

Back on firm ground

The construction sector in Switzerland

Boom times are back again for the Swiss construction industry after a decade during which 800 construction companies closed their doors and the number of jobs in the core sector fell from 166,000 to 96,000. Now, supported by growing private and public sector investment, the construction industry in Switzerland is on a firm footing once more.

Market overview

Following a lingering depression that lasted almost a decade and saw housing starts and construction projects exceed demand, the construction industry in Switzerland is building again. Since mid-1999, consumers have begun to spend more and the core construction sector has generated an estimated annual turnover of 14 billion Swiss francs (Sfr) [C\$1.00 = 1.036 Sfr], or closer to 20 billion Sfr including sub-trades. The public sector (federal, cantonal and municipal) is spending again too, pouring money into major infrastructure projects, such as airport expansions and upgrades to railways and highways.

Two trends are worth noting. First, investment into below-ground projects such as tunnels has increased from 33% to 47% over the last decade, and second, civil engineering-related activities are becoming more important.

Rent or renovate

Switzerland has one of the world's lowest rates of private home ownership, and with good reason: Swiss real estate is extremely expensive and Swiss banks require purchasers to make a 20% down payment on a house. With a three-bedroom home costing anywhere between 0.5 and 1.0 million Sfr, renting is often the only remaining alternative.

The average Swiss home owner is not particularly mobile and likes to settle down, preferring home renovation to relocation. Considering that 33% of all construction activity in the private sector (and 55% in the public sector) can be attributed to upgrading Switzerland's aging buildings, a mini-boom can be expected in the do-it-yourself (DIY) market. Large DIY retail markets are in all major Swiss cities, catering to home owners who prefer to tackle minor renovations themselves.



Opportunities

Opportunities exist for competitively priced, high-quality niche products in all sub-sectors. Specialities of interest include timberframe construction, density boards, inner- and outer-panelling, window frames (e.g. hemlock), garage doors, staircases, construction chemicals, prefabricated houses and log homes, insulation and energy conservation technologies, and equipment used for civil engineering, geophysical measurement and exploration.

Market access considerations

The typical Swiss building, whether commercial, industrial or residential, is built to last. It is a very solid structure, with all-brick walls and a concrete

basement, constructed using high-quality building, insulation and roofing materials. Construction standards are high because the average Swiss home-owner, who tends to "stay put", expects this quality.

While not essential, a local partner firm can come in handy when it comes to understanding and anticipating customer needs.

Public tenders for federal, cantonal and municipal projects are published daily in the *Schweizerisches Handelsamtsblatt* (SHAB). SHAB also publishes calls for tenders for projects abroad.

Although Switzerland is not a member of the EU, it has adopted most of the EU's standards and regulations and, thanks to recent bilateral agreements, enjoys almost full access to the Union.

Major competition

Competition arises mainly from Swiss firms and from other European countries, primarily Germany. Calls for tenders are, however, open to any qualified bidders.

Trade shows

Trade shows are an excellent way for Canadian companies to evaluate market potential, identify partners and build relationships in the Swiss construction market. Swissbau (www.swissbau.ch), one of Europe's leading construction industry events, takes place annually in Basel and focuses on different sub-sectors each year.

Other popular trade shows in the industry include BAU (www.bau-muenchen.de) in Munich and BATIMAT (www.batimat.com) in Paris.

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