

**Speed of recovery increases,
but so do the uncertainties**

Dear members and friends

Covid is not over. We still see horrible scenes in India, Brazil and in many other countries, and vaccination programs are slow to develop in many EU countries – and in Switzerland! In spite of so many doomsayers in the media, we still see great economic progress in many countries. In these places, economic activity is nearly at pre-Covid levels and unemployment inches to more reasonable levels.

Swiss-American business is on the rise, again. Swiss exports to the USA in Q1, 2021, are up 21.6% over Q4, 2020. Swiss exports have grown to many countries but exports to the USA have been top: CHF 2 billions more than in Q4, compared with growth to EU (CHF 1.7 billion) and to China (CHF 370 millions). With the massive spending packages proposed by President Biden, Swiss companies will in the coming months and years find great opportunities in sectors such as infrastructure, green energy, health care and remanufacturing, all sectors destined to profit from the U.S. largesse, and sectors where Swiss companies have world-class offerings.

Speaking of stimulus programs: the size of these programs is very, very large. With the programs passed last year on a bi-partisan line and the U.S. Rescue Plan passed by Democrats in March, legal commitments of approx. US\$ 6.5 trillion have been made. The American Jobs Plan and the American Families Plan proposed by President Biden would increase the total to some US\$ 10.5 trillion, or 50% of the U.S. GDP. Larry Summers, Treasury Secretary under Bill Clinton and head of Barack Obama's National Economic Council, has a clear opinion regarding the size of these stimulus packages: "I'm concerned that what is being done is substantially excessive". So, the jury is out on what Congress will decide and what this will mean for economic and financial environments in the medium to long term.

For the coming years, many signals bring great hope of getting out of the tunnel soon and we look forward to what could become another "Roaring 20s", modeled after the 20s of the last century. We just hope that we will not emulate the 1930s and 1940s!

Wishing you a great summer

Martin Naville
CEO



Tuesday, March 23, 2021: Eva Weigold Schultz, Chargé d'Affaires, U.S. Embassy, Bern (Screen-In event)

Swiss Amcham's CEO participated in President Parmelin's 4th Roundtable of the export industry

On March 7, Swiss Amcham's CEO was invited to participate in Swiss President and Economy Minister Guy Parmelin's 4th roundtable of the export industry. A total of 22 associations were present, together with key representatives from SECO, Health Department (BAG), Switzerland Global Enterprise (S-GE) and Export Insurance Agency (SERV). Overall, the atmosphere was very positive. In Q1, 2021, the vast majority of export destinations and business sectors saw significant growth (+4.8% total; +5.7% to the EU, +21.6% to the U.S.; +5.1% pharma, +5.8% MEM). The discussion covered the Institutional Agreement with the EU (with a direct feedback from President Parmelin's trip to Brussels), improved access to infrastructure projects in other countries, a reduction of regulation in Switzerland and lessons learned from the vote on the Free Trade Agreement with Indonesia, which was won with a tight margin and very lukewarm support.

The representative from BAG elaborated on vaccination strategy, Covid testing, quarantine rules and the international cooperation efforts to tackle the Covid crisis. She did not miss applauding the great effort by the Swiss government in spite of Switzerland's 45th place globally in vaccination speed and the fact that 25 EU countries were vaccinating faster than Switzerland.

Swiss Amcham's CEO elaborated on the opportunities (vast) and the risks (significant) arising from President Biden's vast stimulation packages (see last page). He also encouraged President Parmelin to make sure that the Swiss government does not lose the focus on the USA versus China. In the media, it was reported that four Federal Councilors planned four distinct trips to China this year, compared with zero to the USA. Maybe some people forget that Switzerland exports tree times as much to the USA than to China.

Content

Business News from the United States ...2	Masthead.....5
Business News from Switzerland3	CEO Topics.....6
The Chamber & You.....4/5	

Biden's approval rises to 53%, broad majority supports infrastructure plan

More than half of Americans say they support President Joe Biden's performance in office so far and approve his infrastructure proposal, according to an NBC News poll in late April. It shows that 53% of respondents approve of Biden's job in office, including 90% of Democrats, 61% of Independents and 9% of Republicans, while 39% of respondents disapprove of Biden's performance. Biden's infrastructure plan, which aims to revitalize U.S. transportation infrastructure, water systems, broadband and manufacturing, as well as combat climate change, was also popular among respondents. 59% said the plan is a good idea, while 21% disagreed and 19% did not have an opinion. Responses diverged across party lines: 87% of Democrats, 68% of Independents and 21% of Republicans said they supported the infrastructure plan.

New home sales surged 20,7% in March

Sales of new homes surged 20,7% in March to the highest level since 2006, rebounding from a sharp decline the previous month when severe winter storms wreaked havoc in many parts of the country. Sales climbed to a seasonally adjusted annual rate of 1,02 million in March after a 16,2% tumble in February, the Commerce Department reported in late April. It was the fastest pace for new home sales since the housing boom of the mid-2000s when sales reached 1,04 million units in August 2006.

U.S. states and cities await guidelines on spending stimulus

U.S. states and local governments are raring to tap billions of dollars coming their way in new federal stimulus funding, but are anxiously awaiting guidance to determine whether items on their wish lists are allowed. U.S. Treasury Department guidance is also expected to clarify states' ability to cut taxes and may address using stimulus money to pay off debt. The USD 1,9 trillion American Rescue Plan Act, signed by President Joe

Biden in March, allocates USD 350 billion for states, municipalities, counties, tribes, and territories to help repair their coronavirus-damaged budgets and economies. The federal government has a tight deadline to start distributing the money.

U.S. core capital goods orders rise less than expected

New orders for key U.S.-made capital goods rebounded less than expected in March, but that is unlikely to change expectations that economic growth accelerated in the first quarter as massive government aid and an improving public health environment boosted demand. Orders for non-defense capital goods excluding aircraft, a closely watched proxy for business spending plans, increased 0,9% in March, the Commerce Department reported in late April. The so-called core capital goods orders fell 0,8% in February after bitterly cold temperatures gripped large parts of the country.

As U.S. capital gains tax hike looms, wealthy look for ways to soften the blow

The White House will soon propose nearly doubling taxes on capital gains to 39,6% for people earning more than USD 1 million, several media outlets reported in late April, in what would be the highest tax rate on investment gains since the 1920s. Any changes will be hard-fought in Congress, and the final tax rate will likely be lower than the White House's opening salvo. But if a deal can be reached, the new tax rate could come into effect this year. Wealthy Americans are seeking urgent advice on how to avoid being caught by the potential increase. Currently, people earning more than USD 200,000 pay a capital gains rate of about 23,8% including the 3,8% net investment tax which helps fund the Affordable Care Act, known as Obamacare. Under the new plan, wealthy Americans could face an overall federal capital gains tax rate of 43,4% including the Obamacare tax. For some Americans living in New York and California, their total capital gains tax rate

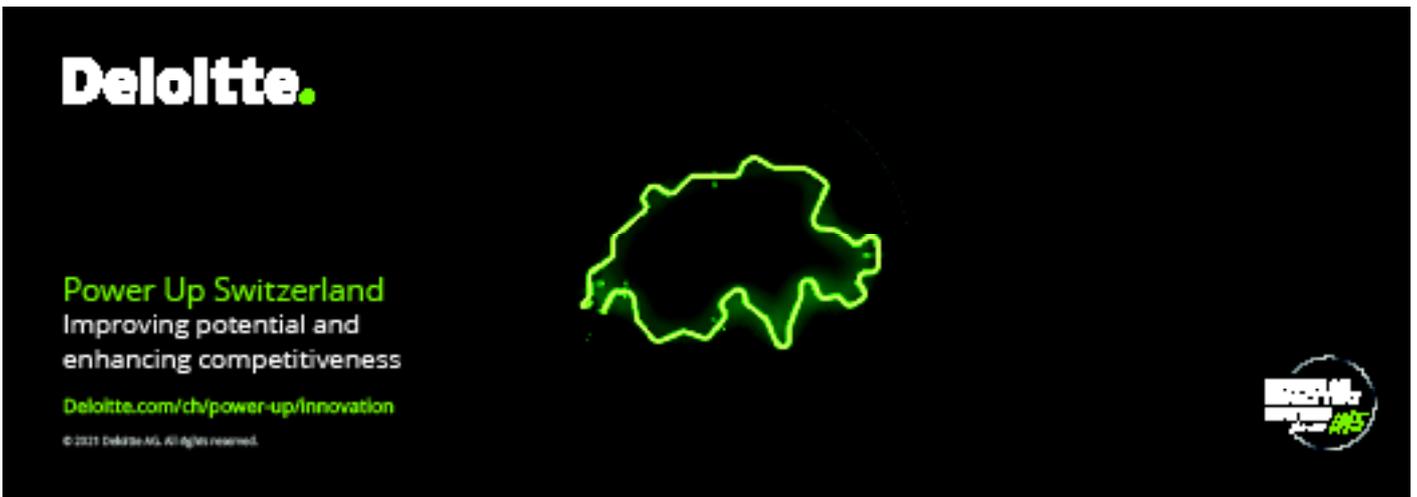
could exceed 50% when state taxes are included, according to the Tax Foundation.

U.S. auto dealers are winners as chip shortage lifts vehicle profits

Automakers from GM to Ford and Toyota have cut production this year due to the global semiconductor chip shortage. While those automakers have been pinched, dealers are experiencing the best of times. Not only can they charge full price for the sought-after trucks and SUVs, but many also have reduced promotional spending and other costs required by full vehicle lots. The good times won't likely end soon as many industry officials see the chip shortage lasting into 2022. Many dealers report thin vehicle supplies, in some cases as low as 15 days worth. However, there is concern over whether reduced supply will drag down overall profits despite higher margins.

U.S. jobless claims fall to 547,000 - another pandemic low

The number of Americans applying for unemployment aid fell in the week of April 12 to 547,000, the lowest point since the pandemic struck and an encouraging sign that layoffs are slowing on the strength of an improving job market. The Labor Department said in late April that applications declined 39,000 from a revised 586,000 a week earlier. Weekly jobless claims are down sharply from a peak of 900,000 in early January. At the same time, they are still far above the roughly 230,000 level that prevailed before the viral outbreak ripped through the economy in March of last year. The overall job market has been making steady gains. Last month, the nation's employers added 916,000 jobs, the most since August, in a sign that a sustained recovery is taking hold. The unemployment rate fell from 6,2% to 6%, well below the pandemic peak of nearly 15%. The number of available jobs has also jumped in recent weeks, leading many employers to complain that they can't find enough workers despite still-high unemployment.



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SNB forex interventions rise to CHF 110 bn in 2020

The Swiss National Bank (SNB) spent CHF 110 billion on the foreign currency markets last year as it battled to apply the breaks on the franc's rising value during the pandemic. The level of interventions was up from CHF 13.2 billion in 2019 and was at its highest level since 2012. The coronavirus pandemic increased investor interest in the safe-haven Swiss franc, while the U.S. dollar generally fell in value against other currencies last year.

Foreign firms creating more jobs in Switzerland despite pandemic

Switzerland has remained an attractive location for foreign firms, creating more jobs last year than in 2019, despite the economic effects of the coronavirus pandemic. Foreign firms accounted for 11% more jobs in 2020, bringing the total to almost 1200, even if the total number of companies moving to Switzerland dropped by 9%. The figures come at a time of general economic global woes brought on by the pandemic. Switzerland's economy shrank 2.9% last year as a result of Covid-19, the worst annual contraction since the aftermath of the oil crisis in 1975. But officials are optimistic that the Swiss economy will rebound.

Biotech company from Lugano on Wall Street

The Biotech company Gain Therapeutics from Lugano has successfully gone public on the U.S. stock exchange NASDAQ. Founded in 2017 by the Ticino venture capital firm TiVenture and private investors, the company sold 4,181,818 shares at USD 11 each in this offering. According to a press release from TiVenture, this brings the total capitalization of the company to more than USD 130 million. Gain is a biotech company that develops innovative treatments for rare, neurodegenerative illnesses. Gain is currently working on five preclinical research programs for rare diseases affect-

ing children and a program for Parkinson's disease. In 2020, the company established a subsidiary in the U.S. state of Maryland.

Swiss firms hold out hopes in U.S. infrastructure upgrades

U.S. President Joe Biden's major infrastructure plan is raising high hopes for Swiss firms in the construction and building industry. Although first contracts are expected to go to local firms, experts believe Swiss firms could score opportunities thanks to their specialization and presence in the U.S. market. The USD 2 trillion infrastructure investment programme is intended to help improve the ailing national power grid, water systems, schools, bridges and road networks.

Swiss economy briefly approaches pre-Covid level of activity

In mid April, the State Secretariat for Economic Affairs (seco) shared the results of its weekly economic activity index (WEA), which measures economic activity compared to the same week in the previous year. Taking the fourth quarter of 2019 as the benchmark, the economists said that in early March the economy recovered substantially and temporarily surpassed pre-Covid crisis levels. This was partly due to catch-up effects in private consumption. In the wake of re-opening of retail stores, it was possible to make deferred expenditures in certain consumption sectors, seco explained. Some of the recovery was also attributed to the return of manufacturing but this has again weakened recently.

Women still struggling to enter Swiss boardrooms

The proportion of women on the executive floors of the 20 blue-chip companies on the Swiss Market Index (SMI) stock exchange is 13%. The comparable figure is higher in Scandinavia, as well as in neighbouring France, Germany and Italy. At 29,6%, it is highest in the companies on the Norwegian OBX index, according to a survey by

recruitment consultants Russell Reynolds published in early March. Since this year there has been a government target for at least 30% of the board of directors and at least 20% of the executive board of listed companies in Switzerland to be women. If these benchmarks are not met, the company is obliged to state the reasons in its annual report and to present measures for improvement. This reporting obligation does not begin for executive boards until 2031. Seventeen of the female top managers of SMI companies hold a central function such as human resources or legal, six are heads of divisions or geographic regions and one is chief financial officer. There is not a single woman at CEO level in the SMI.

Swiss watch exports will not return to pre-Covid levels until 2023

Exports of Swiss watches are unlikely to return to pre-coronavirus pandemic levels over the next few years, according to estimates by the Vontobel private bank. The forecast is not all doom and gloom though: After taking a hit in 2020, Swiss watch exports should grow by around 18% in 2021, thanks to the dynamism of the market in mainland China. Expected to reach CHF 20 billion, exports this year should increase sharply in the second quarter, where a jump of more than 50% is anticipated, the report said. In 2020, Swiss watch exports plummeted by 21,8% to CHF 16,98 billion. The closure of factories and shops at the height of the health crisis and the lack of international tourists took a heavy toll on the sector.

Roger Federer to help Switzerland's ailing tourism sector

Swiss tennis star Roger Federer has been recruited as an "ambassador" to help promote his home country's tourism sector, which has been hard hit by the Covid-19 pandemic. The winner of 20 grand slam titles has begun a long-term collaboration with Switzerland Tourism.



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Chamber Members in the News

ABB

The shareholders of ABB have approved all the proposals by the company's Board of Directors at its 2021 Annual General Meeting. Peter Voser was confirmed as Chairman of the company's Board of Directors with 92.9% of the votes. With the exception of Matti Alahuhta, who did not stand for re-election, all other members of the Board were re-elected for another term: Jacob Wallenberg, Gunnar Brock, David Constable, Frederico Fleury Curado, Lars Förberg, Jennifer Xin-Zhe Li, Geraldine Matchett, David Meline and Satish Pai.

Autoneum

At the Annual General Meeting, the shareholders of Autoneum Holding have confirmed Chairman Hans-Peter Schwald and the other members of the Board of Directors, Rainer Schmückle, Norbert Indlekofer, Michael Pieper, This E. Schneider and Ferdinand Stutz. Newly elected to the Board were Liane Hirner and Oliver Streuli. With the two new members and the resignation of Peter Spuhler, who did not stand for re-election, the Board of Directors of Autoneum Holding has expanded from seven to eight members.

Barry Callebaut

The Board of Directors has appointed Peter Boone as new Chief Executive Officer of the Barry Callebaut group, effective September 1. Peter Boone succeeds Antoine de Saint-Affrique, who, after successfully serving as CEO since October 1, 2015, will be stepping down at the end of the Group's fiscal year. Antoine de Saint-Affrique will be proposed for election to the Board of Directors at the next Annual General Meeting. Steve Woolley has been appointed President Americas and member of the Executive Committee, effective September 1, succeeding P. Boone in this position.

Belimo

At the Annual General meeting of March 29, all incumbent members of the Board of Directors were re-elected for a further term of office of one year. Patrick Burkhalter was confirmed as the Chairman of the Board and Dr. Martin Zwysig as the Deputy Chairman. Furthermore, the shareholders elected Sandra Emme (lead), Prof. Adrian Altenburger and Urban Linsi as members of the Remuneration and Nomination Committee for the next term of office of one year.

Bossard Group

The shareholders of Bossard Holding have approved all motions of the Board of Directors with large majority. After Anton Lauber and Maria Teresa Vacalli did not seek re-election, Petra Maria Ehmann and Marcel Keller were newly elected as independent directors. All current directors have been confirmed in their posts, and Dr. Thomas Schmuckli remains as Chairman of the Board of Directors.

Credit Suisse

Renato Costantini has been appointed as the new General Counsel of Credit Suisse (Switzerland) Ltd. In this role, he will also be a member of the Executive Board of Credit Suisse (Switzerland) and of the Management Committee of the Swiss Universal Bank division.

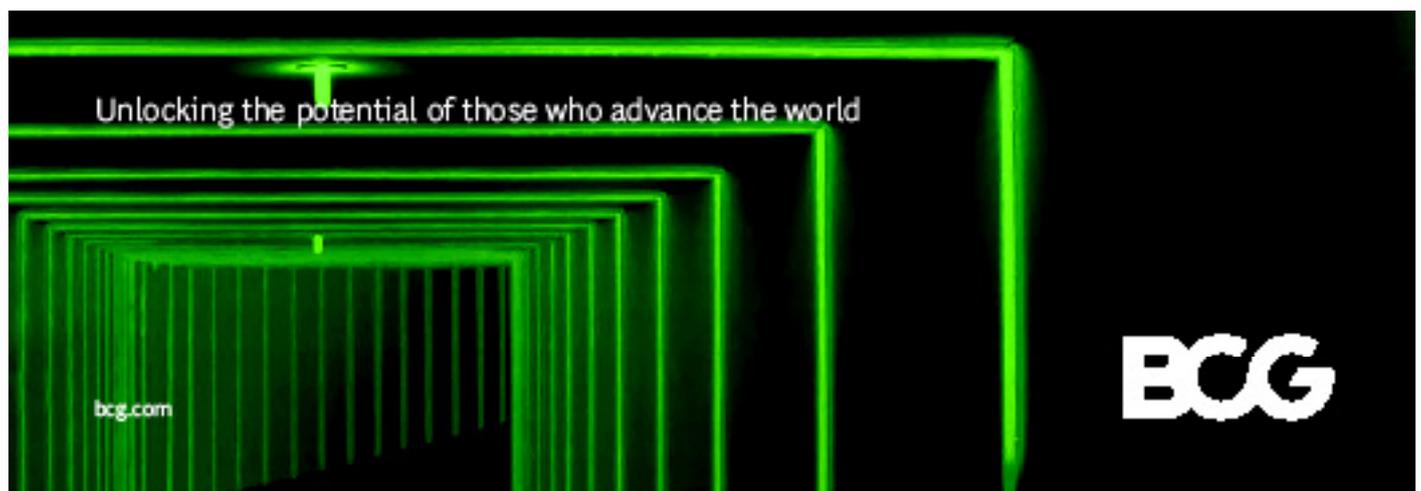
Franke Group

Tanja Vainio has become a new member of the Board of Directors of Franke Holding AG as of March 19, 2021. This is expanding the Board of Directors to six members. Tanja Vainio has become also a member of the HZ and IT Committee.

LafargeHolcim

LafargeHolcim announced the expansion of Magali Anderson's role to Chief Sustainability and Innovation Officer, effective

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March 2021. She has been a member of the Group Executive Committee since October 2019, when she was appointed Chief Sustainability Officer.

Maxon International

NASA's Ingenuity helicopter has successfully completed its pioneering flight on Mars. This is the first time in history of powered, unmanned spaceflight that a device has flown in a controlled manner on another planet - also thanks to Maxon's DC motors that have been modified for this challenge. From NASA's perspective, this is a historic event that can be classified similarly to the Wright brothers' first controlled flight in 1903.

Nestlé

Nestlé shareholders approved all of the Board of Directors' proposals at the Annual General Meeting in April. Lindiwe Majele Sibanda, a Professor and the Director and Chairwoman of the African Research Universities Alliance Centre of Excellence in Sustainable Food Systems at the University of Pretoria, was elected to Nestlé's Board of Directors. She is succeeding Ursula Burns, who did not stand for re-election.

Straumann Group

At the Annual General Meeting of Straumann Holding, all of the Board of Directors' proposals were approved by its shareholders. Gilbert Achermann was re-elected as Member and Chairman of the Board, as well as Dr. Sebastian Burckhardt, Marco Gadola, Juan José Gonzalez, Dr. Beat Lüthi, Dr. h.c. Thomas Straumann and Regula Wallimann as Board Members. Petra Rumpf was elected as a new Board Member, Monique Bourquin did not stand for re-election.

Sulzer

The Annual General Meeting of Sulzer saw the approval of all proposals of the Board of Directors. Peter Löscher was confirmed

as Chairman. Matthias Bichsel, Mikhail Lifshitz, Alexey Moskov, Gerhard Roiss and Hanne Brigitte Breinbjerg Sorensen were re-elected for a one-year-term of office. Dr. Suzanne Thoma and David Metzger were newly elected to the Board, replacing Lukas Braunschweiler and Marco Musetti who decided to retire from the Board.

Swiss International Air Lines

Swiss has appointed Oliver Buchhofer to the newly-created position of Head of Operations. In his new capacity, Buchhofer will also serve as Swiss' Accountable Manager, a function that was previously performed by COO Thomas Frick. Frick stepped down as COO by the end of March. His function is now additionally assumed by the CEO.

Swiss Re

Swiss Re's shareholders approved all proposals put forward by the Board of Directors at the Annual General Meeting. Sergio P. Ermotti was elected as new Chairman and all other proposed members of the Board were re-elected. The Board of Directors also decided to award the title of Honorary Chairman to Walter B. Kielholz to recognize his services to Swiss Re.

UBS

Mike Dargan is joining the Group Executive Board as Chief Digital and Information Officer as of May 1. In his 13th year as Group General Counsel of UBS, Markus Diethelm has decided to step down from his current role effective November 1. He will remain in a senior advisor role into 2022 with responsibility for select legacy litigation cases. Barbara Levi will succeed Markus Diethelm as Group General Counsel effective November 1. She joins UBS from Rio Tinto Group, where she has served as Chief Legal Officer & External Affairs and before that as Group General Counsel and member of the Executive Committee since January 2020.

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Large Swiss delegation for the SelectUSA Investment Summit

From June 7 to 11, 2021, US Secretary of Commerce Gina Raimondo will host the Virtual SelectUSA Investment Summit, the highest profile event promoting foreign direct investments in the USA. A large delegation of 40 Swiss companies will attend this virtual gathering, meeting people and learning about new opportunities in the USA in times of large stimulus packages. Information on SelectUSA can be found at www.selectusasummit.us. Short term registration is still possible. For any questions, please contact the Investment Specialist at the US Embassy in Bern, Sandor Galambos (galamboss@state.gov).

President Biden's economic plans: "Substantially excessive"

In 2020, the Covid crisis enabled a series of bipartisan financial packages totaling some US\$ 5tr ending with a US\$ 900 bn program passed by both Houses and signed by President Trump just before Christmas. This marked the end of bipartisanship. In March, Congress passed, on strict party lines, the American Rescue Plan of US \$ 1.9tr using a complicated procedure called budget reconciliation, allowing bypassing the normally necessary 60 votes in the Senate. Since then, President Biden proposed two additional programs: The American Jobs Plan (worth some 2.7tr) and the American Family Plan (worth US\$ 1tr). This brings total stimulus commitment to approx. US\$ 10.5tr or 50% of the US GDP. These plans lead former Secretary of State of President Clinton and National Economic Advisor to President Obama to express: "I am concerned that what is done is substantially excessive".

All this should be paid by a massive increase of corporate taxes, marking the USA again the highest taxed country in the OECD, and by massive increases of private taxes, culminating in the highest capital gains taxes in the USA since 1922. It would make US capital gains taxed 2.5 times more than capital gains in communist China. It will be interesting to see how the two last plans will pass in Congress, with the Biden legacy on the line, but Republicans and some moderate Democrats wildly opposed to these plans. This will be a massive experiment without a safety net!

Switzerland and the EU at odds over the Institutional Framework Agreement

The Institutional Framework Agreement (Insta) has a long history: five years of preliminary talks, five years of negotiations, two years of standstill and now 6 months of "post-negotiations" brought no clarity and no finalized agreement. In a last attempt to find a constructive way forward, Swiss President Guy Parmelin travelled to Brussels on May 6 to meet with EU Commission President Ursula von der Leyen. The results were sobering. The two parties cancelled the joint press conference. Parmelin spoke about "substantial differences". And instead of von der Leyen, a spokesperson for the EU Commission made rather negative comments. It is now very unclear if and how the Insta can be saved. Important deadlines are looming for the relationship between Switzerland and the EU before the summer: Multilateral Recognition Agreement for med tech products, equivalency of data protection, Swiss participation in the EU research program Horizon and the education exchange program Erasmus, next steps for an Energy Agreement and a Health Agreement. *Affaires à suivre!*

Switzerland is not a Currency Manipulator anymore

On April 15, the United States removed Switzerland from its list of currency manipulators despite the Swiss National Bank (SNB) spending CHF110 billion (\$119 billion) in the foreign exchange market last year. The US Treasury Department said it had "determined that there is insufficient evidence to make a finding that Vietnam, Switzerland, or Taiwan manipulate their exchange rates". However, the Treasury added that it would continue with "enhanced engagement" with Switzerland.

This positive development was also made possible by the clear communication of Swiss government and its partners that Switzerland's key measures were to be treated in a special manner due to its small economy with strong currency harbor qualities attracting funds in difficult times. It is also a recognition of the great economic win-win proposition with Switzerland as the 6th largest foreign direct investor in the USA, paying the highest average salaries and the largest expenses in R&D, directly providing jobs for 500'00 US citizens and paying the 6th largest sum in corporate taxes.

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