



Research & Development, Regulation

Switzerland must nurture its *innovative strength*

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At a glance

- Switzerland remains a global leader in innovation, but the first signs of fatigue are beginning to show.
- A recent study points to structural weaknesses—ranging from declining innovation activity in parts of the economy to digitalization gaps among SMEs.
- To secure its leading international position in the long term, targeted measures are needed to strengthen innovation and competitiveness.

Switzerland remains at the forefront of global innovation. It has held a top position in the Global Innovation Index for years and is particularly strong in knowledge-intensive industries (see our [dossier-politik](#)). But it would be reckless to rest on these laurels. A study published in March 2026 [study](#) by the FHNW, the KOF Institute, EPFL, and the University of St. Gallen shows, however, that while Switzerland still boasts strong innovation activity and globally competitive sectors, signs of fatigue and fragmentation are also becoming apparent. Therefore, anyone who wants to maintain Switzerland as a hub for innovation must not only ensure access to global talent and technologies but also take existing weaknesses in the innovation system seriously.

Not all companies innovate with the same level of dynamism

Many industrial companies, such as those in the chemical, pharmaceutical, or MEM sectors, remain highly innovative and are driving radical developments. At the same time, the willingness to innovate is declining in markets perceived as stable, as the demand for innovative solutions is deemed to be lower. If this attitude becomes entrenched, there is a risk of a gradual retreat from innovation activities, posing a threat to growth and competitiveness.

The digital divide within the economy

A key weakness is the digital divide within the economy. While large companies are actively driving the transformation forward, many SMEs lack the necessary resources and expertise. There is also continued potential in the use of artificial intelligence. According to current data from [Microsoft](#), around 38 percent of the working-age population in Switzerland used AI tools in the first quarter of 2026—slightly more than one in three people. Switzerland ranks 14th in an international comparison, placing it above average, but it is not yet fully leveraging its AI potential—particularly among SMEs.

Without targeted progress in digitalization and the adoption of new technologies, there is a risk that parts of the Swiss SME sector will lose their innovative strength and competitiveness.

Regulation stifles bold innovation

Increasingly complex regulations pose a major challenge. Stringent requirements and legal uncertainty drive up costs, delay projects, and, in particular, hinder high-risk innovations, as these require a stable and predictable legal framework. Especially in highly regulated industries, this can lead companies to focus on safe, incremental improvements rather than radical innovations. This increases the risk that a dense regulatory environment will hinder bold, disruptive developments.

Funding gaps as a barrier to growth

Finally, there are also weaknesses when it comes to access to capital. Start-ups and innovative SMEs in Switzerland face funding gaps during critical growth phases, while more attractive conditions abroad intensify competition for innovation. Switzerland's comparatively low taxes, high level of education, and high-quality infrastructure do not always offset these disadvantages. This increases the risk that innovative activities will be relocated abroad.

Set the right course now!

Switzerland is not facing an innovation crisis. Its core industries remain strong, its clusters are highly productive, and its companies are successful on the global stage. Those who wish to secure Switzerland's innovative strength in the long term must act on several fronts simultaneously: openness to talent and technology, a future-proof education system, functioning digital ecosystems, clear and reliable framework conditions, and better financing prospects are key to strengthening innovative strength in a sustainable manner.



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