

Regulation, International Market Access, Industrial Policy

“Buy European” is ***not a cure-all***

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At a glance

- The EU is increasingly relying on industrial policy measures to strengthen its competitiveness.
- The EU’s growing focus on industrial policy has a direct impact on the Swiss economy.
- Protectionism is the wrong response to geopolitical challenges. Competitiveness comes from productivity, openness, and innovation - not from isolation.

In light of geopolitical tensions and intensifying global competition, more and more countries are turning to industrial policy measures to keep strategically important industries and technologies within their own economic spheres. While the U.S. and China are providing targeted support to their domestic industries, the European Union is also pursuing an increasingly interventionist economic policy. Through initiatives such as the Clean Industrial Deal, the Net-Zero Industry Act, and a stronger European preference in public procurement and funding instruments, it aims to keep strategic technologies in Europe, reduce dependencies, and strengthen its industrial competitiveness.

A key instrument of this strategy is the proposed Industrial Accelerator Act (IAA). In addition to expedited approval procedures for strategically important industrial projects, the law also intends for the introduction of a European preference ("Made in EU"). In sectors such as energy-intensive industries, net-zero technologies, and the automotive industry, European and low-carbon products are to receive preferential treatment in public tenders and funding programs in the future.

Severe impact on the Swiss economy

The Swiss economy is directly affected by this development. Economic ties between Switzerland and the EU are close and multifaceted: Switzerland is the EU's fourth-largest trading partner, while the EU is by far Switzerland's most important export and procurement market. Swiss companies are deeply integrated into European value chains and are among the most significant investors in the European single market. Accordingly, the EU's industrial policy decisions have a direct impact on the operating environment for Swiss companies.

Protectionism harms competitiveness in the long run

It is undisputed that Europe must strengthen its competitiveness. However, protectionism is the wrong response to geopolitical challenges. While the introduction of measures such as “Buy European” requirements may create additional demand for local suppliers in the short term, However, this does not strengthen the actual drivers of competitiveness - innovation, efficiency, specialization, and technological progress. On the contrary: if companies are forced to purchase more expensive or less suitable intermediate goods, production costs rise and international competitiveness may decline. Furthermore, there is a risk that competitive pressure will ease and necessary productivity gains will be delayed. In the long term, therefore, it is not protectionist measures but rather conditions that promote productivity that ensure a region’s economic success. Economies thrive when they foster innovation, attract talent, and enable companies to produce as efficiently as possible.

Switzerland has a vital interest in the EU strengthening its competitiveness. However, competitiveness does not arise from isolation, but rather from productivity, innovation, and integration into open and efficient value chains with trustworthy partners. Open markets and efficient international value chains remain the foundation for prosperity and economic success—in Europe as well as in Switzerland.

Position Paper on the Industrial Accelerator Act (IAA)


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