the use of new technologies should be based on scientific findings regarding their environmental and economic impacts.

The results of the GICI Report 2024 show that economic competitiveness and environmental protection are not in contradiction to each other. On the contrary: it is to be expected that ecological sustainability will be an even more central component of a successful, economically sustainable business model in the future.