**A word from the CEO: A difficult start of the year for Switzerland**

Dear members and friends,

Let me first express my best wishes that your personal start of the year was positive and upbeat. We will need a lot of energy and strength in what appears to be an interesting year in the Chinese proverb fashion (the Chinese tell their enemies: “may you live in interesting times!”).

But good news first: in 2012, the Swiss-US business was terrific! Swiss exports to the US grew 11.5% which compares very favorably with exports to the EU (-1.0%), to China (-12.2%) or India (-10.1%). Imports from the USA also showed an astonishing growth of 17.1% and foreign direct investments grew impressively in both directions. Businesswise, things look a lot better than they have for a very long time.

For the international Swiss business and Switzerland as a business location, however, the last three months were mensis horribilis. First, Germany killed the signed treaty to solve the taxlegacies (Abgeltungsteuer) and refused to start a ratification process for the treaty resolving the issues around the Zurich Airport. The EU tax commissioner released his action plan calling for EU countries to launch unilateral actions against “recalcitrant countries” (read: Switzerland). This was followed by the letter of Commission President Jose Manuel Barroso telling Switzerland in no unclear terms that the “Bilateral Way” was coming to an end. The OECD piped in with a report scolding Switzerland in no unclear terms that the “Bilateral Way” was coming to an end. The OECD piped in with a report scolding Switzerland for not having fulfilled the conditions of the phase 1 of the peer review. Bank Wegelin had to enter a guilty plea to the tax evasion charges. And at the time of writing, passage of the Minder Initiative seems near certain!

The treaty signed follows the so-called Model 2 which is based not on automatic exchange of information, but rather on enabling the Financial Institutions (FIs) to sign a contract with the IRS and deliver information from clients who have signed a waiver. The non-signers have then to be reported as a group to the IRS who in turn can ask for information following the normal rules of administrative information exchange. This treaty is positive for the Swiss FIs as it gives legal certainty and facilitates implementation. Ratification by the Swiss Parliament will be very important. In case of non-ratification, FATCA will go forward anyway according to the final regulations of the Minder Initiative which will be left in a distinctly worse position without legal certainty and without the pragmatic rules of the treaty.

**FATCA treaty**

On February 14, 2013, Switzerland and the USA signed a treaty regarding the implementation of the Foreign Account Tax Compliance Act (FATCA). FATCA is designed to oblige all Foreign Financial Institutions worldwide to provide the US with information regarding accounts held by US Persons. The Chamber was a very early critic of this very far-ranging legislation with strong extra-territorial aspects (see NZZ, Sept 11, 2010).

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**USA-EU Free Trade Negotiations**

On February 11, 2013, the so-called High Level Working Group on Jobs and Growth released their final report calling for an early start of negotiations with the goal to reach a far-ranging Free Trade Agreement between the USA and the EU. This report was immediately echoed by declarations by President Obama, Chancellor Merkel, Commission President Barroso and many other US and EU stakeholders. Start of the negotiations are planned for the coming summer with the goal of signing an agreement within 2 years. This time, the process looks serious and an agreement seems near certain, even if some topics might be postponed for later negotiations. It will result in strong market opening, reduction in customs duties, removal of non-tariff barriers and harmonization of standards and processes, leading to a resurgence of trans-Atlantic trade.

Switzerland will be standing on the sidelines when their two most important trading partners negotiate free trade. The US and the EU cumulatively represent more than 70% of the Swiss exports and more than 80% of the bilateral direct investments. It will be crucial for Switzerland to stay informed and do everything possible to avoid any discrimination in the US or EU markets. A tough challenge!

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Comment period for foreign bank oversight proposal extended

The Federal Reserve is giving the public and financial firms an additional month to comment on a proposal that would subject foreign banks to tough new capital and liquidity requirements. Comments are now due on April 30, the Fed said in a statement in late February. The rules, which were proposed in December, would force foreign banks to group all their subsidiaries under a holding company, subject to the same capital standards as US holding companies. The biggest banks will also need to hold liquidity buffers. According to the Fed, the extension is due to the range and complexity of the issues addressed in the rulemaking.

Manufacturing grows for first time in seven months

Manufacturing in New York state expanded in February for the first time in seven months, boosted by a surge in new orders, according to the New York Federal Reserve. The New York Fed’s “Empire State” general business conditions index rose to 10.0 from -7.8 the month before, easily topping economists’ forecast of -2.0. February’s index showed the first growth in the sector since July and the best performance since May 2012. The survey of manufacturing plants in the state is one of the earliest monthly guideposts to US factory conditions.

Jobless claims hint at firming job market

The number of Americans filing new claims for unemployment benefits fell more than expected in early February, offering hope the sluggish labor market recovery may have picked up a step. Initial claims for jobless aid dropped 27,000 to a seasonally adjusted 341,000, the Labor Department said in mid-February. The prior week’s claims figure was revised to show 2,000 more applications were received than previously reported. The data offered more evidence that US companies are no longer aggressively laying off workers. However, they still appear to be in no hurry to step-up hiring against the backdrop of still lackluster demand.

US economic growth gauge slips

A measure of future US economic growth edged lower in the first half of February, while the annualized growth rate also slowed, a research group said in mid-February. The Economic Cycle Research Institute, a New York based independent forecasting group, said its Weekly Leading Index fell to 129.6 in the week ended February 8, from 130.2 the prior week. The index’ annualized growth rate decreased to 8.3 percent from 8.9 percent a week earlier.

Switzerland again among top investors in the US

The Swiss Foreign Direct Investment in the US report for 2012 notes that Switzerland is among the top investors in the US. The Swiss cumulative investments is USD 212 billion with USD 57 billion in value added and USD 9.1 billion spent on research and development. In addition, Swiss finance and insurance affiliates hold more than USD 1 trillion in assets. Swiss affiliates support 430,600 jobs in all 50 states including the District of Columbia and Puerto Rico with high concentrations in the financial, manufacturing and R&D sectors. The states with the most jobst are California, New York, New Jersey, Texas, and Pennsylvania. The average salary of an employee of a Swiss affiliate is USD 95,200.

Employment costs rise marginally

Labor costs rose modestly in the 4th quarter, pointing to benign wage inflation that should allow the Federal Reserve to continue its monetary stimulus program to nurse the sluggish economy. The Employment Cost Index, the broadest measure of labor costs, increased 0.5 percent after rising 0.4 percent in the 3rd quarter, the Labor Department said in late January. The increase was in line with expectations. In the 12 months through December, compensation costs advanced 1.9 percent.

US economy poised to accelerate?

Famed US economist Milton Friedman once observed that a recovery from recession is like plucking a guitar string: The harder the economy is pushed down, the faster it snaps back. That didn’t happen when America began to exit a deep downturn in 2009. Now after years of paltry growth and despite a government austerity drive that could batter the economy for months, signs are emerging that a more robust recovery is around the bend. The main reason is an improvement in household finances, which by some measures are looking more solid than they have in decades. This is allowing consumers to ramp up purchases of homes and cars, the sort of spending that usually leads an economic rebound but that until recently had been held back by heavy debts and tight credit. This hint of normalization suggests the slow improvements in the labor market over the past few years can now provide a bigger boost to consumer spending, which will in turn create more jobs. In February, economists predicted the economy will expand at a 2.8 percent annual rate in the fourth quarter, up from the 1.8 percent rate expected in the first quarter, when higher tax rates enacted in January are expected to hit growth temporarily.

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Trade surplus reaches new heights

Swiss foreign trade registered a new record surplus of CHF 24.4 billion for 2012 despite the gloomy global economy and strong franc, relying largely just on the watchmaking, chemical and food sectors for the positive results. The past year saw slight annual increases for both exports and imports according to figures released in early February by the Federal Customs Administration. Exports totaled CHF 200.9 billion, up 1.5 percent while imports reached 176.5 billion, up 1.2 percent. Sales abroad in January. The number of Swiss abroad has increased by 1.72 percent, going from 703,640 in 2011 to 715,710 in 2012. More than half of these live in Europe, with the most popular countries being neighboring France, Germany and Italy. Outside Europe, the United States is the top destination. The population of Switzerland reached eight million. The equivalent eurozone figure for November was 11.8 percent. Recent surveys indicate that many companies - both in industry as well as in the services sector - are less willing to hire new employees. Growth in employment could therefore come to a temporary halt over the coming quarters until the economy starts to recover strongly again.

One in ten Swiss lives abroad

Almost 716,000 Swiss citizens live outside Switzerland. The trend observed for several years continued in 2012, according to figures released by the foreign ministry in January. The number of Swiss abroad has increased by 1.72 percent, going from 703,640 in 2011 to 715,710 in 2012. More than half of these live in Europe, with the most popular countries being neighboring France, Germany and Italy. Outside Europe, the United States is the top destination. The population of Switzerland reached eight million in 2012. Around 20 percent of people living in the country are foreigners.

Swiss market on track for housing bubble

The Swiss real estate market crept closer toward a bubble in 2012, according to the latest numbers from UBS. Swiss property values went up 6.3 percent through September 2012, compared with a 1.8 percent decline in the eurozone. The UBS Real Estate Bubble Index indicates the risk of an overheating housing market on a multiple-point scale, with anything over two points indicating a bubble. UBS also announced in early February that in 2012, Switzerland’s property market reached a reading above one on the scale for the first time since 1991 with a score of 1.02 in the third quarter. The index climbed again in the fourth quarter of last year, to 1.11 points. If the current trend continues, Switzerland will reach a level on the index indicating a housing bubble by the end of 2014.

Free movement did not affect Swiss salaries

The introduction of the free movement of people treaty in 2002 has generally had little effect on Swiss salaries, a study has shown. Researchers from the University of Geneva, who were commissioned by the State Secretariat for Economic Affairs (seco) to assess the agreement’s impact, concluded that the effects of immigration were in general “minor” and may only have lowered salaries of employees with a higher education. The treaty on the free movement of people between Switzerland and the European Union has been in force for about ten years, allowing Swiss companies to recruit citizens from the EU as well as Liechtenstein, Norway and Iceland. They may migrate to Switzerland for an unlimited time if they have a work contract, and they may also stay in the country for 90 days without a job.
Chamber Events

Carolyn Lutz (Lutz & Partners), Joris D’Inca (Oliver Wyman), Jennifer Duhon (Shell Brands Int.) (2)

Daniel Schafer (Lenz + Staehelin), Chris Baker (Westleton Drake), Adrio Orler (Tavernier Tschanz), Stéphane Lagonico (Bonnard Lawson), Gilbert Ladreyt (Gide Loyrette Nouel) (1)

Bryan DeBlanc (KPMG), Marc Ziegler (KPMG) (2)

Daniel Schafer (Lenz + Staehelin), Chris Baker (Westleton Drake), Adrio Orler (Tavernier Tschanz), Stéphane Lagonico (Bonnard Lawson), Gilbert Ladreyt (Gide Loyrette Nouel) (1)

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Michael Syz (Pictet & Cie), Ulrich Gnos (Pictet & Cie), Werner Furrer (Kessler & Co) (3)
1. Geneva, December 4: 
French-Swiss / US-Swiss Estate Tax

2. Zurich, January 13: 
Luncheon with Karl Gernandt, Chairman, Kuehne + Nagel - Trends and Challenges in the Logistics Industry

3. Zurich, January 29: 
Erfolgreiche Schweizer KMUs in den USA: Premium & Luxury Goods!

4. Geneva, February 5: 
Luncheon with Harry Hohmeister, CEO, Swiss International Air Lines - SWISS: Global Mobility for an enhanced Swiss Economy

5. Zurich, February 27: 
Luncheon with Paul Polman, CEO, Unilever - Fifty Years on: Is this the Silent Spring for Business?

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Law firm

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Language training & coaching to companies

Trintco GmbH, Wädenswil
International consultancy specializing in treasury and cash management on a global and local scale

Voxia communication, Geneva
Communications & branding

Chamber Members in the News

ABB
ABB has appointed Eric Elzvik, the chief financial officer of its Discrete Automation and Motion division, as Group CFO and member of the Executive Committee, succeeding Michel Demaré. Elzvik has taken up his new role on February 1. He joined ABB in 1984 and has held a variety of leadership roles in Sweden, Singapore and Switzerland, including head of Corporate Development, and head of Mergers and Acquisitions and Joint Ventures.

Conzzeta
The Board of Directors of Conzzeta has appointed Alex Waser as Head of the Sheet Metal Processing Systems business unit (Bystronic). Waser will take over as CEO of Bystronic no later than July 1, 2013.

Nestlé
Marc Caira, Deputy Executive Vice President in charge of Nestlé Professional, will retire end of April. The Board of Directors has decided to appoint Martial Rolland, currently market head of Nestlé France, to succeed Caira as of May 1, 2013. Martial Rolland will become a member of Nestlé’s Executive Board. Nespresso CEO Richard Girardot will succeed Rolland as market head of Nestlé France, while Jean-Marc Duvoisin, Deputy Executive Vice President Human Resources, will take over as CEO of Nespresso.

OC Oerlikon Management
Oerlikon announced Heriberto Diarte as new CEO of the Drive Systems Segment. He joined Oerlikon from Alstom in December and is located in Delhi. Gary Lehman, who led Drive Systems since 2010, has been appointed Oerlikon’s Group Country Representative for North America.

Panalpina
In January, Panalpina announced that Stefan Karlen, Managing Director Southeast Asia, has been appointed Regional CEO Asia Pacific with immediate effect. His predecessor, Marco Gadola, will be leaving the company to pursue a career opportunity outside of the logistics industry. Karlen joined Panalpina in 1997 and held several management positions in Europe and Asia.

Richemont
Richemont announced in early February the nomination of Bernard Fornas to the Board of Directors of Compagnie Financière Richemont. Mr. Fornas is currently Joint Deputy Chief Executive Officer of Richemont and is a member of its Group Management Committee. He was Chief Executive of Cartier from 2002 to 2012 and first joined that Maison in 1994. Bernard Fornas has been nominated for election to the Board of Directors at the Company’s Annual General Meeting on September 12. His appointment is subject to the approval of the shareholders at that meeting. Mr. Fornas will serve as an executive director.

Roche
Roche announced in January that John C. Reed, has been appointed Head of Roche Pharma Research and Early Development...
Swiss International Air Lines

Chief Financial Officer Marcel Klaus has decided to leave Swiss International Air Lines after 12 years with the company. Marcel Klaus will leave Swiss in July. The Board of Directors will appoint his successor in the next few months.

Syngenta

Syngenta announced in February that the Board will propose the election of two new directors, Eleni Gabre-Madhin and Eveline Saupper, at the Annual General Meeting on April 23. In addition to the Chairman, Martin Taylor, three current directors - Peggy Bruzelius, Peter Thompson and Felix Weber - will retire on the same date, having completed their terms of office. The Board will also propose the re-election of Michael Mack and of Jacques Vincent.

UBS

In January, the Directors Roundtable, a civic group which organizes the preeminent worldwide programming for Directors and their advisers, has honored Markus Diethelm, Group General Counsel of UBS, with the leading global honor for General Counsel. Markus Diethelm also serves as Chairman of the Legal Committee of the Swiss-American Chamber of Commerce.

Zurich Insurance Group

Zurich Insurance Group announced that the Board of Directors proposes the re-election of Susan Bies, Victor L.L. Chu and Rolf Watter at this year’s Annual General Meeting on April 4. Susan Bies is proposed for re-election for a three year term. As Rolf Watter will reach the maximum term of office under Zurich’s internal guidelines for re-election in the next few months.

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Opinions expressed do not necessarily reflect those of the Chamber’s Board of Directors.
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Chamber Events Plan

Geneva
Mar. 19, Tuesday, 11:45 am - 2:00 pm
Meet the CEO: Luncheon with Chris Johnson, Executive Vice President, Zone Director for USA, Canada, Latin America and Caribbean, Nestlé
Urbanization: A Business Perspective
Apr. 18, Thursday, 11:45 am - 2:00 pm
Meet the CEO Luncheon with Marco Comastri, President & General Manager EMEA, CA Technologies Europe

Sept. 25, Wednesday, 11:45 am - 2:00 pm
Meet the CEO Luncheon with Doug Goare, President, McDonald's Europe

Nov. 4, Monday, 11:30 am - 2:00 pm
HR Personnel Compensation Forum, UBS Compensation Survey Outlook 2014 and Panel Discussion
Dr. Jürg de Spindler, Political Analyst, CIO WM Research, UBS

Lugano
Mar. 15, Friday, 7:15 pm - 10:00 pm
Ticino Annual Dinner with U.S. Ambassador Donald S. Beyer
U.S. Ambassador to Switzerland and the Principality of Liechtenstein

Zurich
Mar. 12, Tuesday, 4:00 pm - 7:00 pm
The Final FATCA regulations are out! What does it mean for the Swiss economy?
Dr. Peter R. Altenburger, Attorney at Law, ALTENBURGER LTD legal + tax Attorneys at Law; Erik Christensen, Vice President, Head of Compliance Practice North America, Capgemini Financial Services; Alan W. Granwell, Partner, DLA Piper; Roxana Leske, Corporate Tax Manager, Novartis; Luca Vasapolli, FATCA Program Manager, Executive Director, UBS Wealth Management, UBS; Walter H. Boss, Attorney at Law, LL.M., Poledna Boss Kurer
Mar. 13, Wednesday, 11:45 am - 2:00 pm
CEO Luncheon with Sergio Ermotti, Group CEO, UBS

Apr. 12, Friday, 11:45 am - 2:00 pm
CEO Luncheon with Reto Francioni, CEO, Deutsche Börse

Jun. 5, Wednesday, 11:45 am - 2:00 pm
CEO Luncheon with Paul Bulcke, CEO, Nestlé

Jun. 11, Tuesday, 8:30 am - 5:00 pm
Getting to Yes in Action - Seminar, 2-Day Negotiation Skills Training for Executives - June 11 - 12, 2013
Ulrich G. Egger, Chairman, Egger, Philips + Partner; Jochen Luksch, Managing Director, Egger, Egger, Philips + Partner

Jul. 9, Tuesday, 11:45 am - 2:00 pm
CEO Luncheon with Harioff Kottmann, CEO, Clarient

Aug. 20, Tuesday, 11:45 am - 2:00 pm
CEO Luncheon with Bernard Fontana, CEO, Holcim Ltd

Sept. 20, Friday, 11:45 am - 2:00 pm
CEO Luncheon with Barbara Kux, Head of Supply Chain Management and Member of the Managing Board, Siemens

Oct. 23, Wednesday, 11:45 am - 2:00 pm
CEO Luncheon with Jürgen Tinggren, Group CEO, Schindler Management

Nov. 1, Friday, 11:30 am - 2:00 pm
HR Personnel Compensation Forum, UBS Compensation Survey Outlook 2014 and Panel Discussion
Dr. Daniel Kalt, Chief Economist Switzerland, UBS

Nov. 15, Friday, 11:45 am - 2:00 pm
Luncheon with Karel De Gucht, Commissioner for Trade, European Commission

New York
Mar. 27, Wednesday
Joint event with the Swiss-American Fondation. Luncheon & Presentation by Prof. Ann Lee: «The impact of International Regulatory Issues on Economic Growth»

May 9, Thursday
Joint Spring Networking event with the European American Chamber of Commerce

Sept. 30, Monday

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

Los Angeles
Mar. 21, Thursday
Empowering Business Success Through Environmental Development - With Mr. Marti Roy Mervel (Architect, Visionary, Designer)

Apr. 18, Thursday
Outstanding Woman of Influence Award Honoring Ms. Tabatha Coffe, BRAVO Television’s Tabatha’s Salon Makeover Series

Jun. 20, Thursday
Outstanding Leadership and Success With Ms. Beth Nickel

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

Ready For Real Business