

The Geneva–Zug competition

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The move of SGS from Geneva to Zug touches on a sensitive point in Swiss federalism. While the Swiss cantons compete for companies, the national fiscal equalisation, described in Part B, redistributes a part of the fiscal potential that results from that competition. The companion volume on Geneva describes a canton whose international vocation rests on the organisations of international Geneva, on private banking and on commodity trading, and which has, in recent years, seen the departure of several companies to the German-speaking cantons. The move of SGS, the last listed multinational headquartered in Geneva according to the director of the Geneva Chamber of Commerce, was felt as a symbolic loss.¹ The competition between Geneva and Zug is not new. The two cantons have competed for commodity traders since the 1950s. The geography of the Swiss commodity trade, with its concentrations in Geneva, Zug and Lugano, reflects the choices that the trading houses made between them. Geneva offers the proximity of international organisations, a French-speaking environment that connects it with Africa and the francophone world, and the trade finance expertise of its banks. Zug offers lower taxes, the proximity of Zurich and a German- and English-speaking environment. The result is a division of the market in which each canton has its strengths, and in which the movement of a company from one to the other is an event that attracts attention on both sides.

For the practitioner, the competition means that the choice between Geneva and Zug is a real choice, to be made on the merits of each case. A trading house whose business is concentrated in Africa, whose staff speak French and whose financing banks are in Geneva may find Geneva the better location despite its higher taxes. A trading house whose business is concentrated in Europe, Russia's former markets and Asia, whose staff work in English and whose management wishes to live near Zurich may find Zug the better choice. Part D and Part E examine these choices in the context of the commodity trade.

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1 Notes

1. Moneycab, "Nach 110 Jahren: SGS zieht von Genf nach Zug": Vincent Subilia noted that SGS was the last listed multinational company in the canton of Geneva. ↩

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