



## **Interview with Martin Naville, CEO, Swiss-American Chamber of Commerce (translated)**

### **What surprised you most about this presidential election in the USA?**

The election outcome four years ago was much more surprising. In these elections it was relatively clear that Biden would win. It was also foreseeable that the Republicans would prevail in the Senate. The fact that the presidential election was so close is nevertheless surprising.

Perhaps the most surprising thing about the election is the Democrats' defeat in the House of Representatives. The lead of 33 votes before the elections will now shrink to about 13 votes. In summary, the defeat of Trump was not really surprising, but the defeat of the Democrats in the remaining elections was quite surprising.

### **From a Swiss perspective, does it make a difference who was elected?**

Not at first glance. Over the past 28 years, the Oval Office has been occupied by the Democrats for 16 years and the Republicans for 12 years. Irrespective of the party, Swiss exports to the United States have grown continuously, in all four-year periods. Over the last 15 years, we have seen growth of around 10% per year. From a Swiss perspective, we do well with both the Republicans and the Democrats.

In addition to the presidential elections, Georgia will hold runoff elections for two Senate seats on 5 January 2021. At the moment, the Republicans hold 50 seats and the Democrats 48. If the Democrats were to win both seats, which does not seem that likely at present, the Democrats would suddenly have a majority in the Senate with the casting vote of the vice president. On the fiscal level, in the health care system, for example, in pharmaceutical prices, there could then be significant changes. This could put some strain on Swiss industry. However, there is a much greater likelihood of a stalemate with a Republican Senate and a Democratic House of Representatives blocking each other. This would certainly be positive for the Swiss export industry.

### **M&A transactions increase when the economy is doing well, when there is confidence and financial resources and when the regulatory environment poses few hurdles – Would Trump or Biden be better for the M&A environment?**

I think Trump or Biden is less important than stability and predictability. If the Senate does not come under democratic control, this predictability is given. Large tosses from the left wing of the Democratic Party, such as doubling capital gains taxes or nationalizing the health care system, become impossible. In other words, political stalemate is beneficial for the economy and also for M&A. In 2021, there is a great need for the economy to catch up and I expect an attractive environment for M&A.



## **To what extent should M&A transactions be possible without any restrictions and where should the state intervene?**

As long as they are economically driven M&A transactions, they should be possible without restrictions. The problem behind the economy is the geostrategic aspect. In this context, President Trump has used the expression "free, fair and reciprocal".

I think what we need to look at exactly are takeovers by Chinese state-owned companies, which are seeking takeovers primarily for geostrategic reasons and less for economic interests. It is not acceptable that state-owned companies financed by the Chinese government take over companies out of an idea of power. The West must be aware of this problem.

## **What could be a possible scenario of how the pandemic and the Biden economy might develop next year?**

Babe Ruth, the famous baseball player once said: "Forecasting is very difficult. Especially about the future." I think in the next one or two years Biden will benefit. If we draw a scenario in which people are vaccinated in the course of 2021 and the whole economic system is normalized to some extent – there is a considerable need to catch up and also significant funds – it looks very positive in the short to medium term. This is particularly true for Switzerland's exports to America, its most important export market.

There are of course a few question marks: At the moment, everyone is very positive and there are incredible expectations – Biden is supposed to solve all the problems. However, the problems, be they multilateral, economic or health-related, will not simply disappear. But I think it will be a very positive story for the next one or two years, with reservations about how the conflict between the USA and China will develop. This is the only issue that is really seen in a similar way by both parties in the US. China should be reciprocally integrated into the rules of the global economy. This will lead to another conflict, the outcome of which is still unclear.