

The life sciences cluster

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The life sciences cluster of Zug is the product of four decades of arrivals. The pioneer was the American medical technology company Varian, which established its European headquarters in Zug in 1959.¹ Janssen-Cilag followed in 1979. In 1984, Johnson & Johnson established Cilag GmbH International in Zug and consolidated the group's entities in the canton in the same year.² Johnson & Johnson now employs some 1,100 people in Zug, out of more than 156,000 worldwide, and has invested about 160 million francs in a campus in the canton.³

Others followed in the 1980s, 1990s and 2000s. Merck came in 1986, AstraZeneca in 1999, Amgen in 2005, Gilead in 2006 and Biogen Idec in 2010, according to Bomio's chronology.⁴ A second account gives slightly different details. According to it, Biogen moved its headquarters from Paris to Zug and employed some 500 people there by 2001, while Amgen moved from Lucerne in 2004. Novartis consolidated its operations in Rotkreuz in 2011, with more than 400 positions, Shire established its European headquarters in the canton in 2014, and Sanofi moved its Swiss distribution to Zug in 2020.⁵ By 2000, the canton counted 19 medical technology companies and 39 pharmaceutical and chemical companies. After 2000, more than half of the fifteen largest pharmaceutical companies in the world maintained significant operations in the canton.⁶

The functions that these companies placed in Zug were, for the most part, commercial: the management of sales and marketing for Europe or for international markets, regulatory affairs, the management of supply chains and the ownership and licensing of intellectual property. Employment in the distribution and marketing of pharmaceutical products in the canton grew from about 400 in 1985 to more than 2,500 by 2011, with an increase of 30 per cent between 2005 and 2011 alone. In 2020, medical technology accounted for 3.4 per cent of the canton's jobs and was its largest single sector. The wholesale trade in pharmaceutical and chemical products

accounted for some 2,600 full-time positions in the same year, while pharmaceuticals and medical technology together accounted for about 9 per cent of the jobs in the commune of Risch.⁷

The companies themselves named the factors that brought them to the canton: low tax rates, the proximity to Zurich airport, the availability of specialised staff in sales, marketing and regulatory affairs, and the benefits of an existing cluster of pharmaceutical companies.⁸ The last factor deserves emphasis. Once a few large pharmaceutical companies had established their international commercial functions in Zug, the canton developed a labour market of specialists who moved between them, a community of advisers who knew the regulatory and tax questions of the industry, and a reputation that made it the obvious choice for the next company looking for a location. The cluster became self-reinforcing.

The functions of these companies also explain the particular exposure of the cluster to international tax reform. The ownership of intellectual property and the principal company structure, in which a Swiss company bears the risks and receives the profits of the group's international sales while the local distributors in other countries earn a routine margin, were the core of many pharmaceutical structures in Zug. Both depend on the recognition of the Swiss company's functions by the tax authorities of the other countries concerned. The OECD's work on base erosion and profit shifting, which culminated in the revision of the transfer pricing guidelines in 2015, required that the allocation of profits follow the functions actually performed and the risks actually controlled.⁹ The companies in Zug responded by strengthening their substance, moving decision-makers and staff to the canton. The international rules thus contributed to the transformation of the cluster from a collection of legal structures into a real concentration of activity.

1 Notes

1. Zug in der Welt, "Prägende internationale Grosshandelsfirmen": Varian Medical Systems arrived in 1959 as the "first mover" among US medtech firms in Zug. ↩
2. Zug in der Welt, "Der wichtigste Wirtschaftskcluster im Kanton Zug": Janssen-Cilag AG (1979) as the life sciences pioneer; Johnson & Johnson entities consolidated in 1984; Zug in der Welt, "Prägende internationale Grosshandelsfirmen": Johnson & Johnson arrived in 1984 as Cilag GmbH International. ↩
3. Zug in der Welt, "Prägende internationale Grosshandelsfirmen": Johnson & Johnson with about 1,100 employees in Zug in 2024 and

more than 156,000 globally; campus investment of about CHF 160 million; the company transformed Zug into a life sciences "hot spot".



4. Sichtweisen Schweiz, "Wirtschaftskanton Zug": multinational headquarters including Merck (1986), AstraZeneca (1999), Amgen (2005), Gilead (2006) and Biogen Idec (2010). ↩
5. Zug in der Welt, "Von «Rochekreuz» zum «Pharma-Valley»": Biogen (headquarters relocated from Paris, about 500 employees by 2001); Johnson & Johnson/Cilag (later about 1,000); Amgen (relocated from Lucerne in 2004); Novartis (consolidation of Rotkreuz operations, more than 400 positions, 2011); Shire (European headquarters, 2014); Sanofi (Swiss distribution relocation, 2020). The dates given for Amgen (2004 and 2005) and Biogen (before 2001 and 2010) differ between the two accounts; the later dates in Bomio's chronology may refer to the establishment of international headquarters functions. ↩
6. Zug in der Welt, "Von «Rochekreuz» zum «Pharma-Valley»": by 2000, 19 medtech and 39 pharma/chemical companies in the canton; Sichtweisen Schweiz, "Wirtschaftskanton Zug": after 2000, over half of the world's fifteen largest pharmaceutical companies maintained significant operations in Zug. ↩
7. Zug in der Welt, "Von «Rochekreuz» zum «Pharma-Valley»": employment in pharma distribution and marketing grew from about 400 (1985) to over 2,500 by 2011, a 30 per cent increase between 2005 and 2011; in 2020, medtech 3.4 per cent of the canton's jobs (largest single sector); wholesale of pharmaceutical and chemical products about 2,600 full-time positions; pharma and medtech about 9 per cent of jobs in Risch. ↩
8. Zug in der Welt, "Von «Rochekreuz» zum «Pharma-Valley»": locational advantages cited by companies: low tax rates, proximity to Zurich airport, availability of specialised talent in sales, marketing and regulatory affairs, and agglomeration benefits from existing pharma clusters. ↩

The life sciences cluster

9. OECD, "Aligning Transfer Pricing Outcomes with Value Creation, Actions 8– 10 – 2015 Final Reports", OECD/G20 Base Erosion and Profit Shifting Project, 5 October 2015, [oecd.org](https://www.oecd.org/tax/beps/): revisions to the OECD Transfer Pricing Guidelines to align transfer pricing outcomes with value creation, addressing intangibles, contractual allocations of risk and profit not supported by the activities actually carried out, and returns on capital funding. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/zug-the-life-sciences-cluster