A word from the CEO: We will not play the Blame Game!

Dear members and friends,

The current situation looks bleak – Switzerland is in clinic with its five most important business partners (Germany, USA, France, Italy and the UK) on fiscal affairs: tax evasion by private people and corporate tax structures. Swiss citizens living in the USA get evicted by their banks and cannot open up new accounts for payment services elsewhere. Swiss bankers get indicted in the USA. The oldest Swiss bank has to take distress measures and gets indicted anyway. The EU Commission sets deadlines for changes to cantonal tax regimes. Italy puts Switzerland on their Black List of Tax Havens. The USA sets deadlines for Switzerland to comply with security measures at the risk of losing the Visa Waver privileges.

And everybody shouts – in various sound volumes – about the nasty Americans, the nasty Germans, the nasty French, the nasty Italians etc.

In this situation, the Chamber and its CEO are repeatedly prompted – also often loudly and emotionally – to blame and shame the Swiss banks, President Obama, the Swiss government, various political parties, the IRS, the US Department of Justice, the German politicians, the apparent double standards in Florida, Delaware, the Channel Islands and other places, the media in both countries and all other actors in this difficult environment.

We will not comply with these demands! We will continue to stand up for a fruitful and constructive relationship between our two countries searching for mutual understanding and offering workable solutions. The “Blame Game” might be great for releasing the justified personal frustrations and for a great show for spectators and by-standers, but it would not help to resolve the situation. On the contrary, it would add to the misunderstandings and the general cacophony. The goal of the Chamber is to help solve the current serious issues, among others with our five most important business partners. The underlying business relationships have been developing very positively. It would be a shame to have it threatened by fights, mostly fiscally motivated.

So please excuse what might sometimes seem to be a discreet approach. We are trying our best to improve the situation with a business-diplomacy approach. We are looking forward to your input and cooperation.

Martin Naville
CEO

The latest events (more pictures on pages 4/5)

San Francisco, January 10: Business Forum with VIP Speaker André Kudelski, Chairman and CEO, Kudelski, and Consul General Julius Anderegg, Swiss Consulate SF

Geneva, February 7: Luncheon with Thomas J. Jordan, Chairman ad interim of the Governing Board, Swiss National Bank

The bad news: Many Swiss citizens residing in the USA lose their Swiss accounts

Swiss banks are closing transaction accounts (i.e. payments, credit cards, ATM cards, mortgages etc.) of Swiss citizens residing in the USA. Main reasons given are the legal and regulatory risks – and the associated high costs – of carrying accounts for “US Persons”. This has (understandably) led to a wave of fury and frustration from Swiss expats in the USA.

As transaction accounts cannot be instruments in tax evasion, we feel this move to be unjustified and overly prudent. But these are business decisions by banks that cannot be changed by government or parliamentary actions. For the business relationship and for the open borders between the two countries, such transaction accounts are vital and the Chamber has been working with various players to find solutions regarding these services. Some limited success ensued for groups of people such as intra-company transferees on limited engagements, but the “loud” actions of IRS, SEC and DOJ has made many banks even more prudent than before. According to articles in the press, the Swiss Postfinance is ready to keep and accept customers for transaction banking only (no securities or other investments) as long as these customers have a strong attachment to Switzerland and they are ready to sign documents to ensure explicitly full tax compliance. The Chamber will continue to support the finding of solutions in a constructive way.

The good news: Very positive trade figures

In spite of the frequent complaints about the strong Swiss Franc, exports of Swiss goods to the USA has increased by 2.3% to over CHF 18 bn in 2011. This is great news depicting a healthy and dynamic Swiss industry and growing market penetration in the USA. It also compares very favorably with trade to the EU which experienced a negative trend (-0.4%). Within the EU export markets, Germany was stellar with plus 5.8% while most other markets saw a retrenchment (France -4.3%, UK -8.9%, Spain -9.4%, Austria -3.3%). With this, the USA strengthens its position as the second largest export market for Swiss goods, behind Germany, but clearly ahead of France, Italy and the UK.

Import of US goods into Switzerland (measured in Swiss Francs) has seen a negative trend with a minus of 5.7% to reach CHF 7.1 bn, primarily because of the strong Franc. This brings Switzerland a large trade surplus of CHF 11 bn.

So overall, the business relationship between the two countries looks great. We hope, and we will work towards that goal, that the fight over US tax evaders will not spill over into the rest of the relationship.

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President Obama's tax proposals in State of the Union Speech

In late January, President Obama offered several new tax proposals in his State of the Union speech. The following proposals were raised: Removing tax incentives to locate overseas through an international minimum tax; eliminating deductions for costs of “moving overseas” and providing a credit for moving jobs back to the US; applying a financial institution fee to offset the cost of refinancing assistance; imposing a “Buffett Rule”, with a minimum 30% effective tax rate for incomes over USD 1 million, with some exception for charitable donations; eliminating tax deductions (housing, health care, retirement, and child care) for those making over USD 1 million; ending eligibility for certain programs, including Food Stamps and unemployment benefits, for higher income individuals; and extending the payroll tax cut.

Senate approves Congressional insider trading legislation

In early February, the Senate approved the “Stop Trading on Congressional Knowledge (STOCK) Act of 2012” as amended in a 96-to-3 roll call vote. Introduced by Senator Joe Lieberman (I-CT), the legislation “would prohibit Members of Congress and employees of Congress from using non-public information derived from their official positions for personal benefit”.

Senate Committee approves Iran sanctions legislation

At a February 2 markup, the Senate Banking Committee approved “The Iran Sanctions, Accountability and Human Rights Act”. This bi-partisan legislation sponsored by Chairman Tim Johnson (D-SD) and Ranking Member Richard Shelby (R-AL) targets Iran’s Revolutionary Guard Corps; requires companies that are publicly traded on US exchanges to “disclose Iran-related activity to the Securities and Exchange Commission”; imposes sanctions on “energy and uranium mining joint ventures with Iran’s government outside of Iran”; imposes penalties “on US parent firms for certain Iran-related activities of their foreign subsidiaries”; and requires sanctions “for those who supply Iran with weapons and other technologies used to commit human rights abuses”.

Many layoffs on Wall Street affect young professionals

Much of the burden of Wall Street’s latest retrenchment has fallen on young professionals. The number of investment bank and brokerage firm employees between the ages 20 and 34 fell by 25% from the third quarter of 2008 to the same period of 2011, a loss of 110,000 jobs from layoffs, attrition and voluntary departures. The number of staff members over the age of 55 decreased by only 11%. The industry’s woes have also affected the plans of undergraduates and graduate students at the nation’s top colleges. Several large firms were not recruiting any new entry-level analysts for their investment banking divisions last fall.

February NY Fed manufacturing growth highest in 18 month

A gauge of manufacturing in New York State picked up in February to its highest level in more than 1.5 years, though the pace of new orders slowed, the New York Federal Reserve said in mid-February. The New York Fed’s “Empire State” general business conditions index climbed to 19.53 from 13.48 in January, topping economists’ expectations for 15.0. The survey of manufacturing plants in the state is one of the earliest monthly guideposts to US factory conditions. The new orders index slipped to 9.73 from 13.70, while inventories dropped to minus 4.71 from 6.59. Employment gauges were relatively steady, with the index for the number of employees dipping to 11.76 from 12.09 and the average employee workweek index rising to 7.06 from 6.59.

Fed primary dealer survey: First hike likely in 2014

US primary dealers on average saw the highest probability of the first US interest rate increase in the first half of 2014, according to a January survey conducted by the New York Federal Reserve that was recently released. Dealers placed almost as high a probability of the first interest rate increase in the second half of 2014, while the probability of such a rate increase before or after 2014 tapered off, according to this survey. Primary dealers saw the second quarter of 2014 as the median for the first rate increase since the central bank cut rates to near zero in December 2008. The survey was conducted before the Fed’s policy meeting at the end of January. At the close of its January meeting, the Fed said it would likely keep interest rates at rock-bottom levels until at least late 2014. Fed Chairman Ben Bernanke after the meeting expressed caution about recent improvements in the economy and left the door open to further Fed bond buying to boost growth.

Jobs, factory data strengthen growth outlook

The number of Americans filing for new unemployment benefits unexpectedly fell to a near four-year low in February, suggesting the labor market recovery was quickening. Other data showed solid expansion in factory activity in the Mid-Atlantic area in February and builders breaking more ground on new residential projects in January offered more evidence of a sustained momentum in the economy.


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European Fatca deal: Threat to Swiss secrecy?
A deal between the United States and the five largest European countries could step up pressure on Swiss banking secrecy, according to an international tax campaigning group. These European economies are negotiating a system to implement the US Foreign Account Tax Compliance Act (Fatca). Tax Justice Network believes it could embolden the European Union into demanding a similar deal with Switzerland. Britain, France, Germany, Italy and Spain appear set on ordering their banks to hand over details of accounts owned by US citizens containing more than USD 50,000. The governments would then pass data on to the US, alleviating costs for banks and pressure on client secrecy laws. The threat of Fatca, passed in the US in 2010 and due to be phased in from 2014, has been enough to elicit strong protests from the Swiss financial sector and politicians. UBS, Credit Suisse and other Swiss banks have already stopped offshore accounts in the US in anticipation of such stiff regulations.

Strong Swiss franc hits chocolate industry
176,332 tons of chocolate products - worth CHF 1.7 billion - was sold in 2011 according to the industry association Chocosuisse. About a third of chocolate products purchased were imported. Foreign sales recorded a 0.4% increase to 107,051 tons but in value terms fell by nearly 3% as a result of the strong Franc. Germany, Britain and France were the main export markets in terms of value terms. Production prices are around 30% higher in the country than over the border. It was found. According to the Hotel Association’s director, Christoph Juen, the results confirm that a free trade accord with the EU for the food industry could bring the hotel industry some relief in terms of costs.

Hoteliers call for agricultural free trade
According to a study commissioned by the Swiss Hotel Association, the higher cost of food in Switzerland is putting Swiss hotels at a disadvantage. The report found that tourism prices in the Swiss neighbors France, Germany, Italy and Austria were on average 22% cheaper than in Switzerland in 2010. The Euro was worth CHF 1.38 at the time. Swiss hotels and restaurants spend 17.5% of their budget on food and agriculture. But production prices are 30% higher in the country than over the border. It was found. According to the advisory and audit firm KPMG pressure on small private banks in Switzerland is growing as they are facing an increasingly difficult economic outlook. On one hand, there are the growing costs for information technology and security, but also the strong Swiss franc and the tax fight with the US. Nearly one in three private banks has no strategy for the next five years to tackle the issue of tax compatible assets, according to a study by St. Gallen University.

Tax amnesty pays off
An amnesty for repentant tax cheats in Switzerland brought millions of francs into the federal, cantonal and communal coffers in 2011. A survey carried out by the Swiss News Agency among cantonal tax offices revealed that 4,557 people in 24 cantons had taken advantage of the chance to admit what they owed and to pay it back without being punished. The amnesty law - which can only be used once in a lifetime - was passed in 2008 and first offered in 2010, when 5,580 people turned themselves in. The greatest number of amended declarations - about 1,000 - once again came from canton Zurich, which has the highest population in Switzerland. They confessed to having hidden a total of CHF 612 million.

Record number of bankruptcies reported
Last year, a record of 12,409 businesses and people declared bankruptcy, with marked increases reported in December. According to debt recovery firm Creditreform, the commercial registry recorded 6,661 bankruptcies of businesses in 2011, an increase of 6.5% on the previous year. Although business bankruptcy declaration rates were relatively stable throughout the year, a 19.4% increase on declarations was recorded in December alone. A similar set of figures was reported for personal bankruptcy rates, which reported a 0.5% increase to 5,748 declarations for the year but saw a 3.4% increase in December.

Swiss touch for French Huffington Post
Earlier this year, the French version of news website the Huffington Post has been launched with Swiss journalist Paul Ackermann as editor-in-chief. Ackermann is a former reporter for Swiss News magazine l’Hebdo, and was one of the initiators of the Bondy Blog in 2005. French journalist Anne Sinclair - the wife of former International Monetary Fund director Dominique Strauss-Kahn - heads the publication as editorial director. As with the English-language version of the site, huffingtonpost.fr is a mix of news, blogs and opinion article written by a range of contributors. It has been launched in association with leading French daily newspaper Le Monde.

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Chamber Events

1. San Francisco, January 10:
   Business Forum with VIP Speaker André Kudelski

2. Zurich, January 17:
   What does it take to do Business across Cultural Barriers? Intercultural Competencies in Current Times

3. New York, February 4:
   Swiss Ball 2012

4. Zurich, February 6:
   Smart Talent Management & Succession Planning in an International Context

5. Geneva, February 7:
   Meet the CEO: Luncheon with Thomas J. Jordan, Chairman ad interim of the Governing Board, Swiss National Bank - Swiss Monetary Policy from an International Perspective

Pictures courtesy of Bilanz/Markus Senn [B/MS]
Pictures courtesy of Swiss Society of New York/ Walid Ghanem [S/WG]

André Kudelski (Kudelski), Bjoern Jeker (CRC Result, Chairman SF Chapter), Christian Simm (swissnex San Francisco) (1)

Louise Granath (Bank Morgan Stanley), Björn Johansson (Dr. Björn Johansson Associates), Sabina E. von Arx (Bank Morgan Stanley) (2)

Robert J. Gebhardt (Franklin College), Marie-Laure Clisson and David Tsipenyuk (both Thunderbird) (2)

Kaspar E. A. Wenger (Holcim), Adrian Cojocaru (OC Oerlikon), Andreas Földényi (Culanco, Moderator), Claude Patrick Siegenthaler (Hosei University European Research Centre Zurich), George F. Simons (George Simons) (2)

Ambassador François Barras, Sabrina Muheim (Chairperson, Swiss Ball 2012), Beat Reinhart (Swiss Society of New York), Astronaut Claude Nicollier (EPFL, ESA), Ruth Westheimer, Jeffrey Hoffmann (MIT), Astronaut Barbara Hoffman (NASA), Charlotte Benepe, Adrian Benepe (New York City Department of Parks & Recreation) (3) [S/WG]
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Swissness future proofed

Will “Made in Switzerland” still be enough to guarantee a strong export performance? Will the Swiss financial industry continue to enjoy the trust of the global markets? Can the Swiss economy still compete with the best in the world? A strong country needs strong answers to questions concerning the future. For PwC, Swissness isn’t just a matter of tradition – it means continuous reflection and innovation, as it has for more than 100 years.
of Schaffner to the Board of Directors for a further three-year term. Dr. Suzanne Thoma and Georg Wechsler were elected as new members for a two-year term.

**StarragHeckert**

The Board of Directors of StarragHeckert Holding appointed Walter Börsch new Head of the Business Unit 1. He takes over the responsibility for the plants in Rorschacherberg (Starrag) and Geneva (SIP) as well as for the Technology subsidiary TTL in Haddenham (UK).

**Swiss Re**

Swiss Re’s Board of Directors appointed Michel M. Liès as new Group CEO as of February 1. Michel Liès succeeds Stefan Lips. The Board also announced that Moses Ojeisekhoba will join Swiss Re as CEO Reinsurance Asia and Regional President Asia, effective March 15. Martyn Parker, currently CEO Reinsurance Asia, will return to Europe.

**Syngenta**

Syngenta’s BoD will propose the election of three new members at the AGM on April 24. On the same date, two existing members of the Board, Pierre Landolt and Roil Watter, will retire, having completed their term of office. The three proposed new members are Vinita Bali, Managing Director & CEO of Britannia Industries; Gunnar Brock, Chairman of Stora Enso, Mölnlycke Health Care and Rolling Opti- tices; and Michel Demaré, CFO of ABB.

**UBS**

The UBS Board of Directors will nominate Beatrice Weder di Mauro and Isabelle Romy for election as new members of the Board at the AGM of shareholders on May 3. Bruno Gehrig, along with Kaspar Villiger, will not stand for re-election. Axel Weber, who supports both nominations, will, subject to election to the Board, take over as Chairman as was already communicated in November last year.

**Zurich Financial Services**

Zurich Financial Services Group announces the appointment of Nicolas Burnet to the position of CFO Global Life. He succeeds Joachim Masur who has been appointed to the positions of CEO Zurich Switzerland and CEO of General Insur- ance Switzerland. The BoD will propose a name change from Zurich Financial Services to Zurich Insurance Group Ltd. at the AGM on March 29. Following the retirement of Manfred Gentz and Vernon Sankey, the Board will propose the elec- tion of Alison Carnwath and Rafal del Pino to the Board of Directors, as well as the re-election of Josef Ackermann, Thomas Escher and Don Nicolaison.

**Book recommendation: “Serial Innovators” by Claudio Feser**

Claudio Feser of McKinsey and a long-term member of the Chamber’s Chapter Board Doing Business in the USA has written an extraordinary book on company survival and innovation. Written in the style of a novel, the story follows Carl Berger, a young executive appointed CEO of a large medical device company. In two parallel tracks we learn of the experiences, the thinking, the successes and the mishaps of Carl in driving his company to innovation to bring it back to success. At the same time, we learn about the academic and analytical background and thinking on which Carl’s actions are based. To- gether, it makes for entertaining reading and great learning. And with 169 pages, it is also readable without having to take a sabbatical! The Chamber highly recom- mends this reading for your next plane trip or vacation.

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Chamber Events Plan

Geneva
March 29, Thursday, 11:45 am - 2:00 pm
The World Economic Forum - A View behind the Scenes
Meet the CEO: Luncheon with Alois Zwinggi, Managing Director, Resources and Processes, World Economic Forum
May 22, Tuesday, 11:45 am - 2:00 pm
Meet the CEO: Luncheon with Robert Deillon, CEO, Geneva Airport
Sept. 3, Monday, 11:45 am - 2:00 pm
Meet the CEO: Luncheon with Steven L. Newman, President & CEO, Transocean Management

Lugano
April 2, Monday, 7:15 pm - 10:00 pm
Ticino Annual Dinner with U.S. Ambassadors Michael Punke, Deputy U.S. Trade Representative, Permanent Representative to the WTO, U.S. Mission Geneva

Zurich
March 15, Thursday, 11:45 am - 3:00 pm
FATCA Proposed Regulations
New draft: What is good – what is bad?
Alan W. Granwell, Partner, DLA Piper; Michael H. Plowgian, Office of the Tax Counsel U.S. Department of the Treasury (via audio conference); Moderator Walter H. Boss, Attorney at Law, LL.M., Poledna Boss Kurer
March 22, Thursday, 5:00 pm - 7:00 pm
Managing Multiple-Generations - Succeeding with Millennials in the Workplace
Tom Bán, Senior Vice President Corporate Human Resources, Swarovski Holding; Birgit Haberl, President 2011/12, AIESEC in Switzerland; Nelson Mattos, Vice President, Product and Engineering, Europe and Emerging Markets, Google Switzerland; Moderator Charles Donkor, Partner, PricewaterhouseCoopers

March 27, Tuesday, 11:45 am - 2:00 pm
CEO Luncheon with Peter Rothwell, CEO, Kuoni Travel Holding
April 4, Wednesday, 5:30 pm - 7:00 pm
Schweizer KMUs in den USA: Erfolg für die Aerospace Industrie!
Philipp Marc Berner, CEO, RUAG Aviation; Peter Huber, President, Meggitt; Patrick Villiger, Managing Director, UAC Alu Menzikon Aerospace Switzerland; Moderator Martin Naville, CEO, AmCham
May 8-9, Tuesday-Wednesday, 8:30 am - 5:00 pm
"Getting to Yes" in Action - Seminar, 2-Day Negotiation Skills Training for Executives - Michael Bullinger, General Manager and Partner, Egger, Philips + Partner Further details will be announced shortly!
May 9, Wednesday, 11:45 am - 2:00 pm
CEO Luncheon with Sheri S. McCoy, Vice Chairman, Executive Committee, Member of the Office of the Chairman, Johnson & Johnson
May 30, Wednesday, 5:30 pm - 7:00 pm
Career in the USA
Stefan Borgas, CEO, Lonza; Jürg Fedier, Chief Financial Officer, OC Oerlikon Corporation, Pfäffikon; Prof. Axel P. Lehmann, Group Chief Risk Officer, Member of the Group Executive Committee, Zurich Financial Services; Jürgen Tinggren, Group CEO, Schindler Management; Moderator Dr. Björn Johansson, Chairman and CEO, Dr. Björn Johansson Associates Inc Executive Search Consultants
June 1, Friday, 11:45 am - 2:00 pm
CEO Luncheon with Anton Affentranger, CEO, Implenia Management
July 23, Monday, 11:45 am - 2:00 pm
CEO Luncheon with Joe Jimenez, CEO, Novartis
Oct. 31, Wednesday, 5:30 pm - 7:00 pm
US Executives living and working in Switzerland - The complete panel will be announced shortly!

Florida
Monthly (every first Wednesday, 7:00 pm)
Stammtisch in Coral Gables

Los Angeles
Monthly (every 2nd Wednesday, 6:30 pm)
Orange County Swiss Business Mixer

New York
March 7, Wednesday, 12:00 pm - 2:00 pm
Currencies, Credit Ratings, and the Crisis: Facing the Power of the Markets
San Francisco
Monthly (5:30 pm)
Swiss-American Business Forum

See www.amcham.ch for more event details

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