

In the primary sector, most importance is attached to pastoral agriculture and dairy farming. Cultivation of vegetables also plays a role due to the existence of a processing plant. And last but not least, Liechtenstein also has its viniculture.

What industry can be found in Liechtenstein?

The secondary sector is also very diversified. It is a special kind of industry which is to be found in Liechtenstein.

In our so-called industrial zones there aren't any factory chimneys in sight! Liechtenstein's industry does not manufacture cheap mass products but only high-tech goods. Liechtenstein has no other option. It doesn't fulfil the basic prerequisites for the sale of mass products on a competitive scale. On the one hand, Liechtenstein has no natural raw materials which would favour the foundation of a basic industry or heavy industry in Liechtenstein. This is, however, no longer a disadvantage, for these industries are shifting to threshold countries anyway. On the other hand, the wage level in Liechtenstein is too high to make labour intensive manufacturing processes at all appealing. Furthermore, the government takes no steps to spur the economy or promote exports.

We must try to imagine how this model functions in economic terms. The market determines supply and demand and competition flourishes. The starting-point of this development is the shortage of labour and, in part, the lack of land. Shortages, as you know, lead to price increases. That was the case in the early years of expansion in Liechtenstein when wages rose considerably without the unions playing too large a part. And despite wages being high, labour was still short. Simultaneously, there was a great deal of capital with low interest on borrowings. As a result, industrial production automatically oriented itself towards capital-intensive processes which involved great investment in research and development.

The sales markets of our industry can be found all over the world which means that Liechtenstein's industry has to compete on an international scale. Only products which are bought despite their high price but because of their high quality and their after-sales services can be successful. This development was promoted by the well-trained population, that was prepared to work long hours, and by good co-operation between management and labour. Political stability, a stable legal, economic and social order and a liberal economic and fiscal policy, have naturally also played an important role.