How to keep R&D resources in Switzerland
In cooperation with KPMG and St. Gallen University, the Swiss-American Chamber of Commerce has recently published a study on the fiscal promotion of Research and Development in Switzerland. The study asks legislators to boost research and development with tax breaks to stop innovation centers leaving Switzerland. Switzerland ranks surprisingly low for the level of tax breaks and other support for corporate R&D compared with other countries. A significant part of research by Swiss companies is carried out abroad, with more firms threatening to join this trend. One reason for the outflow of innovation is to locate research closer to key export markets. But firms are also aware of better tax deals being offered by countries such as France, Britain, the United States, Japan and South Korea. In the light of companies being hit by difficult economic conditions and the strong franc, this report urges the government to rethink the tax system, particularly for small and medium-sized enterprises. It reveals that Swiss firms spend CHF 12 billion a year on domestic R&D compared with CHF 15.8 billion in centers located abroad. And while Switzerland is internationally ranked sixth by its share of gross domestic product spent on domestic R&D (2.2%), it is a lowly 28th in a global league table of helpful tax systems.

To access the report please click here (in German language; an English version will be added soon).

Strong export despite rough economic conditions
Battered by the strong franc and encircled by key markets that are swiftly turning negative, Swiss exporters are hanging on despite rough economic conditions. The sector still warns of collapse in the coming months as the growth of exports slows and consumer power in many markets declines. But company results in the first half of the year have proved resilient. The most spectacular example of Swiss manufacturing strength is the watch sector, that has provided the biggest impetus for Switzerland’s export industry this year. Watch exports grew 19.5% in the first seven months of this year (against 3.6% growth of total exports across all sectors) and 21% between June and July.

Zurich and Geneva among most expensive cities
Swiss cities Zurich and Geneva have held on to positions two and three respectively in a UBS cost of living ranking, while Oslo remains the priciest location. The annual study by Swiss bank UBS shows the effects of currency moves and compares prices and earnings in 73 cities worldwide for 122 goods and services. After Oslo, Zurich and Geneva, the next in line are Copenhagen, Stockholm and Tokyo. The American cities surveyed showed lower price levels than in previous years, with New York slipping from sixth to 14th most expensive locations since 2010. The survey also measures purchasing power and found that employees in Zurich, Sydney and Luxembourg benefit from the highest purchasing power based on their net hourly wages.

Switzerland was the largest single investor in the USA in 2010
Switzerland was the largest single investor in the United States in 2010 at more than USD 42 billion according to the recently released US Department of Commerce report “Foreign Direct Investments in the United States”. The alpine nation headed the list of eight countries that together represented 84% of total investment that year. Others in descending order were the UK, Japan, France, Germany, Luxembourg, the Netherlands and Canada. The report noted that employment by foreign firms investing in the US has held steady over the past ten years at 5 million, with the majority of jobs - 2 million - in manufacturing; that the manufacturing sector tends to be more stable than domestic manufacturing jobs, and that compensation per employee at US affiliates of foreign firms is higher than at other US firms.
Parliament will debate a new CO2 law. Switzerland and Britain have initiated a new tax treaty for funds deposited by British residents into secret Swiss bank accounts. Under the deal, money held by British resident accountholders will be subject to a tax of 19-34% of the account balance, and a withholding tax will apply in the future, the Swiss finance ministry said in a statement. The accord includes an up-front payment by Swiss banks of CHF 500 million, reimbursable if the authorities recoup enough back taxes owed to them. Starting in 2013, a withholding tax of 27-48% will be applied, depending on the category of capital income. Rates will be slightly lower than the respective top tax rates in Britain. According to the Finance ministry, the treaty respects the protection of bank clients' privacy and resolves the problems of the sale of stolen bank data and possible prosecution of bank employees.

Self-regulating industry rejects new CO2 law
According to an announcement by the Industry Energy Agency in mid-August, more than 2,100 firms participating in a self-regulatory scheme have cut CO2 emissions by 1.3 million tonnes in the last ten years while using 1,000 gigawatt hours less electricity. The situation has become so difficult for some distributors that they have reduced their "Made in Switzerland" selection rather than have expensive products gathering dust on shelves. Although there are no official figures yet available, it seems that especially small and medium-sized businesses which import 100% Swiss-made articles with the exchange rate.

Strong franc hurts Swiss sales in the US
Swiss-made products are suffering in the United States from the high cost of the franc versus the dollar, with consumers no longer ready to dig deep into their pockets. The government scrutiny of these practices intensified after the May 6, 2010, flash crash, one of the most abrupt market moves in recent history, when stocks plunged some 700 points in minutes before recovering. The agency stated that the extra administrative burden would restrict growth, threaten jobs and put the brakes on economic growth. Responding to Switzerland's commitment under the Kyoto protocol to reduce emissions by 10% by 2012, Swiss industry came up with the self-regulatory scheme for companies to improve their energy efficiency.

Dodd-Frank challenges
After the Dodd-Frank overhaul of financial regulation became law, regulators such as the SEC and the Commodity Futures Trading Commission are still struggling to write dozens of rules required by the legislation. Debate continues over whether the overhaul will forestall the need for the US to bail out financial firms in the future. Wall Street lobbyists are active in DC: their aim is to protect the industry’s profits from overly harsh rules and to try to reform to the advantage of the financial industry.

Fast traders in spotlight
High frequency trading firms, which account for around 60% of the seven billion shares that change hands every day in the US, are trying to stave off regulators who are proposing to curb their activities. In a strong effort lobbying they aim at being called “automated trading professionals”. Trading mostly with their owner’s money, they scoop up hundreds thousands of shares in one transaction, only to offload them one second later before buying more. Called cheetahs, they are preying on infinitesimal market movements and can move millions of shares in a minute earning a tenth of a penny off each share. The government scrutiny of these practices intensified after the May 6, 2010, flash crash, one of the most abrupt market moves in recent history, when stocks plunged some 700 points in minutes before recovering.

Soros closes hedge fund to outsiders
George Soros is turning his legendary hedge fund into a USD 24.5 billion “family office”, a move that allows it to avoid a new level of regulatory oversight facing many hedge funds. He will return USD 1 billion to outside investors. The family office move is an example of how financial firms are adjusting to new rules.

Chamber Events Plan
Switzerland
Geneva
Sept. 12, Monday, 3:30 pm - 9:00 pm
Albert Gallatin Award 2011, Celebrating Swiss-American Cooperation in Science and Innovation
Paul Polman, CEO, Unilever PLC; Charles Kleiber, former State Secretary for Education & Research; Thierry Lombard, Senior Partner, Lombard Odier Darier Hentsch & Cie; Patrick Aebischer, President, EPFL Ecole Polytechnique Fédérale de Lausanne; US Ambassador Donald S. Beyer, U.S. Embassy; Madame la Chancelière d’Etat de Genève Anja Wyden Guelpa, Jürg Burri, Deputy Director, State Secretariat for Education & Research SER; Patrick Firmenich, CEO, Firmenich; Alexander Illc, CTO, Dacuda; Pascal Marmier, Consul, swissnex Boston, Consulate of Switzerland; Dr. Nicola Rohrseitz, CEO & Founder, VissSee; Dr. Christian Simm, Executive Director, swissnex San Francisco; Robert Hoedt, President Europe, Medtronic Trading Sàrl; Dr. Helmut Trailter, VP Innovation Partnerships, Nestec
Register on-line
Oct. 31, Monday, 11:45 am - 2:00 pm
HR Personnel Compensation Forum: UBS Compensation Survey Outlook 2012 and Panel Discussion
Veronica Weisser, Financial Analyst, UBS; the complete panel will be announced shortly!
Nov. 3, Thursday, 11:45 am - 2:00 pm
Meet the CEO: Luncheon with Richard Riley, SVP Yahoo! EMEA, Yahoo! Sàrl
Feb. 7, Tuesday, 11:45 am - 2:00 pm
Meet the CEO: Luncheon with Thomas J. Jordan, Vice Chairman of the Governing Board & Head of Department III, Swiss National Bank
Zurich
Sept. 7, Wednesday, 11:45 am - 2:00 pm
CEO Luncheon with Ursula M. Burns, CEO & Chairman, Xerox Corporation, Sustainability – The Key to Long Term Success
Register on-line
Sept. 30, Friday, 11:45 am - 2:00 pm
CEO Luncheon with Dr. Josef Ackermann, Chairman of the Management Board and the Group Executive Committee, Deutsche Bank; Financial Systems under Re-Design
Saving USD 10 billion by erasing regulations
President Obama’s plan to roll back costly regulations that are no longer needed could save more than USD 10 billion over five years, according to the White House. A total of 26 federal agencies produced final plans that include more than 500 possible changes, including more than 100 at the Transportation Department. Congressional Republicans, along with the U.S. Chamber of Commerce, have led the criticism of the Obama administration for piling on regulations that could cost businesses millions of dollars.

Jobless rate above 8% for years
The Congressional Budget Office projects slow growth and high unemployment for years to come as a result of the financial crisis and recession. In its semiannual update of budget and economic data, the agency - which serves as the official scorekeeper for President Obama and Congress - projects the jobless rate will fall to 8.9% by the end of this year but remain above 8% until 2014. Economic growth will remain slow but steady, it says, increasing by 2.3% this year and 2.7% next year. The budget deficit this year will remain at about USD 1.3 trillion, the report further states, marking the third straight year of USD 1 trillion-plus deficit.

Almost 10% of employers may end health insurance
Nearly one in ten midsize or large employers expects to stop offering health coverage to workers once federal insurance exchanges start in 2014, according to a survey from a large benefits consultant. Towers Watson also found in a survey completed last month that an additional 20% of companies are unsure about what they will do. Another big benefit consultant, Mercer, recently found in a survey of large and smaller employers that 8% are either “likely” or “very likely” to end health benefits once the exchanges start. Employer-sponsored health insurance has long been the backbone of the nation’s health insurance system.

Members in the News / Corporate Links
AMR Corporation / American Airlines
AMR Corporation, the parent company of American Airlines and American Eagle, announced in July landmark agreements with Airbus and Boeing that will allow it to replace and transform American’s narrowbody fleet over five years and solidify its fleet plan into the next decade. These new aircraft will allow American to reduce its operating and fuel costs. Under the new agreements, American plans to acquire 460 narrowbody, single-aisle aircraft from the Boeing 737 and Airbus A320 families beginning in 2013 through 2022 - the largest aircraft order in aviation history.

Cisco
Christian Martin has been appointed General Manager in Switzerland. In this role, he started with the new fiscal year 2012 (August 1, 2011), reporting directly to Michael Ganser, Senior Vice President of Central Europe. Christian Martin is replacing Eric Waltert, who became EMEA Leader of Collaboration in the Cisco Enterprise Business Group.

Credit Suisse
Credit Suisse announced in early August that Barbara M. Reinhard has joined as Managing Director and Chief Investment Strategist for Privat Banking Americas. As Chief Investment Strategist for Private Banking Americas, Reinhard will be responsible for investment strategy, working closely with Credit Suisse’s Private Banking Global Research and Asset Management to deliver global investment themes for Relationship Managers and clients. She will also head the PB Americas Investment Strategy and Advisory Team. Reinhard reports to Stewart Brenner, Head of Private Banking Americas Wealth Management Solutions.

Ecolab
Ecolab Inc. and Nalco Holding Company announced that the board of directors of both companies have unanimously approved a definitive agreement under which Nalco will merge with a subsidiary of Ecolab in a transaction valued at approximately USD 8 billion, including assumed Nalco net debt. Based in Naperville, Illinois, with operations in more than 150 countries, Nalco is the world’s leading water treatment and
process improvement company, offering water management sustainability services focused on industrial, energy and institutional market segments. The transaction is expected to close in the fourth quarter, subject to customary closing conditions, regulatory clearance, as well as approval of both Ecolab and Nalco shareholders.

Endress + Hauser
Endress + Hauser announced changes to its top management: Luc Schultheiss is moving to the Executive Board as of January 1, 2012, as the new Chief Financial Officer, while his predecessor Fernando Fuenzalida is transferring to the Group’s Supervisory Board after 13 years as CFO.

Gategroup
The Board of Directors of Zurich-based gategroup has appointed Andrew Gibson as CEO of gategroup. In April, Gibson took over management of gategroup on an interim basis following the resignation of his predecessor. In January 2007 Gibson became Group Senior Vice President and President of the North American Region at gategroup. He was previously responsible for operations of the group’s European Business and played a leading role in the successful turnaround of the group in Europe and America.

Georg Fischer
Beat Römer will strengthen the Corporate Communications team at Georg Fischer Ltd as of September 1 as Media Spokesman and Deputy Head of Corporate Communications. He is replacing Christian Thalheimer, who has sought a new challenge outside the corporation.

Logitech
Logitech International recently announced that Gerald P. Quindlen has stepped down as the company’s president and CEO and resigned from the Board of Directors. Company Chairman Guerrino de Luca has taken on the additional role of acting president and CEO, a role that Mr. De Luca held with the company from 1998 to 2008, prior to becoming chairman of the board. Logitech has initiated a search for a long-term president and CEO.

Merck Serono
Merck Serono is strengthening its executive management team with two appointments. Dr. Belén Garijo has been appointed Chief Operating Officer, effective September 1, 2011. Dr. Annalisa Jenkins has been appointed Global Head of Drug Development & Medical, effective September 5, 2011. In their newly created positions, both Belén Garijo and Annalisa Jenkins will be based in Geneva and report directly to Dr. Stefan Oschmann, President of Merck Serono.

Roland Berger
Hans-Peter Hess is to join the Zurich office of Roland Berger Strategy Consultants as Senior Advisor. He will contribute his many years of experience and network within the consumer goods and retail sector on a contractual basis. Before joining Roland Berger, Hans-Peter Hess acted as Head of Corporate Marketing and General Manager at Ricola AG Switzerland.

Sonova
The Board of Directors of Sonova Holding appointed Lukas Braunschweiler as new CEO of the company. The 55 year old Swiss citizen is currently the CEO of the Swiss technology group Ruag, his most recent position in a long career that has spanned Switzerland and the United States in the high-tech industry. He will be taking his position as CEO of Sonova on November 1, 2011.

Transocean
John H. Briscoe has recently notified Transocean Ltd of his resignation as Vice President, Controller and Principal Accounting Officer. Mr. Briscoe has agreed to remain with the company for a sufficient time necessary to ensure a prudent transition of responsibilities. He has advised the company that he intends to pursue another opportunity. Mr. Briscoe’s departure is not related to any disagreements with the company’s accounting, financial reporting or internal control over financial reporting.