

Economy in focus

Annual Statistical Report 2022



Liechtenstein
Chamber of Commerce
and Industry

Insights 2022

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Editorial



The world is in turmoil. What was once deemed unimaginable, a war at the interface of Eastern and Western Europe, has become reality. Russia's invasion of Ukraine has been claiming lives and causing immeasurable suffering for over a year. It has also forced the economy to undergo unforeseen adjustments. The dependency on energy supply had long been recognized, but its direct impact on Europe is now evident. Additionally, there is concern about the possibility of further escalations in other parts of the world, such as in the Far East between China and Taiwan.

The challenges encountered during the COVID-19 pandemic were compounded by global uncertainties. In the field of energy, companies struggled with price developments and faced the threat of energy supply shortages. The LCCI member companies reacted immediately, vigorously pushing forward their long-term plans for energy transition and energy-saving measures. Many initiatives were brought forward and implemented immediately whenever possible. In addition to energy-

related issues, inflation in key export markets of the LCCI member companies and ongoing supply chain difficulties hindered more successful economic performance. Furthermore, one of the major obstacles facing LCCI member companies is the shortage of skilled labour force, despite the gratifying fact that unemployment in Liechtenstein is at the lowest level ever according to statistical figures.

The Liechtenstein industry was heavily challenged in the reporting year with all the aforementioned issues. The LCCI member companies made immense efforts to tackle these challenges, leveraging their experience and the location advantages built over decades. The continuous research and development activities paid off, as did the high level of employee education. The excellent quality of export products and top-notch services provided by companies to customers around the world are key success factors for global competitiveness. Focusing on entrepreneurial strengths such as innovation, market proximity, and aligning production lines to market needs helped overcome difficult situations related to price developments in the energy and raw materials sectors, as well as supply chains. The LCCI member companies managed to do this in various areas, even in the challenging year of 2022.

When this annual report is published, Liechtenstein will be celebrating the anniversary of the «100 Years Customs Treaty between Switzerland and Liechtenstein». It is not an exaggeration to describe the close integration into the Swiss economic and monetary area as of invaluable importance to the country, particularly to the industry. The fact that Switzerland, following Liechtenstein's accession to the European Economic Area (EEA), agreed to the «EEA plus Customs

Treaty» arrangement added another chapter to this success story. The resulting unhindered access to two different economic areas is one of the most crucial location factors for the Liechtenstein production and export sectors.

It was with great pleasure that we were able to celebrate our own anniversary in the year under review - 2022. The Chamber of Industry, founded shortly after the Second World War and significantly shaping the country's economic growth, was able to look back on 75 years of existence. The establishment and anniversary of our present-day Chamber of Commerce and Industry occurred during a time of great challenges and uncertainties. A historical review, however, reveals how the confidence in a recovery and an upswing at that time released decisive forces. A similar confidence should also determine our actions today. Innovative strength, dynamism, and entrepreneurship, especially in times of crisis, distinguish Liechtenstein's economy. This is facilitated by favourable conditions that we must collectively ensure, in collaboration with the government and our social partners.

Factors such as sustainability and assessing the ecological viability of the desired economic growth are crucial for a sound future economy. At the same time, there is a need for the possibility of unhindered entrepreneurial development to find innovative solutions for the upcoming green transformation, also in terms of Liechtenstein's economic competitiveness.

Economy, politics, and society - all contribute in synergy to a successful location in Liechtenstein. The focus is on people who are well-educated and open to technological as well as social change. The LCCI will do its part to contribute to a competitive and sustainably positioned Liechtenstein.

April 2023

Klaus Risch
LCCI President

Brigitte Haas
Managing Director

Portrait

Liechtenstein Chamber of Commerce and Industry (LCCI)

Organisation

The Liechtenstein Chamber of Commerce and Industry (LCCI) was founded in 1947 and is a private association with voluntary membership.

The LCCI represents the interests of its approximately 40 member companies as a business association and has been committed to maintaining a thriving economy and social peace in Liechtenstein since its inception.

Members

The circle of members includes the larger industrial companies in Liechtenstein, the three major banks, and some service companies.

The LCCI member companies employ more than 12,870 people in Liechtenstein and nearly 56,870 employees in their foreign subsidiaries in around 70 countries worldwide.

Many industrial member companies occupy premium and niche segments and are internationally oriented due to their technological leadership and specialization. Some of them are among the global leaders in their respective industries. The member banks operate internationally in private banking and asset management, and they also engage in commercial banking at the regional level. The service member companies operate in the fields of telecommunications, security, and security transportation, as well as laboratory medicine.

Tasks

The goal and aspiration of the LCCI is to advocate for the securing and further development of the successful business location of Liechtenstein, with a focus on addressing the concerns of the LCCI member companies and providing them with professional services. The LCCI serves as a competent contact partner for politics and society.

According to its statutes, the LCCI undertakes the following tasks,

- safeguarding and representing the interests of member companies,
- promoting a healthy national economy,
- addressing and regulating matters related to the relationship between employers and employees, as well as apprentices,
- promoting export trade

The LCCI represents the interests of all member companies as an employer association, except for the banks.

Since 1949, the LCCI has been providing the Certificate of Origin and Certification Service for all companies based in Liechtenstein, based on the Customs Agreement with Switzerland. In addition to providing advice, the main task of the Certificate of Origin and Certification Service is to examine and certify certificates and documents of origin in accordance with Swiss regulations on the certification of non-preferential origin of goods. Furthermore, the LCCI serves as the Liechtenstein reference point for ATA Carnet, an international customs document for temporary export of goods.

Facts and Figures

Liechtenstein's business location is characterized by favourable framework conditions, numerous location advantages, and its geographical location in the heart of Europe.

Business Location Liechtenstein

For about 100 years, Liechtenstein and Switzerland have been closely connected through a customs and currency union. Since 1991, Liechtenstein has been a full member of the European Free Trade Association (EFTA) and benefits from a vast global network of free trade agreements. In 1995, Liechtenstein joined the European Economic Area (EEA) Agreement. These significant treaties allow Liechtenstein to have non-discriminatory access to both the Swiss and European economic areas, as well as other global trading partners.

Economic Structure

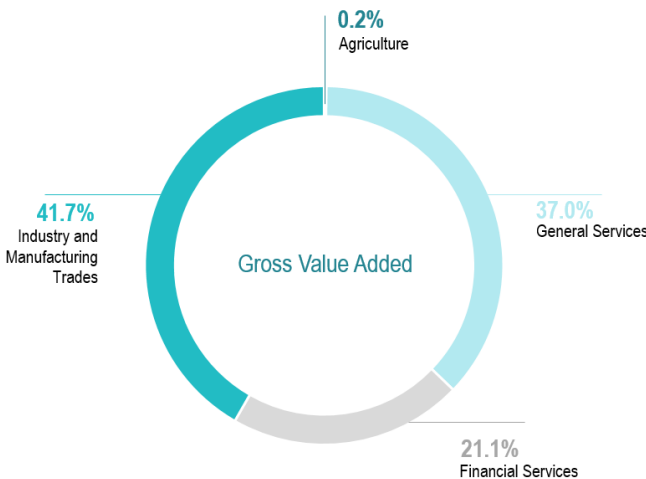
The economic structure of Liechtenstein is impressive. With a population of around 39,700, the country has a workforce of almost 42,500. More than half of the workforce commutes as cross-border workers from neighbouring countries to their workplaces in Liechtenstein. The employees work in almost 5,300 companies, with nearly 90% of them being small and micro-enterprises with fewer than ten employees. However, there are also large companies that operate their international corporations from their headquarters in Liechtenstein.

The industrial sector, which also includes the manufacturing trade, is highly developed compared to other countries. The industry operates globally, and some companies are global market leaders in their respective sectors. At the same time, Liechtenstein has a stable financial centre. Financial services, along with the industry, are central pillars of the Liechtenstein economy.

Gross Domestic Product

Liechtenstein's Gross Domestic Product (GDP) amounts to 6.6 billion Swiss francs (estimated calculation for 2021). The main contributors to value creation are the industrial sector, general services and financial services. They contribute to the value added of CHF 5.8 billion (2020). Industry and manufacturing trades account for the largest share of these three sectors, at around 2.4 billion Swiss francs.

Country comparisons based on GDP per capita can lead to misleading results in the case of Liechtenstein due to the high number cross-border commuters. However, for comparison purposes, GDP per employee is more suitable because it considers not only the resident workforce but also the commuters who contribute to GDP generation. The GDP per employee in Liechtenstein is approximately 179,000 Swiss francs.



Employment and Jobs

Liechtenstein has a population of about 39,700, of which over half are in employment (89% in Liechtenstein and 11% in neighbouring countries). Liechtenstein offers nearly 44,000 full-time and part-time jobs, which are occupied by almost 42,500 individuals and cannot be solely covered by the domestically residing workforce. Approximately 23,300 people commute daily from the nearby foreign countries to their workplace in Liechtenstein, with almost 59% coming from Switzerland, about 37% from Austria, around 3% from Germany, and over 1% from other countries.

With approximately 14,600 employees, the industrial sector and manufacturing trades lag slightly behind general services, which have nearly 19,200 employees, and significantly ahead of financial services, which have over 7,300 employees. Despite the relatively low share of employment compared to the industrial sector, financial services companies have a significant impact on Liechtenstein's overall economic success due to their value-added contribution.

Liechtenstein's economy is much more industrially oriented than commonly assumed. The industry sector accounts for 35.3% of employment, which is remarkably high compared to neighbouring countries such as Austria (25.6%), Germany (23.8%), and Switzerland (20.4%).

International orientation of the Industry

Industrial Products

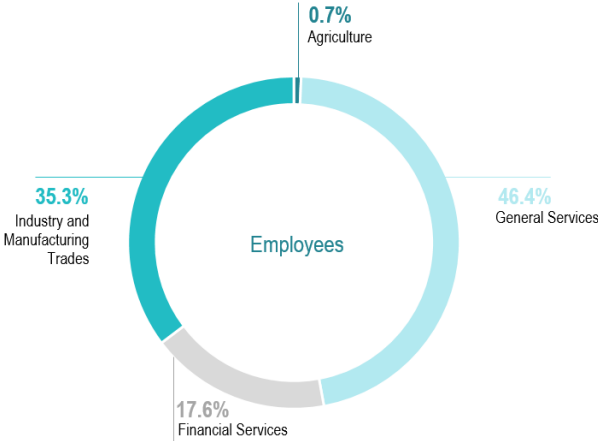
Liechtenstein industrial products and services are distributed in global markets. In all segments, companies focus on producing high-quality products. Key technologies for the automotive industry and components for the IT sector originate from Liechtenstein, as well as market-leading products in the field of fastening technology or coating technology. The product range spans from steering columns, drills, and connectors to dental products and convenience foods. Metal products and machinery account for almost 33% of all exports.

Direct Exports

Direct exports are recorded by the Swiss Federal Customs Administration, which is why exports to Switzerland are not included. The direct exports of Liechtenstein companies have increased from 893 million Swiss francs in 1980 to over 3.5 billion Swiss francs currently (excluding Switzerland).

These numbers reflect that Liechtenstein products are valued and competitive in the global market.

Sources: Current data - Office of Statistics, Vaduz, and LCCI



Total LCCI Member Companies

Employees

The 37 LCCI member companies employed 12,871 people* in Liechtenstein at the end of 2022 (compared to 12,273 in the previous year), of which 9,144 were men and 3,727 were women.

Number of Employees All LCCI Member Companies

Sector	Company	90 – 100%	50 – 89%	Workload – 49%	Total
Industry	31	9,589	899	142	10,630
Banks	3	1,494	339	122	1,955
Services	3	194	66	26	286
Total	37	11,277	1,304	290	12,871

Apprentices and Apprenticeship Qualifications

Dual vocational education is a crucial factor for the social and economic development of Liechtenstein. The LCCI and its member companies place great importance on promoting young talent and maintaining an attractive education system, as the dual training pathway is one of the success recipes for companies.

Apprentices and Apprenticeship Qualifications All LCCI member companies

Sector	Number of Apprentices	Number of Apprenticeship Qualification
Industry	355	105
Industry technical apprentices	285	81
Industry commercial apprentices	70	24
Banks	48	17
Services	3	2
Total	406	124

*All employees (full-time, part-time, interns, home-based workers, apprentices, etc., excluding temporary employees) of the member companies are counted, including all employees in Swiss production sites (or similar structures). The employee numbers are not adjusted for part-time work.

LCCI Industrial Companies

Liechtenstein is one of the most highly industrialized countries in the world. A significant portion of the companies in the Liechtenstein industrial sector are members of the LCCI.

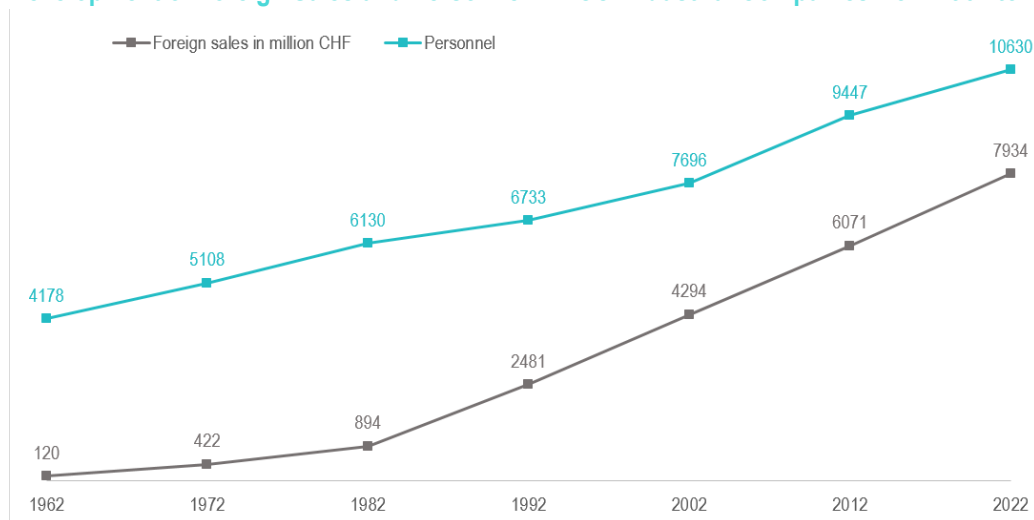
The industrial members appreciate the framework conditions in Liechtenstein, especially the stable social, legal, and economic system, the liberal economic policy, the open access to markets (EEA, Switzerland, free trade agreements of the EFTA and of Switzerland, WTO membership), as well as the well-educated and dedicated workforce.

Foreign Sales

The foreign sales of LCCI industrial companies have increased from 120 million Swiss francs over 60 years ago to currently over 7.93 billion Swiss francs. Compared to the year 2021, there has been a growth of 7.8%.

Germany and the USA have been the top-selling markets for Liechtenstein's industrial products in recent years. The significant importance of the European Economic Area for Liechtenstein is evident from its high share of 44% in the global foreign sales.

Development of Foreign Sales and Personnel in LCCI Industrial Companies from 1962 to 2022*



Foreign Sales**

LCCI Industrial Companies

Year	In Million CHF	Deviation from the Previous Year in %
2018	7,858	9.0
2019	7,646	-2.7
2020	6,423	-16.0
2021	7,362	14.6
2022	7,934	7.8

*In 1987, a new survey method for foreign sales was introduced (previous figures are not directly comparable)

**The LCCI defines foreign sales as the invoiced value-based revenue of industrial member companies in Liechtenstein. Unlike the purely customs-based data collected by the Swiss Federal Customs Administration, foreign sales also include Liechtenstein-based corporate structures. As a result, the total foreign sales figure is often much larger than the total of direct exports from the statistics of the customs administration for many countries

Foreign Sales by Economic Regions LCCI Industrial Companies

Economic Region	In Million CHF	In %	Deviation from the Previous Year in %
Switzerland	1,002	12.6	7.2
EEA	3,490	44.0	0.1
American continent	1,752	22.1	19.2
Asia/Pacific	1,294	16.3	6.6
Other	396	5.0	53.4
Total	7,934	100.0	7.8

Top-selling Countries LCCI Industrial Companies

Destination Country	In Million CHF	In % of Total Foreign Sales
1. Germany	1,367	17.2
2. USA	1,301	16.4
3. Switzerland	1,002	12.6
4. France	469	5.9
5. China	344	4.3
6. Italy	319	4.0
7. Austria	266	3.4
8. Great Britain	203	2.6
9. Mexico	172	2.2
10. Canada	161	2.0
Total	5,604	70.6

Employees

The number of personnel of industrial members in the domestic area has significantly increased from 4,178 in 1962 to 10,630 in 2022, with a greater emphasis on comprehensive education and further training, which plays an increasingly important role compared to previous years.

Number of Employees LCCI Industrial Companies

Year	Employees	Deviation from the Previous Year in %
2018	10,411	2.0
2019	10,508	0.9
2020	10,252	- 2.4
2021	10,175	- 0.8
2022	10,630	4.5

Employees by Education LCCI Industrial Companies

Education	Employees	In %	Deviation from the Previous Year in %
Apprentices	355	3.3	- 0.8
Operative	1,581	14.9	6.5
Professionals	4,541	42.7	0.9
Higher education*	4,153	39.1	9.2
Total	10,630	100.0	4.5

Employees by Function LCCI Industrial Companies

Function	Employees	In %	Deviation from the Previous Year in %
Research & Development	2,828	26.6	7.3
Production & Logistics	4,432	41.7	0.5
Marketing & Sales	1,058	10.0	17.4
Administration	2,312	21.7	3.7
Total	10,630	100.0	4.5

* University, (technical) college, federal diploma, etc.

Foreign Subsidiaries

The LCCI industrial companies have continuously expanded their presence abroad and currently employ 52,927 people in 271 foreign subsidiaries across 69 countries. These overseas subsidiaries are either majority-owned or under administrative control of LCCI industrial companies.

Foreign Subsidiaries by Economic Regions LCCI Industrial Companies

<u>Economic Regions</u>	<u>Number of Subsidiaries</u>	<u>Number of Employees</u>
Europe	149	30,112
American continent	40	10,857
Asia	73	10,970
Australia	6	642
Africa	3	346
Total	271	52,927

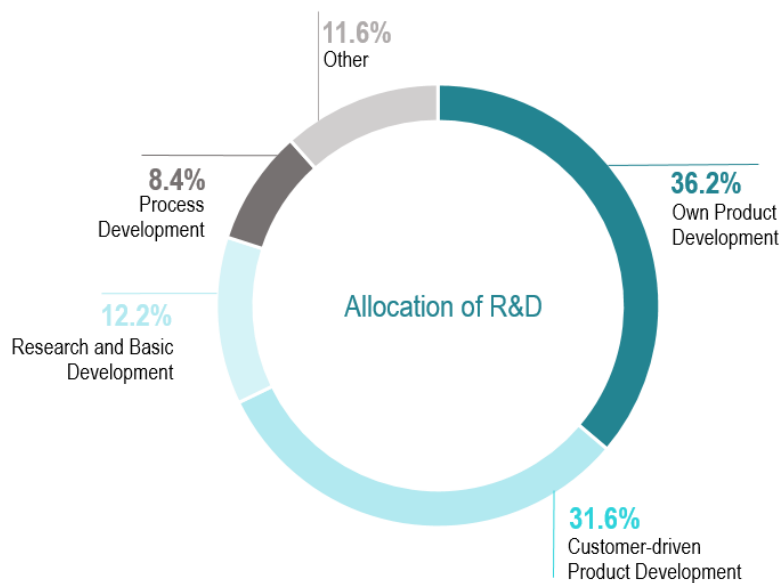
Research and Development

The high importance of research and development (R&D) is considered one of the success factors for the Liechtenstein industry to remain competitive in the international market.

Expenditures for Research and Development LCCI Industrial Companies

Year	Expenditures in Million CHF	Deviation from the Previous Year in %
2018	578	6.0
2019	578	-
2020	590	2.0
2021	616	4.4
2022	638	3.6

Allocation of Research and Development (R&D) LCCI Industrial Companies



The expenditures for research and development (R&D) account for approximately 8.0% of the foreign sales of LCCI industrial companies. In international comparison, these R&D expenditures by the private sector are significantly higher than average.

LCCI Member Banks

The three major Liechtenstein banks are members of the Liechtenstein Chamber of Commerce and Industry. The member banks operate internationally in private banking and asset management and also engage in commercial banking activities regionally.

Results

The banking groups of the three member banks generated a profit of over 610 million Swiss francs in 2022. The managed customer assets amounted to approximately 424 billion Swiss francs. The total consolidated balance sheet amounted to 98.9 billion Swiss francs.

The banks identify the following factors as key to their business success: quality of service, consistent customer orientation, qualified employees with strong commitment, ownership structure, branding, expansion of foreign organizational units, and clarity of strategic alignment. The member banks of LCCI consider the following framework conditions in Liechtenstein particularly important: stable social, legal, and economic order, open access to markets (EEA, Switzerland, free trade agreements of EFTA and Switzerland, WTO membership), as well as well-educated and motivated workforce.

Private banking represents the largest business area, followed by asset management, retail banking, and corporate banking. The LCCI member banks aim to tap into more growth potential through their strategic alignment. The main focus is on profitability and productivity, which are intended to be strengthened through cost management and optimization of revenue sources.

In addition to optimizing the domestic market, foreign markets are also important. A total of 3,416 employees work in the foreign organizational units of the banking groups of the three LCCI member banks.

Employees LCCI Member Banks

Year	Employees	Deviation from the Previous Year in %
2018	1,709	7.1
2019	1,731	1.3
2020	1,792	3.5
2021	1,814	1.2
2022	1,955	7.8

Employees by Education LCCI Member Banks

Education	Employees	In %	Deviation from the Previous Year in %
Apprentices	48	2.5	- 9.4
Operative	38	1.9	11.8
Professionals	591	30.2	- 0.2
Higher education*	1,278	65.4	10.4
Total	1,955	100.0	7.8

* University, (technical) college, federal diploma, etc.

LCCI Service Company

Three service companies are members of the Liechtenstein Chamber of Commerce and Industry. The service companies operate in the fields of telecommunications, security and security transport, as well as laboratory medicine.

The LCCI service companies generated a revenue of over 256 million Swiss francs in 2022.

The service companies cite customer orientation and service quality as the key success factors for their business activities, followed by service availability and company flexibility.

Most employees work either in the logistics / production / laboratory (around 51%) or in administration (around 32%). For the majority of the LCCI service companies, the labour market does not meet the needs of the business. There is a particular shortage of employees with industrial experience, qualified professionals, and in the field of information technology.

The LCCI service companies consider the following framework conditions as particularly important: a stable social, legal, and economic order, open access to markets, short decision-making processes in politics and administration, fast response times, high flexibility and relatively low bureaucracy, moderate corporate taxation, as well as well-educated and motivated workforce.

By the end of 2022, the three LCCI service companies occupied 286 employees in Liechtenstein. Additionally, 524 people were employed in the 11 foreign subsidiaries of LCCI member companies.

Employees LCCI Service Companies

Year	Employees	Deviation from the Previous Year in %
2018	310	- 41.2
2019	299	- 3.5
2020	309	3.3
2021	284	- 8.1
2022	286	0.7

Employees by Education LCCI Service Companies

Education	Employees	In %	Deviation from the Previous Year in %
Apprentices	3	1.0	-
Operative	10	3.5	- 9.1
Professionals	191	66.8	- 6.8
Higher education*	82	28.7	26.2
Total	286	100.0	0.7

* University, (technical) college, federal diploma, etc.

The Certificate of Origin and Certification Service

In the reporting year, the examination and certification of certificates of origin and documents based on invoices, supplier evidence, and other export documents decreased by 13.7%. For some time now, the LCCI has been offering the option to apply for document certification via the internet using "e-origin." This reduces internal costs and the time required for companies. The certification service electronically examines and stamps the documents to be legalized and then returns them online. The certified documents are printed by the company itself and can be used immediately. In the reporting year, a total of 501 out of 10,758 certifications were carried out online. Since January 2021, the LCCI has been authorized to label electronically issued certificates of origin with the internationally recognized ICC-label.

171 Carnets ATA/CPD were issued, representing a 23% increase compared to the previous year. A Carnet ATA facilitates customs formalities and allows multiple temporary border crossings with goods for exhibitions, demonstrations, or sales purposes, as well as for professional equipment, within a one-year period. A Carnet ATA exempts the holder from the need to apply for national customs documents and provide security to the customs authorities. It simplifies the transportation of goods, which is why the Carnet ATA is also referred to as a "passport for your goods."

The free advisory services provided by LCCI regarding certificates of origin, certifications, and Carnets ATA are being actively utilized.

<u>Year</u>	<u>Number of certified documents</u>	<u>Deviation from the Previous Year in %</u>	<u>Number of Carnets ATA</u>	<u>Deviation from the Previous Year in %</u>
2018	10,556	3.1	180	17.6
2019	12,562	19.0	233	29.5
2020	11,608	- 7.6	160	- 31.3
2021	12,464	7.4	139	- 13.1
2022	10,758	- 13.7	171	23.0

Legal Disclosures

Commercial Register: FL-0001.076.438-9
Registration court: Vaduz, Liechtenstein

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