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# In This Issue



## EXCLUSIVE

06

**Indo-Swiss Ties to Ensure Global Stability, Security and Peace**

- Samuel Schmid

08

## POLICY

**New Paths Being Cut by Swiss Education, Research and Innovation Policy also lead to India**

- Charles Kleiber



16

## TEXTILE

**Rieter Group Has a Solid Base in India**

- Ajay Vats



46

## TOURISM

**Lucerne-the 'Essence of Switzerland'**

- Urs Kamber



48

## TOURISM

**"The Indian Market Will Become A Strong Outbound Market"**

- Barbara Stiemerling



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**Managing Editor:** Satya Swaroop  
**Director:** B.K.Sinha  
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Prabhoo Sinha, Rajiv Tewari,  
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**Asst. Manager:** Anand Kumar  
**Accountant:** Sudhir Karishetty  
**Account Asst.:** Vrunda Gurav  
**Circulation:** Sudip Sarkhel

### BRANCHES:

#### Kolkata:

Anurag Sinha, Branch Manager, A-7/1,  
Satyam Park, 2nd Lane, Near 3A Bus Stand,  
Thakurpukur Kolkata- 700 104  
Tel: 098300 15667, 033-24537708  
Email: anurag@newmediacomm.biz

#### Pune:

Geeta Khaladkar, Regional Head,  
Sahyog Apartments 508, Narayan Peth,  
Patrya Maruti Chowk  
Pune 411 030. Telefax: 020 24454642  
Email: pune@newmediacomm.biz

#### Thiruvananthapuram:

R. Rajeev, Branch Manager, TC-17/1141,  
Sastha Nagar, Pangode, Thiruvananthapuram  
Tel: 09847027163, 0471-2352769  
Email: rajeev@newmediacomm.biz

#### Australia Office:

Bandhana Kumari Prasad, 129 Camboon Road,  
Noranda, Perth, W.A. 6062 Tel: 0061 892757447  
Email: bandhana@newmediacomm.biz

#### International Marketing:

##### G. Biju Krishnan

E-mail: biju@newmediacomm.biz

#### New Media Communication Pvt. Ltd.,

B/302, Twin Arcade, Military Road, Marol,  
Andheri (E), Mumbai - 400 059 India  
Tel: +91-22-28516690 Telefax: +91-22-28515279  
E-mail: enquiry@newmediacomm.biz  
www.newmediacomm.com

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#### Office of the Consulate General of Switzerland

102, Maker Chamber IV, 222,  
Jamnalal Bajaj Road, Nariman Point,  
Mumbai-400 021 Tel: +91-22-2288 4563  
Fax: +91-22-2285 6566





**Dear Readers,**

*Greetings.*

*The current issue of Indo-Swiss Business, opens with an interview with the Defence Minister of Switzerland, Samuel Schmid, who was in India recently for talks with his counterpart Pranab Mukherjee on initiatives to curb terrorism in order to bring about world peace. We also feature an important report on the speech given by the Minister of Finance, Switzerland, Hans Rudolf Merz, on the occasion of the 60<sup>th</sup> anniversary of the Bretton Woods Institutions. The State Secretary of Science and Research, Charles Kleiber, highlights the objectives and novelty value of the Swiss Science policy.*

*The present issue focuses on three sectors, namely textiles, pharmaceuticals and tourism, in which Switzerland has retained its status as a global leader by retuning its strengths to the ever-changing needs of international markets. We carry a detailed report on what makes the Swiss textile industry so resilient. In this context, Ajay Vats, CEO, Rieter India, talks about the cutting edge, the Rieter Group, the Swiss engineering giant, enjoys as a supplier of systems solutions and services to a range of industries, including textiles and automotives sectors. In tandem, we carry an article on India's rich textile tradition and the advantage the country's garment exporters enjoy, especially those having a Swiss collaboration.*

*The quality of products, especially textiles depend on the quality of machines that produce them. We carry a report on the India International Textile Machinery Exhibition-2004. The pharmaceuticals industry is a big global business and Switzerland has always been a major player in this sector. It also happens to be one of the fastest growing areas in India. We carry a report by Osec Business Network on Research and Development in the Swiss pharmaceuticals industry, which helps the country to think and move ahead of others in the field of medicine and health care. Side by side, we run an interview with Ranjit Shahani, Vice-Chairman and MD of Novartis India, where he talks about India's strength in the pharmaceutical industry, in terms of cost, quality and manpower. While talking about drugs and pharmaceuticals, we are instantly reminded of the very purpose of their manufacture, namely eradication of diseases from the face of the earth. We also mention Swiss efforts in the direction of eradicating the scourge of malaria. Moving far away from disease, we present a perfect picture of paradise - the Swiss Alps. Great writers delved on the subject. We present a report. Besides, we carry a conversation with Urs Kamber, Director, Lucerne Tourism Ltd, who talks about the magic that Lucerne hold for the Indian tourist, especially, for Bollywood. On Lucerne, we present an interview with Lilian Hässig of Lake Lucerne Navigation Co. on memorable cruises the company organizes. Büergenstock has emerged as a fine conference resort. Barbara Stiemerling of Büergenstock Hotels and Resorts, talks about the emergence of India as a strong outbound market. Then we have articles on the winter treats at Davos. As the season of Christmas and the New Year sets in, we wish all our readers a Merry Christmas and a prosperous, peaceful New Year.*

*Wish you happy reading*

A handwritten signature in blue ink, appearing to read 'Satya Swaroop', with a long horizontal line extending to the right.

**Satya Swaroop**

*Managing Editor*

*satya@newmediacomm.biz*

# Indo-Swiss Ties to Ensure Global Stability, Security and Peace



On the 29th of November, 2004, the Swiss Minister for Defence, Civil Defence and Sports, **Samuel Schmid** was on an official visit to India to meet his Indian counterpart Mr Pranab Mukherjee. The two ministers met to exchange views, review the security and political situation in Europe and Asia, discuss contributions to peace-keeping deployments, combating international terrorism and reforms and advancement of the armed forces and certain areas of common interest like, mountain training and equipment, protection (training and equipment) against weapons of mass destruction, training for peacekeeping operations and exchange of senior cadres for training courses.

The itinerary of the minister included paying a courtesy call to the President of India, A.P.J. Abdul Kalam, visiting the Indian Military Academy in Dehra Dun, the Western Naval Command in Mumbai and the National Defence Academy in Khadakvasla (Pune). On a lighter vein, the delegation also visited the Taj Mahal.

In an exclusive conversation with **Shruti Sinha**, the minister touched upon important facets of his visit and core concerns. Excerpts:

## Purpose of the current visit to India...

The main purpose of this visit was to exchange views on international security issues, which is all the more important as India plays an important role in international security affairs. The bilateral contacts between the Indian and Swiss defence ministries and armed forces have so far been rather modest, and I hope

that this visit may also provide the impetus for intensification in areas of mutual interest. Another sign pointing in the same direction, in addition to the visit, is the Swiss government's intention to post a Defence Attaché with the Swiss Embassy in India. We have not signed any agreements during my visit, but our Department of Defence follows the practice that

agreements follow cooperation, rather than the other way round.

### **Core concerns of Swiss policy and India's place within the fold...**

Swiss security policy has three strategic tasks: To ensure area protection and defence in (at present rather unlikely) case of military attack, to support civilian authorities when security challenges are such, that the civilian means are not sufficient, and to contribute to international peace. Globalization and enhanced communication of information and people have led to a diminished importance of geographical distance. What happens for example on the Indian subcontinent can have immediate repercussions also in Switzerland. Beyond this, India and Switzerland are supporting peace processes at various places, with civilian and military means, and it is useful to compare notes on this common endeavour.

### **On the role of commercial and economic interdependence amongst nations offsetting the fear of wars...**

In general, I tend to believe that states which are closely linked economically, and are hence interdependent, are more reluctant to go to war, for two reasons: first, war would in such a case entail particularly heavy economic hardship and losses, and secondly, commercial interaction leads often to closer interaction of the people (media, tourism, etc.), which furthers mutual understanding. In Western Europe, for example, there may be a number of disputes among states, but the idea of going to war over such disputes looks entirely absurd.

### **The success of international organisations in fighting the global threat of terrorism...**

It is probably too early to tell. I am confident that international organisations are, each in their own area, doing their best to fight terrorism, by tackling some of the root causes of terrorism, by cutting the financial flows that support terrorism, by harmonising legal instruments against terrorism and by promoting political settlements in regions where conflicts might give rise to terrorism.

### **On migration, as a security issue, increasingly being linked to the marginalisation of southern states in the global economy...**

Migration is a challenge, also for Switzerland. In general, I would see it less as a security issue than a social, economic and political challenge. Clearly the dire economic situation in many southern countries is an important, perhaps *the* most important, cause of

migration. Like many other states, Switzerland seeks, through its development cooperation, to help improve economic conditions in southern states. But Switzerland and other European countries will also need more labour force in the future, seen the demographic development, which is why migration, if managed well, can also be seen as an opportunity.

### **Defence outsourcing and its scope for cooperation between India and Switzerland in this regard...**

I would rather not speak about defence "outsourcing", but rather about the possibility of procuring certain products - apart from weapons and ammunition and certain dual-use goods - from Swiss suppliers for the Indian armed forces, and vice versa. In this area, there is certainly scope for an increase, and I am confident that Swiss suppliers are quite competitive in the areas of interest for the Indian armed forces.

### **Anything else...**

India is a great democracy, and I hope that the spirit of tolerance in internal and religious affairs will prevail, and problems with an international dimension settled peacefully. I assume this to be in India's interest, and I know that it is in the interest of Switzerland and global stability, security and peace.

*In retrospect, it must be said that this visit is more than a reciprocation of a similar gesture made by the previous Defence Minister of India, Mr George Fernandes, in his visit to Berne. It transcends into the realm of further concretizing the relationship between the two countries. What is significant is that the meeting could usher in a new trend in the Indo-Swiss bilateral ties by going beyond the confines of security and political issues. It is reflective of an effort that holds the possibilities of future contacts between the armed forces of both the nations. It comes as recognition and re-affirmation of India as an important power and one of the largest armed forces in the world and the willingness of both the nations to increase the defence oriented contacts between them. Mr. Schmid's keenness to familiarize himself with the Indian armed forces, their missions, doctrine, and training, as objectives were fairly well achieved.*

*That the delegation went back satisfied was evident by what the Minister had to say at a press conference in Hotel Taj Mahal, Mumbai, on 1 Dec 04. "The Swiss government has decided to re-open the Defence Attache post in Delhi, sometime next year. This reflects the importance we attach to India and this region of the world. We hope the presence of a DA will facilitate possible contacts between the armed forces. I am confident that my visit has contributed to that goal."*



Charles Kleiber

## New paths being cut by Swiss education, research and innovation policy also lead to India

For around 10 years, Switzerland has been exploring new paths regarding the international orientation of its education, research and innovation policy that has taken it increasingly farther afield geographically. A good example of Swiss bilateral science policy is the new partnership with India.

In view of the growing internationalisation of education, research and technology, Swiss education, research and technology policy aims to offer increased support for the cooperation and the networking of Swiss universities and to public or private institutions active in the field of research and innovation with foreign partners. For this reason Switzerland is exploring new and geographically longer paths in its “foreign policy” in science.

These paths have taken Switzerland beyond Europe to the United States where there are Swiss Houses for scientific and technological exchange in two cities; in Boston, the *Swiss House for Advanced Research and Education, SHARE*, has been in operation since 1999 and in San Francisco, the *Swiss House for Scientific and Technological Cooperation, Swissnex*, was opened in 2003. In the summer of 2004, the *Swiss House for Education, Science and Technology* was opened in Singapore.

Switzerland and India also enjoy good relations in the sphere of science and technology. In 2003, during a state visit to India by the Swiss President Pascal Couchepin, the two countries signed an agreement on 10 November in New Delhi aimed at establishing greater scientific and technological cooperation between the universities, research institutes and industrial enterprises of both countries. A concrete example of this is a pilot project which began this year between the Federal Institutes of Technology in Zurich and Lausanne and the Indian Institutes of Technology / Indian Institutes of Science.

### Globalisation of national science policies

This “foreign policy” in science is new in many respects, but it does not now mean that Switzerland,

lying in the heart of Europe and firmly integrated in the European knowledge network, intends to reduce its activities on the continent. On the contrary, there are at least two good reasons why Switzerland will remain closely tied in future to research cooperation in central Europe with, for example, the European Organization for Nuclear Research, CERN, the European Space Agency, ESA and the European Union Framework Programmes for Research, Technological Development and Demonstration Activities.

Reason 1: European research organisations have competence around the world. All you have to do is recall that the World Wide Web was invented at CERN, the world’s largest facility for particle physics research, on the French-Swiss border near Geneva. Or we can point to the success of the European Space Agency, ESA, whose Ariane rocket is outfitted to a great extent with Swiss technology.

Reason 2: European science and technology policy is extremely ambitious. According to the goals of the European summit in Lisbon in March 2000, the European Union intends to become the “most competitive and most dynamic knowledge-based economy in the world by 2010”. It is patently clear that Switzerland, which is closely associated with the European Union Framework Programmes, the EU’s main tool in the implementation of its common science and technology policy, will take part in meeting this challenge.

### Win-win Situation

But despite its commitment to maintaining a focus on Europe, Switzerland is also aware that the world of knowledge has become a global matter over the past 10 years, (not least because of modern information and



communications technologies) and that the interweaving of individual national education, research and technology systems is increasing steadily.

In the long run, Switzerland can only benefit by increasingly trying to create worldwide, intercontinental spheres of cooperation in science and research. Only in this way can the Swiss contribution to the acquisition and international use of knowledge be expanded around the world. Only in this way can research and technology in Switzerland benefit from impulses from abroad which keeps this country competitive as a “knowledge nation”. Worldwide cooperation within the knowledge network is based not on a lop-sided exploitation but on mutual fertilisation, the cooperation of partners and the development of a win-win situation.

Of course this raises an important question: what does Switzerland, as a centre of science, really have to offer potential partners around the world? Based on the sole reservation that Switzerland is a relatively small country with only 7.5 million inhabitants, we can answer proudly that Switzerland is a solidarity-minded, outward-looking country committed to democracy with a very high scientific and technological efficiency, as compared to international standards.

### **Necessity is the mother of invention**

The reason for Swiss success as a scientific centre can be traced back to the fact that the country has always been poor in natural resources. Very early, the Swiss people began concentrating on their qualities and skills in education, research and technology for their economic prosperity and competitiveness. Over the years, Switzerland has invested more and more into research and today it is one of the top OECD countries, allocating 2.65% of its gross domestic product to research and development. Only Sweden, Finland, Japan and the United States invest more today. It should also be mentioned that around two-thirds of all R&D investment in Switzerland comes from the private sector.

The high priority Switzerland gives to R&D is reflected in the employment statistics: around 1.3% of actively employed Swiss have jobs in the public or private research sectors. By comparison, the European average is 1%.

### **Made in Switzerland: $E = mc^2$**

By international comparison, Switzerland's

performance as a research centre is outstanding not only as far as input into R&D is concerned, but also output. The following facts may help illustrate this. (Sources: OECD, European Commission, Nature, Times)

- There is no country in the world that publishes as many scientific papers per capita. The output in the United States, for example, is only half as great.
- The extent to which these scientific papers are quoted or cited around the world, makes Switzerland a world leader.
- Switzerland files more patents than any other country, far ahead of Japan and the U.S.
- The Federal Institute of Technology of Zurich (best university in continental Europe) and the Federal Institute of Technology in Lausanne rank 10<sup>th</sup> and 32<sup>nd</sup> respectively on the *Times* list of the top 200 universities in the world.
- Switzerland has the highest per-capita number of Nobel Prize winners. Albert Einstein's ground-breaking theory of relativity was “made in Switzerland”!

### **Success upon success**

Why has Switzerland's performance been so impressive? One reason is of course the generous investments in education and science. Equally important too is the fact that the confidence of Swiss legislators in the research community has always been very high. Over the years, this leeway has helped considerably to create fertile ground for the development of scientific curiosity and led to a situation where Swiss scientific activities have always been at the forefront in state of the art research. A third factor in this success story has been the smooth functioning over the decades between publicly financed basic research done at the universities and the application and market-oriented research and innovation of the private sector.

Fourthly, besides the favourable framework conditions, the remarkable results produced by Swiss researchers themselves have made an important contribution to on-going development and continues to do so. A good performance record acts like a magnet which attracts researchers and university lecturers from around the world. The strong attraction of Switzerland's magnet is demonstrated by the fact that around 50% of all post-graduate students and one-third of all university professors and R&D staff respectively come from abroad.

## Indian-Swiss cooperation

But Swiss financial resources for the promotion of education, research and technology are not limitless. This applies both within Switzerland and in terms of this country's cooperation activities around the world. Therefore, the new path being taken by Swiss science policy abroad (mostly bilateral) cannot lead everywhere. The focus must be on concentrating existing activities with a view to creating lasting partnerships in a limited number of geographical areas, countries, universities and themes.

The most important criterion in making this selection must be the existence of a truly mutual interest by universities and researchers in scientific cooperation. The term "bottom up" is the principle that applies specifically to the new cooperation between Switzerland and India. It is based on the desire of the Swiss Federal Institutes of Technology and the Indian Institutes of Technology / Indian Institutes of Science to begin joint activities in the research fields of *information technologies* and *life sciences*. In Switzerland, the Swiss Federal Institute of Technology Lausanne (EPFL) has the role of "leading house".

At the moment, follow-up work in the context of the pilot project at the institutional level concentrates on the following instruments and measures:

- *Faculty exchange* in which faculties from a set of universities in one country will contribute in their key competency areas to a set of host universities in the other country by providing expertise, offering lectures and, by exploring common research themes, that would serve as the foundation for future partnerships.
- *Student exchange* at graduate level to foster intercultural understanding with focus on developing leadership in science, technology and engineering.
- *Promoting joint research* that significantly adds knowledge and understanding.
- *Bilateral workshops* on identified topics.

At the moment, the resources available to finance such activities are limited. Bilateral cooperation between Switzerland and India is a promising path to follow and in future, to be able to keep a steady pace along this path and to implement the relevant strategies in a sustainable way, new resources must be allocated from 2008 which are focussed specifically on bilateral activities outside Europe.

**By Charles Kleiber**, State Secretary for Science and Research

## Carouge



Carouge, which is situated a few minutes' drive away from the heart of Geneva, is an attractive town which you simply must discover. It was created by the King of Sardinia, Victor Amédée III, during the Age of Enlightenment, and was built by architects from Piedmont.

The town has fully preserved its end-of-the-eighteenth-century charm. Carouge is shielded by the Mount Salève in the background and bathed by the river Arve which has its source at the foot of the Mont-Blanc. What a pleasant town with its squares, numerous restaurants and cafés, fashion stores and antique shops! The markets held on Wednesday and Saturday mornings, the small boutiques, craftsmen and artists make it a very lively and varied place.

## Basel Museum of Ethnology



Basel is the home of Switzerland's largest ethnological and folk art collections. The museum is particularly rich in exhibits from the South Seas and from Indonesia.

Permanent exhibitions of ceramics, profane and religious folk art and traditions associated with masks give insight into important focal points of the collection.

**Place:** The Museum of Ethnology (Museum der Kulturen) is located near the Münster Cathedral.



# Colour Chem Continues Its Colourful Show



Colour Chem Limited, the Indian subsidiary of Swiss-based Clariant AG, a global giant specializing in fine chemicals, is one of most prominent names in India.

**K. J. Bharucha**, Vice Chairman and Managing Director, tells Indo-Swiss Business in an interview about the performance of the chemical industry in India in general and of the Indian unit in particular.

Excerpts:

**Tell us about the performance of the Indian chemical industry, and in particular how has the Clariant Group performed?**

The chemical industry in India is performing well. The specialty chemicals segment in particular has good growth prospects and is expected to grow at the rate of about 8% over the next few years. The Clariant Group in India is also performing well. The main markets for its products, namely, textiles, leather, paints, printing inks, plastics, agrochemicals, pharmaceuticals, construction, packaging, etc., are all in growth mode and so the demand should be good. However, as you know, India is a very price sensitive market and hence there will continue to be pressure on prices and a need to look closely at costs.

**What are the current growth plans of Clariant?**

The Clariant group in India will continue to grow its business organically, especially in segments where we already have – or can achieve – a leading market position.

**Within your area of operations, in which sectors have you performed particularly well?**

All our businesses are doing well. Exports in particular have performed well.

**How will you categorise the core and non-core segments of your business?**

All the segments in which we are engaged at present are considered core to our business. It is our strategy to focus on service-oriented businesses with a high value for our customers.

**What do you have to say about the FMCG industry? Why do you think that big ticket consumer products have been performing well and the FMCG not so? What impact do you think this will have for the chemical industry?**

The FMCG companies are trying to increase their market base and penetrate into the lower income strata of our population. They have sought to do this through a strategy of cutting prices, which has put them under considerable pressure to reduce costs. This, in turn, results in pressure being put on all the suppliers, including chemicals. However, resistance to price increase is a general phenomenon in India and it is up to individual companies to find innovative ways to bring down their costs.

**Which countries are offering competition to our chemical sector and how do you feel we can get an edge over them?**

# Augusta Raurica



Augusta Raurica, one of the most attractive recreation areas in the vicinity of Basel, is the oldest Roman colony on the Rhine. Explore the old Roman town with its twenty preserved ruins and monuments or the idyllic Roman animal park.

Stroll through the Roman House and see how fruitfully Rome's Mediterranean civilisation merged with the indigenous Celtic lifestyle. Visit also the silver treasure at the Roman Museum.



#### How to get there:

Bus 70 from Aeschenplatz (Basel) to Augst or train from Basel SBB to Kaiseraugst

China offers competition, but it is not a threat to the Indian chemical industry, which will continue to capitalise on its intellectual strengths to find innovative ways (products and services) to offer value.

#### The oil price rise has had an impact on all the segments. How has it impacted the chemical industry sector?

Clariant's performance is less impacted by the movements on the petroleum market than in previous years, thanks to the sale of several business units that were relatively large consumers of petroleum derivatives. Therefore, our raw material costs were largely unaffected.

#### What steps have been taken by Clariant to bring about compliance with the environment norms?

All the Clariant companies in India comply entirely with the environmental norms and have adequate and state of the art effluent control facilities installed at their sites. The corporate guidelines on environment and safety matters issued by Clariant AG are very stringent and are regularly audited.

#### How far do you think the potential for cooperation between India and Switzerland in the chemical sector has been exploited?

We are subsidiaries of Clariant AG, a global specialty and fine chemicals company that is based in Switzerland. We work closely, enjoy good cooperation with our parent company, and are continuously seeking new ways and means to improve performance by exploiting the advantages that we respectively enjoy. To illustrate, India is considered a very important source for chemical raw materials. The Indian subsidiaries are undertaking significant raw material sourcing from India on behalf of the textiles, leather and paper division as also the pigments and additives division of Clariant AG. Another example is that India is also a powerful human resource asset base for any global company and several of our managers have been given overseas assignments by Clariant AG.

#### Anything else you would like to add?

Yes. Thank you for the interest taken in the Clariant Group in India.



# Advantage India - Good Quality Cotton and Rich Textile Tradition

One of the largest manufacturers & exporters of garments in India, with annual sales exceeding Rupees 1750 Million, the SONAL GARMENTS group figures in the Top Ten list of exporters from India. A major player in the garment business since 1976, the SONAL GARMENTS group has developed a considerable lead through state-of-the-art manufacturing technology, machinery & systems. In terms of ability to deliver to exacting quality standards and tight schedules, SONAL GARMENTS has a leadership position in India that is unmatched. **Aayush Goenka, Director, Sonal Intertrend Limited, in an interview with Indo-Swiss Business tells us about the company and it's operations. Excerpts.**

**What is the nature of relationship shared between your company and its parent company in Switzerland?**

The Swiss parent, M/s. Intertrend AG, holds a minority equity stake in the Indian JV company (<25%) and directly assists us in our market development efforts in European countries.

**What is the range of your operations? When did it commence in India?**

Sonal Intertrend, an Indo-Swiss-Italian JV, manufactures socks & garments and sells the same into India, UAE, Europe, North America and Australia. The company started operations in 1996. In 1999, the company launched its own socks label, viz. Calzini, in the Indian market. In beginning 2004, the Calzini range expanded to include shirts, t-shirts and boxer shorts. Calzini now sells in India, Bhutan and UAE.

**How do you feel the problem of modernization in our industry can be made compatible with providing**





## maximum employment opportunities?

I don't think that the two are fully contradictory. Modernization is necessitated by the requirements of consistent quality, bulk production capabilities, and faster turnaround times... and this ultimately results in strong business growth. Business growth fires up employment opportunities. So modernization is in fact beneficial to growth in employment, especially in the long run.

## How would you decipher the growth of Indian textile industry over the years and how do you feel its share to the total revenues can be augmented?

Unfortunately, I can't pretend to be an expert in the history of the textile industry. However, in my view, the biggest challenge in the short term will be for the industry to modernize & expand so as to reach globally competitive production capacities. This is a prerequisite to maintaining and increasing India's share of the world textile market.

## For manufacturing your products, from where do you normally procure the raw materials?

Our primary input is cotton yarn, which we procure from the leading Indian spinning mills.

## What are the advantages do you feel India has over its other competitors in the international arena in the context of cotton or woolen garments and who are its prime competitors here?

In my view, our biggest advantages are the abundant availability of good quality cotton and the rich textile tradition in the country, while the big disadvantage is industry-unfriendly labour laws. Specifically in our product lines, we face strong competition from Pakistan, Indonesia & China.

## How would you assess the implications of the GSP or the Generalized System of Preferences given to export of clothing and textiles from India in the EU trade negotiations? Do you feel this will give India the necessary edge?

Sorry, I am unable to comment as we haven't studied the position vis-a-vis other countries.

## Which are the countries your company is doing business with?

Bhutan, UAE, Finland, Sweden, Austria, Germany, Netherlands, Italy, France, Spain, UK, USA, Canada, Australia & Japan.

## What is your comment upon the application of Bio

## technology to cotton growing and how far do you think it can address the issues related to cotton growing in India?

Again, I am unable to comment as we haven't studied this facet fully.

However, it would not be out of place to mention here that our company is already developing a strong product line in organic cottons and we expect serious volumes and strong growth for this line.

## Do you think India has a strong potential to become a hub for outsourcing in textiles just as it has become for IT and ITES?

The key factor driving growth in the IT / ITES sectors has been the large pool of educated English speakers and the comparative non-interference of the government in hiring policies vis-a-vis IT workers. While similar supply side advantages exist (i.e. availability of cotton and pool of skilled labour), the key difference here is the restrictive labour laws. In my view, this is one of the most important factors stifling investment & growth in the Indian textile industry. Unless we find a solution to this problem, I fear that we may lose out to our neighbours in our share of the global textile market.

## Are you comfortable with the textile policy of our government in the textile sector?

We need to ensure that subsidies and other policy encouragements offered to the SSI sector don't create disincentives for entry and growth of larger units.

## Tell us about the expansion plans of your company and what is the purpose behind them?

In the short to medium term our primary thrust is to grow our brand both in the domestic market and in selected international markets. Besides this, we aim to grow our product line to cover the gaps in our existing product range.

Besides this, we are growing business volumes quickly so as to take advantage of the post-quota regime. For example in 2004 we have targetted a 40% growth.

## Anything else you would like to add?

I would like to say that though we have made all attempts at having the best of the quality assurance system, we are open to suggestions at all times in this regard. I hope that the information provided has been helpful.

# Adiv Weaves Nature in Textiles



Adiv's endeavor is to give to our world a living sense of tranquility from the natural and hand-made products appealing to the Fine arts, and unique products of this fascinating land India, which continues to captivate imagination. By combining the gifts of nature with human imagination and crafts, Adiv presents beautiful and exquisite fabrics and Aromatic products for invocation, even provocation of that elusive mystery we all seek, but are afraid to admit! **Rupa Trivedi**, Director, Adiv Exports, talks about the uniqueness of Adiv's textiles.

True to the vision of its Founder, Adiv has identified and synthesized select products of India from the vast and varied natural resources. These include products and designs produced by her unsung heroes and heroines - the quiet, but vibrant artisans from the hills, valleys, plateaus, and mountains, creating their works of art under the true natural settings. One can find their testimonials in the art, literature, fashion of ancient India e.g. The Ajanta, Ellora, other remnants of the Mauryan and Gupta Empires. Adiv has not only established roots with India's living glory of its vibrant traditions, but has also combined it with modern contemporary materials and designs.

We are a wholesome Company that offers the most unique fabrics and textiles plain, woven or embroidered, as well as aromatic essential oils for sense provocation and for therapeutic use.

Adiv's business is based upon coordination and synthesis of all senses natural. Our products are nature based and aspire to promote a social cause such as, environmental protection, helping the poor artisans, women artisans from the earthquake stricken areas of Bhuj and other such remote villages that are recognized for their art.

## Adiv Products

Fabrics and Textiles fall in various categories and are designed to match with the spirit and sanctity of not just the body but the soul also.

**Peace silk:** "Ahimsa Parmo Dharmah" Ancient Indians always recognized and respected the importance of biodiversity. Thus was born the peace silk. The manufacturing technique of the peace silk does away with the brutal practice of the normal silk production where millions of pupae are killed before reeling the yarn from the cocoons. The silk moth is let off before the yarn is spun from open ended or pierced cocoons found in the wild or from those used in breeding cycles. These exclusive silks are eco-friendly, user friendly and designer friendly! It's multi-weather properties integrated with its multi-fiber compatibility and multifarious end use gives it its uniqueness. They are available as yardage in a wide variety of textures and weaves, as well as in beautifully designed and embroidered stoles etc.

## The Peace Silks offered by Adiv are:-

**Mulberry Silk:** A fine quality silk that is very refined and elegant and it is obtained from the Bombyx mori Moth. It is extracted after the silkworm has completed metamorphosis and emerged from the cocoon. Each cocoon is checked individually to ensure that the moth has escaped before the silk thread is spun.

**Eri Peace silk:** is obtained from the Eri Silk Moths (Philosamia racini). The word Eri is a derivative from Sanskrit nomenclature for Castor Plant, eranada. Castor leaf is the main food for the Eri silkworms and so named as Eri. This is the only completely domesticated non-mulberry variety. Its silk is spun as it can not be reeled. Elegantly designed Eri shawls and stoles are quite popular because of their thermal properties.

With its natural slubby feel it can be blended with cotton, wool,

jute or even mulberry silk to create exotic fabrics for use in jackets, or suiting material, or for producing a variety of furnishings, making it an interior decorator's delight.

### Natural Cotton:

"Let mercy be the cotton, Contentment the thread, Continnence the knot and Truth the twist, do give it to me. It'll not wear out, nor get soiled nor burnt, nor lost. Blessed are those who go about wearing such thread".

The soul of the Indian handloom industry, cotton has taken on many artistic and creative forms for social and ritualistic purposes. Each region has its own distinctive style, adding to a pot-pourri of heritage that is going through a renaissance with modern Indian fashion designers. Organic cotton as well as Eri silks and nature dyed such fabrics are a treasure of ancient Indian heritage. This fabric gives an excellent feel of softness and it is hypo allergenic and has the same qualities as the peace silk

Other fabrics: Fine conventional fabrics are offered with traditional and modern embroidered designs in the forms of stoles and shawls. This also includes very fine Pashminas. A fine silk-like touch with gentle warmth of Himalayan wool, this stole adorns and highlights the natural beauty that you are.

### Natural dyes:

"Lets Live and Dye Naturally" The vibrant colors of Indian traditional textiles in the historic times were derived from natural and herbal dyes. The Vedas, India's most revered scriptures refer to the tinctorial properties of the several herbal based dyestuff used centuries ago. Herbal dying is the modernized form of natural dying .The medicinal properties of the herbs used are kept alive and hence the colors thus produced are in essence " Living Colors". The uniqueness of these dyes is that they are Eco friendly, antiseptic and non allergic, bio degradable and skin friendly .They are produced by hand process. They are available in a wide variety of colors and are multi fiber compatible too. We also provide with the famous Vegetable Dye prints.

### Aroma-sense Essential oils

Our sense of smell is one of the most exquisite of five senses that goes beyond. It invokes and provokes memories gone and memories sought. It arouses and satisfies what the body and soul need. It fires the imagination. It provides vigor when feeling low. Ultimately, aroma-sense makes us joyous! Adiv has

created unique combination of a variety of oils extracted from the diverse flora of India and other elements.

**Aromasense:** In this category we present three exotic blends that provoke and enhance life-giving senses all the way from fire to peace. Power (I am) for energy and fire. Passion (Provocative) -- for sensuality and intimacy. Peace (Serenita) for tranquility and transcendence.

**Vedasence:** Based upon age-old Indian Chakra system we offer extraordinary combination of essential oils that are deemed to help us in improving our health condition as well as to regain strength for a wholesome life. Chakras the key points in our mind-body system coordinate its balance/imbalance. They affect our thoughts, emotions, and physical functions. Adiv's Vedasence Chakra oils have been specially formulated and tested for these benefits. We offer all seven Chakra essential oils.

### Sense Coordinated Sets



The aromas of our earth: trees, leaves, flowers and seed; the colors of our universe Stars, dazzling sun, soothing moon multitude of rainbows in between; the touch of matter Fragile breeze, fine fibers inter-woven And, O! Their mélange simply silences the mind and elates the soul!

Adiv also presents a coordinated box

which is a combination of fabrics, aromatic candles and essential oils, all to give oneself a unique experience of power, passion or peace. Here the endeavor is to coordinate and connect the fabrics and the aromatic essential oils on the basis of color therapy for arousing certain desired positive senses. Adorn yourself with the luxurious red stole/garment of the natural fabrics, and stimulate the sense of passion and a vibrant blue would rouse a sense of Power. The sense of peace would be accelerated with a gorgeous green stole/garment.

And all this along with the burning of the aromatic candles, the Fiamma Serenita, Fiamma Aurora and Fiamma Passione, as well as the essential oils slowly making one achieve the desired sense. Adiv presents this bouquet of such sense provoking products beautifully packed in an artistically carved wooden box Adiv solicits inquiries and business from companies and individual businesses.

For further information contact: [rupa@adivexports.com](mailto:rupa@adivexports.com)



# IITME-2004:

## Unfolding New Horizons

Within the infrastructure sector, India's textile industry has been accorded prime importance. India has the probability of becoming one of the largest textile producers and exporters of textile in the world, with its massive modernization, restructuring and expansion gaining pace. The 7<sup>TH</sup> India International Textile Machinery Exhibition (IITME) 2004 is a case in point to be considered in this regard. Being held in Mumbai from the 4<sup>th</sup> to the 11<sup>th</sup> of December 2004, it is set to receive a warm response and recognition, keeping in mind the participation by countries internationally. A report by **Shruti Sinha**.

### The ongoing India International Textile Machinery Exhibition is reflective of two trends:

- The significant positioning of the Indian textile industry in the world textile economy.
- The massive presence of foreign companies in all sectors of textile machinery, spinning weaving and processing.

Certain special features have been added to the IITME 2004, in comparison to the previous one.

This IITME is being held in a different business environment, when the textile engineering industry is recovering from recession and order booking looks comfortable. Moreover, with the ushering in of free trade this January, the textile industries in several countries is all set to invest in plant and equipment for modernization in a big way.

This is also the time when the exhibition has increased the number of products to be showcased, with greater emphasis on weaving/knitting, finishing, IT etc.

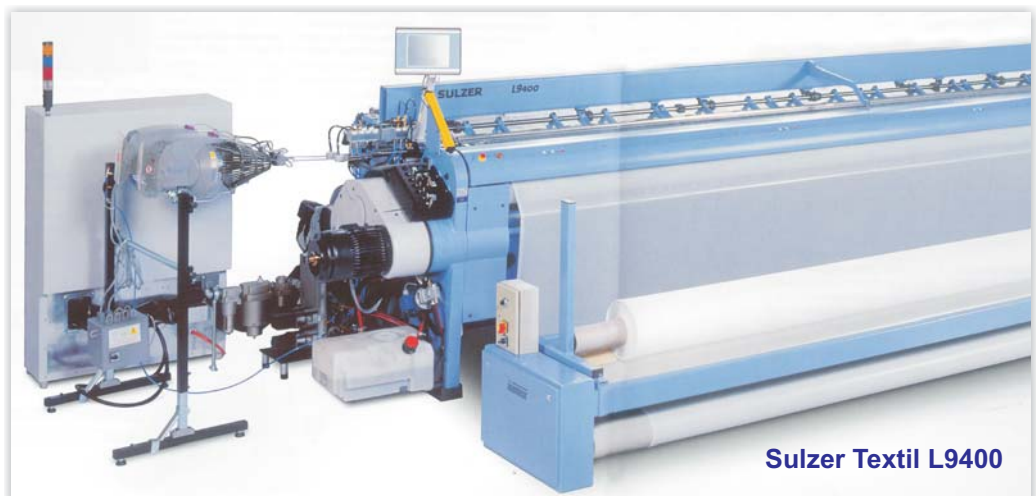
The exhibition also features an International seminar on "New Dimensions for Textile Engineering Industry- Roadmap for the Decade", where the key speakers are national and international experts.

The show is divided into different sections. Under the Spinning and Accessories category,

the number of Indian companies are 242, and the number of foreign participants are 137. Under Weaving and Accessories/Knitting category, the number of Indian companies are 95 and foreign participants number 91. Under Finishing Machines and Accessories section, the Indian participants number 110 and the tally of foreign participation touches the 84 mark. The nations participating in the different sections are, Switzerland, Germany, Italy, Czech Republic, Belgium, Sweden, Russia, France, The Netherlands, Spain, Austria, UK, Turkey, Australia, USA, Argentina, China, Hong Kong, Taiwan, Japan, Korea, etc.

From Switzerland, many companies have put their machines on display. A brief note on a few from the Swiss stalls.

**SSM, Scharer Schweiter Mettler AG**, is scheduled to exhibit the drive concept behind its machines and components for yarn processing and winding. The different machines include:



Sulzer Textil L9400

- a. TW1-W Preciflex
- b. PD2-DIGICONE® Preciflex
- c. HACOBA 850 C “Thread Prince”

These machines guarantee to the user performance, flexibility and quality.

This exhibition will also serve the purpose of being the maiden show for **Stäubli's** OPAL and the new jacquard machine. For this multinational group with Swiss origin, the exhibition is a place to present an overview of the company's range of textile machines, namely, shed formation machines, weaving preparation machines, and weaving accessories.

Apart from OPAL Multi-layer leasing machine and the new jacquard machine, information for solutions for carpet weaving will also be presented.

The specialty of the electronic jacquard machine LX 1600 is that it has a very wide application range and can be used on air jet and rapier weaving machines.

The other jacquard machine is the CX 170, which is showing an outstanding and unique flexibility to meet the technical requirements of the present day weavers.

Within the high speed shedding with Carbo-Speed frames, the cam motion type 1651 is on show. Its prime characteristic is that it provides economies of scale by weaving the basic fabrics at highest speeds.

The chief feature of the OPAL machine is that it can be set up in modular configuration for suiting specific needs of the customer. Its user orientation is coupled with a camera system that guarantees error free leasing quality and the warp width goes up to 230 cm.

Other warp-typing machine on display is the TOPMATIC PC, with a rare monitoring system to

prevent tying up of double yarns.

Talking of Staübli, it must be said that Siyaram in Mumbai, a leading producer of synthetic fabrics, uses only Staübli machines for production.

**Rieter AG, Xorella AG, Benninger** are some of the other popular names from the Swiss section.

The Swiss giant Sulzer has cornered for itself a substantial space in the exhibition. Sulzer takes to reinvent the entire art of weaving by its machines.

The Sulzer Textil M8<sub>300</sub> is a multi phase weaving machine, working on weft insertion principle to achieve an output that is several times higher. Sulzer claims it to be the most economical weaving system currently available.

The Sulzer Textil L<sub>9400</sub> air-jet weaving machine is designed for the production of broad-width fabrics and has been stylized in a way that it exhibits its maximum strength in the production of carpet backing fabrics.

The Sulzer Textil P<sub>7300HP</sub> Projectile Weaving Machine is projected by the company as increasing the competitive advantage by meeting to the full customer's requirements, rapidly responding to the changing market trends, and providing excellent fabric quality.

According to this Swiss major, its G6<sub>200E</sub> rapier weaving machine is a leader in the production from high quality fabrics from cotton, wool, finest quality hair yarns and silk.

With the Sulzer Textil G6500, Sultex claims to set a new standard in rapier technology.

The **Santex Group** stall in the exhibition reflects upon the belief of the company in providing system technology for the finishing of knitted fabrics. Some of the machines that Santex talks about fall in two categories:

- a. Santex System Engineering for the treatment of tubular knitted fabrics for every requirement of the finishing process.
- b. Santex System Engineering for the treatment of open-width fabrics.

**Under the first variety, the machines are:**

- a. SANTASTRETCH
- b. SANTASHRINK
- c. SANTASPREAD

**Under the second type the machines that fall are:**

- a. SANTACUT
- b. SANTASHRINK-PROGRESS
- c. SANTASHRINK-COMBI
- d. SANTACOMPACT

**In the stalls from Germany there feature a host of**



**CX 170 jacquard machine for name selvages**

companies.

GROZ-BECKERT® has a tradition for high precision needles and employs one of the latest needle making technologies.

**Some of its needles are:**

- a. G 0 and G 00 Precision Needles
- b. Conical Needle Hooks
- c. Innovative Latch Needles with Welded Axle Bearings
- d. Maintenance-free High Performance Steel Composite Needles
- e. Patent Needles

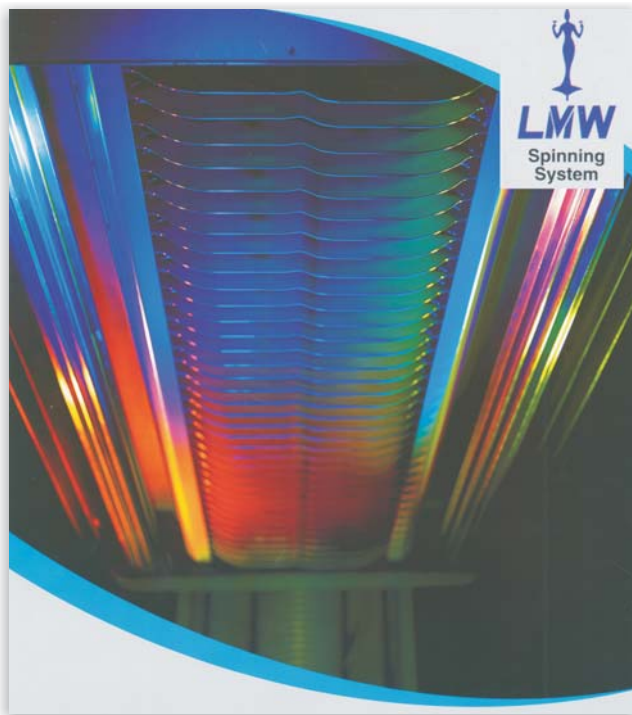
The Indian textile machineries' success story stands underscored in the present exhibition.

**The Gayatri Textile Machines claims to be the only company in India that can meet the complete range of spinning roll shop machines, under one roof with all-India network. The product range here include:**

- a. Cot grinding machines (hydraulic, high production models)
- b. Spindle lubricating machines (two tank and 3-tank models)

**Habasit Iakoka**, Indian subsidiary of parent company Habasit AG, showcases in the exhibition its wide range of flat power transmission belts.

The **Lakshmi Machine Works Limited**, India's No. 1 exporter of textile machinery and supplying over 20 million spindles in its earmarked space showcases its machines that seek to provide end-to-end textile



spinning solutions.

**The machines that go its credit are:**

- a. Lap Former LH10
- b. Gentle Blowroom
- c. Card LC 300A-V3
- d. Comber LK54
- e. Twin Delivery Auto Leveller Draw Frame LDA/2
- f. Speed Frame LFS 1660
- g. Ring Frame LR6 series
- h. Ring Frame LR6/AX with Auto Doffer
- i. Lakshmi RoCoS Compact Spinning System
- j. Accessories and Spare parts

The ongoing India- ITME could throw some hints at the preparedness of the Indian textile industry. One thing has to be kept in mind is that the various epoch making technologies, very significant by their own standards, are not the only eye openers. What is even more striking is the pace of investments it is going to set in, in the context of the latest technologies. Secondly, modern machinery as we all know, is a must for managing excellent quality but for modernization to pay back it is essential that the product range does not remain stagnant. In other words, it translates into the kind of R&D support needed to sustain these efforts. These also link to other questions, like the availability of the right kind of machinery at the right cost. These are some of the core concerns that the industry must address.





## The Swiss and MIGA - Guiding Investments in Africa

It is known in no uncertain terms these days that some of the best investment opportunities lie in the emerging economies of the world. The need is always felt for an investment agency that will guide the investments in the right manner so as to enable them to come to fruition. The Multilateral Investment Guarantee Agency, MIGA, shares the vision of the World Bank and complements members of the World Bank Group, in promoting economic growth. It is common knowledge that the agency needs active participation by countries across the globe. The **Swiss partnership with MIGA** to open new markets in Africa is a good example in this context. **Moina Varkie**, Chief, External Outreach and Partner's Group, throws light on it.

This past June, a delegation from Guangdong, China representing 16 large Chinese apparel manufacturers visited Ghana to look at site specifics and visit existing garment factories. The visit was part of an effort partially funded by the Swiss Government to help African countries take advantage of legislation, which provides more liberal access to US and European markets. A partnership of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank Group, and the Swiss Government is working to maximize the impact of these trade agreements beyond the sectors traditionally associated with the region.

The funding is being used for a three-year undertaking, launched in 2003, to encourage investors to locate operations in Africa in order to take advantage of two special trade accords—the African Growth and Opportunities Act (AGOA) and the Lome/Cotonou Agreement—which provide privileged trade access to US and European markets for a wide range of products originating from Africa. The groundbreaking trade agreements, both signed in 2000, are open to 35 and 50 African countries respectively, and are expected to encourage exports from Africa, particularly in the apparel, textiles, and agribusiness sectors.

"The perception that sub-Saharan Africa offers commercial potential only for basic commodities is misguided. Recent trade agreements and liberalization make the region as deserving of attention from the business and investment community as any other part of the world," says MIGA's head of Africa operations, David Bridgman.

MIGA's Africa team has been looking at the sectoral opportunities in four politically stable and economically strong beneficiary countries: Tanzania, Mozambique, Ghana, and Senegal. It selected the apparel industry, which is labor-intensive, easy to relocate, and can benefit most from preferential access

to US and EU markets as the first effort to implement outreach activities in these countries. The first outreach activity was directed toward Hong Kong with a conference last year (in 2002, Hong Kong exported over \$25 billion, not including China's \$36 billion). Duty and quota restrictions mean that Hong Kong firms are actively seeking opportunities in Africa to take advantage of AGOA.

The sector has great potential for African economies—Lesotho and Kenya have become significant apparel exporters over the last decade. The waiver on tariff and quota charges for exporting finished products to the US under AGOA can make the cost of production up to 50 percent less in Africa than in comparable countries.

A key component of the outreach program is the opportunity it gives MIGA to train African investment promotion agencies in the tactics of attracting investors into a specific sector. The real test will be in the follow-up. "Securing investment needs good analysis and persistent follow-up," says Bridgman.

MIGA's investment promotion team to date has provided technical assistance to some 20 sub-Saharan investment promotion agencies. This work takes many forms, including capacity-building and advisory services, and information dissemination, as well as bringing investors face-to-face with business opportunities in developing countries.

Under the MIGA-Swiss initiative, MIGA is taking its assistance one step further, going beyond capacity building in Ghana, Mozambique, Senegal and Tanzania to provide hands-on help in identifying investment opportunities in specific sectors. It is helping local investment promotion agencies and other intermediaries:

- Identify industry sectors offering strong investment opportunities to service regional and international

markets.

- Effectively profile these industry opportunities as potential investment areas.
- Design and implement effective targeted outreach programs for these industries and other investment opportunities with potential to attract foreign investment.
- Facilitate investments and provide post-investment follow-up.
- Design and implement effective supplier and investment linkage programs to local business.
- Extend the capacity-building support offered by MIGA and other international and donor agencies.

For example, in Tanzania, MIGA organized a tourism investment forum that brought together industry movers and shakers and resulted in a number of deals, including the redevelopment of a derelict hotel in Dar es Salaam.

In Mozambique, MIGA worked with the country's Investment Promotion Center on a number of initiatives, including advisory work to help advance the development of the Beluluane Industrial Park free zone.

Building up developing countries' capacity to attract and sustain investment is just one role that MIGA plays as a political risk mitigator, promoting foreign direct investment (FDI) flow to and among developing countries. Its guarantees program offers coverage against the risks of expropriation, war and civil disturbance, breach of contract, and transfer restriction. Since its inception in 1988, MIGA has issued more than 750 guarantees for projects in 85 countries, totaling more than \$13 billion in coverage.

To date, Swiss investors have financed 13 projects covered by nearly \$90 million in MIGA political risk guarantees in every region of the world and every sector. Most recently, MIGA provided \$30 million in guarantees to Cotecna S.A. of Switzerland for the establishment of container X-ray scanning centers in six ports, four airports and four land-border sites in Nigeria. The guarantees cover Cotecna's \$12.5 million equity investment in, and \$8.0 million shareholder loan to, Cotecna Inspection Ltd Nigeria (CILN) of Nigeria against the risks of expropriation, war and civil disturbance, transfer restriction, and breach of contract.

While developing countries are increasingly aware that improving investment conditions is critical, risks do remain. With good risk management, a sound investment can go ahead in even the riskiest of environments. Political risk insurance protects investors against politically motivated acts or government actions that can affect the viability of a project, and often not only reduces the cost of financing, but can also be the key to securing financing

for the project in the first place.

By being part of the World Bank Group, and having as its 164 shareholders both host countries and investor countries, MIGA brings an especially high level of security and credibility to an investment by providing an umbrella of deterrence against government actions that could disrupt investment. And when issues do arise, MIGA is able to mediate disputes between investors and host countries, not only to avoid claims, but also to allow projects to continue for the benefit of all parties. Historically, MIGA's leverage on the ground has enabled it to resolve a number of disputes between host governments and investors.

As a multilateral, MIGA is well placed to manage risks of exposure in developing countries across a range of risk levels: 42 percent of MIGA's portfolio is in high risk/low income countries, even though these countries account for only 12 percent of the total FDI in MIGA-eligible countries. This means that MIGA can also open up difficult or frontier markets to clients and partners. In a number of conflict-affected countries, in particular, MIGA has been able to help companies "go in first," paving the way for others. Mozambique, Bosnia-Herzegovina, and Serbia and Montenegro rank among the agency's ten beneficiary countries.

And, MIGA provides real added value in complex transactions, particularly in infrastructure, which accounts for 40 percent of the Agency's portfolio. Over the last decade, infrastructure projects have become more expensive, more difficult to finance, and more complex. Among the reasons are the blurring of the distinction between political and commercial risks; longer investment implementation and return periods; and frequently, especially in the case of water projects, the involvement of local governments, with an increased need for protection against risks associated with these sub-sovereign entities, protection which MIGA can provide.

In order to reach out to Swiss companies more effectively, the World Bank, the International Finance Corporation, and MIGA signed in 2002 a Memorandum of Understanding with the Swiss Organisation for Facilitating Investments (SOFI) to improve Swiss investors' knowledge about the products and services offered by the World Bank Group for projects in developing and transition countries. The Agreement also created a World Bank Group Private Sector Liaison Office (PSLO) in Switzerland as an part of a larger European PSLO network. The Private Sector Liaison Officer, Solange Guye, helps Swiss companies to identify business opportunities with the World Bank Group and to gain access to IFC and MIGA financial instruments.

For more on MIGA, go to [www.miga.org](http://www.miga.org).



# Pharmaceuticals

## -Where the Swiss Play it Big

The Swiss have made and continue to make considerable investments in R&D in the pharmaceutical industry. Needless to say, these investments pay. Nearly one in twenty pharmaceuticals used throughout the world is developed, produced and distributed by a Swiss company. A report by the Osec Business Network Switzerland, talks about the recent trends and performance of the sector. Excerpts.



The pharmaceutical industry is one of the country's most important economic sectors. It employs 16,645 people in Switzerland (worldwide the figure is around 149,600 employees) and generates annual sales of around CHF 57.3 billion. Throughout the 1990s Swiss exports of pharmaceutical products rose steadily from just on CHF 7 billion to CHF 30.8 billion in the year 2003, which represents close on one fourth of total Swiss exports and about 4292 francs per head of population. In 2003 the balance of trade for pharmaceuticals amounted to CHF 15.86 billion.

The main areas of activity for the Swiss pharmaceutical industry are dermatology, geriatric medicine, gynaecology, immunology and the pharmaceuticals used to fight cardiovascular diseases, infectious diseases and diseases of the central neuro-system. There are many reasons for this success on the international markets, but it is no exaggeration to say that it would be inconceivable without the scientific culture that is deeply rooted in Switzerland. This is because the pharmaceutical industry depends like no other sector on the spirit of research fostered by the people who work in it, as well as on the creativity of the universities and research institutes.

In a study published by the Swiss Science Council the position of Swiss basic research was compared with that in other OECD countries. The reference point applied was the citation index of the American Institute for Scientific Information which shows how often the results of research work in a country are cited worldwide. The study concluded that if all the different branches of science are taken together, Switzerland holds seventh position in relation to size of population. If, however, only the natural sciences are included the picture changes. In the research disciplines of molecular biology, genetics, immunology, pharmacology, chemistry, physics, botany/zoology and ecology/environmental sciences Switzerland takes first place in four cases directly ahead of the USA. In the disciplines of biology/biochemistry and the neurosciences Switzerland occupies second place behind the USA and in the microbiology sector it is in third place. Considering also that the Nobel Prizes for Chemistry and Medicine have been awarded to Swiss scientists on 16 occasions most recently in 1996 to the immunologist Rolf Zinkernagel we gain a picture of a country in which the life sciences are flourishing.

**High international standing**



The pharmaceutical industry benefits from this international reputation but also undertakes considerable expenditure on strengthening it. Annually the sector invests one fifth of its sales revenue around CHF 8.8 billion in research and development. Around CHF 3.5 billion of this is spent in Switzerland and as a result the industry accounts for more than 30 per cent of the country's total private-sector research and development expenditure. The figures underline the importance of the pharmaceutical industry for Switzerland as a centre of innovation and also explain why companies from a country which makes up a tiny one thousandth of the world population produce more than 8 per cent of the world's pharmaceuticals.

The lion's share of Swiss pharmaceutical output is produced by three companies: Novartis, Roche and Serono, which generate worldwide sales of CHF 67.1 billion in the pharmaceutical sector and employ 148,500 people. The reason for this high degree of concentration untypical of the Swiss economy which is mainly characterised by small and medium-sized firms is to be found in the specific challenges that apply to pharmaceutical production. In the development of a new drug up to 10,000 chemical agents have to be investigated and tested, and it can take up to 10 years to introduce a new product to the market. If the enormously expensive clinical tests are included in the development costs we find that the cost of taking a new drug from initial testing to market introduction amounts on average to half a billion Swiss francs. Then there are the enormously high resources needed for obtaining a licence to market the product in the various countries. Such investment costs can only be borne by companies which always have dozens of pharmaceuticals in the pipeline and can spread the risks.

The two Basel-based companies Novartis and Roche are particularly well known throughout the world. Both have their roots in the 19th century and can look back on a long tradition of pharmaceutical production. The list of drugs developed in Basel is long and includes Antipyrin, the fever remedy which came onto the market in the 19th century, the cancer drug Interferon and the Aids drug Inivirase.

Because of the protectionism prevailing in many countries the pharmaceutical industry was the first branch of Swiss industry to establish subsidiary companies abroad and to internationalise its production. Despite decentralisation and internationalisation, however, the headquarters of the major companies and their main research establishments have largely remained in Switzerland across all the years. As a result Switzerland benefits

from a strong pool of highly-qualified people and holds a leading international position in the new generation of drugs produced by biotechnology. Since the mid-1980s Geneva-based Serono has been operating as an out-and-out biotechnology company and today has a 60 per cent share of the world market for reproductive health products. The company's most well-known products include Saizen (for treating growth hormone deficiencies) and the multiple sclerosis drug Rebif.

The turbulent changes taking place worldwide in connection with economic globalisation have not left the Swiss pharmaceutical industry unscathed. Over the past few years the sector has faced up to the increasing challenges by entering a process of concentration involving mergers and takeovers, but also by returning to its core activities and capabilities. This restructuring has presented opportunities for small companies, in most cases funded by risk capital, to position themselves as suppliers to the major corporations. Primarily in the Basel area, but also around Lake Geneva and close to the Federal Institute of Technology in Zurich and Lausanne, dozens of biotechnology firms have sprung up in the past few years. They conduct research into pharmaceutical agents, are active in bioinformatics, and supply laboratory automation equipment. Many of them already have a worldwide reputation in the sector. All this would tend to indicate that the Swiss pharmaceutical industry will be able to sustain its international position in future and even perhaps strengthen it.

### Did you know ...

Basel's significance as the centre of the Swiss pharmaceutical industry has its roots in the late Middle Ages. It was then that the city gained a reputation throughout Europe as a "City of Humanism", attracting intellectuals, merchants and skilled workers from all over Europe who were seeking refuge from the turmoil of the Reformation and Counter-Reformation. Names such as La Roche (Roche) and Sandoz (today Novartis) still bear witness to this.

### Facts & Figures

The Swiss pharmaceutical industry  
 Number of companies: 230  
 Number of employees in Switzerland: 16,645  
 Number of employees worldwide: 149,700  
 Sales worldwide: CHF 57.3 billion  
 Export volume: CHF 30,8 billion  
 Share of world market: 8 %  
 Share of total Swiss exports: 22.8 %

*For further information: [www.osec.ch](http://www.osec.ch)*



# Cost, Quality and Manpower - Strengths of Indian Pharma

After IT, it is the pharmaceutical industry in India that is going global. The presence and stronghold of the Swiss pharmaceutical giant Novartis on the Indian soil is a firm attestation of this phenomenon. **Ranjit Shahani**, Vice-Chairman and MD, Novartis India, talks about the prospects of India as a pharma hub and the range of activities entailing Novartis as a responsible corporate citizen. Excerpts:

## On Novartis' role in the emerging economies...

Novartis is not the first pharmaceutical company to start activities in the emerging markets. Several other pharmaceutical companies, especially GSK, Pfizer and Astra-Zeneca, are rapidly ramping up their business in the emerging economies. Their activities range from manufacturing, statistical analysis, clinical research to complex research on new chemical entities in various domains (infectious diseases, combinatorial chemistry).

## Novartis Group in India...

The Novartis Group operates in India through three entities namely, Novartis India Limited, Sandoz Private Limited and Novartis Consumer Health India Private Limited. Novartis India Limited is a 51% subsidiary of the parent company while the two other entities are 100% subsidiaries. Novartis in India contributes 0.51% of Group sales. The Indian economy is growing at a pace that is found nowhere in the traditional markets and for a global company like Novartis, it is a strategic imperative to become a leader rather than follower in such a key market. India with a GDP of USD 513 billion (in 2003) is the 11th largest economy in the world. GDP growth is forecast to grow at over 6% over the next 5 years. As per a report by Goldman Sachs published in 2003, India is forecast to be the 3rd largest economy by 2050, after China and the US.

## An assessment of the healthcare system in India...

The healthcare system in India is inadequate with access a major issue for two-thirds of the population.

Around 700 million people, who live primarily in rural India and have no access to modern healthcare systems, use Ayurvedic, Unani and Homeopathy systems of medicine.

The growth in per capita income, increasing urbanization, availability of modern biomedical technology, education and overall awareness, indicate that demand for healthcare is bound to increase in the country. India is underinvesting in health and the levels of public expenditure on health are very low. Some of the key problems are low public spending on health, lack of emphasis on prevention, enforcing standards of medical care rendered by hospitals and private health practitioners, insurance, more research, awareness and communication and greater public involvement in understanding health issues. There is an urgent need to reform the public healthcare system to ensure that the poor get access to essential medical services.

So far the spend on Healthcare has been 1% of GDP. This is being increased to 2 to 3% of GDP over the next 5 years and this should reflect in an improvement in the overall healthcare of the country.

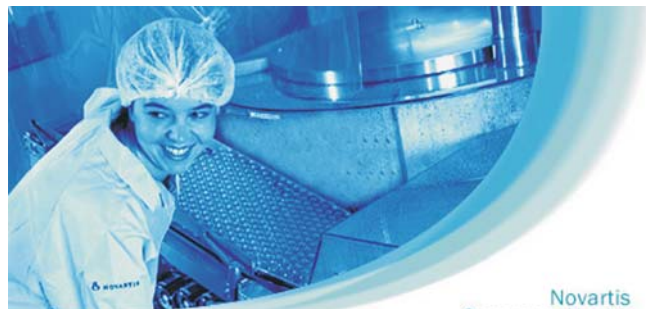
## On the growth of the pharmaceutical industry...

The pharmaceutical industry has come a long way since 1970 when the MNCs had a market share of 85%, a figure, which changed to 24% following the introduction of process patents.

Low cost manufacturing and availability of quality research skills and manpower at comparatively less costs are strengths of the Indian pharma industry. In



Infant Care



Novartis Consumer Health



Novartis  
Oncología

view of its cost effectiveness, domestic pharma companies have the opportunity of becoming contract manufacturers for global pharma companies. India also has competitive advantage of low clinical trial costs and a large patient pool thus emerging as a key destination for clinical research and clinical data management activities.

India is bound by its trade related commitments to WTO to abide by TRIPS and recognize product patents effective 1st January 2005. This will be a challenge for the Indian pharma industry that will no longer be able to use their reverse engineering skills to introduce copies of products that are under patent.

### India as an important hub for pharmaceuticals...

China and India are attractive for many reasons. First, their economies are growing at a pace that is found nowhere in the traditional markets, China at about 9% per year and India at 7%. Second, these countries have an abundance of highly qualified professionals in chemistry and IT areas. Thus, there is a business imperative to expand the operations to these countries. Third, the medical need and therapeutic opportunity are huge challenges and make it ethically imperative to establish a presence with commitment in these markets. A good example is the collaboration of the Novartis Institute of Tropical Medicine, based in Singapore, with investigators carrying out some of the clinical studies in India and China. Also, Novartis' commitment to fight tuberculosis and malaria is crucially important for improving public health in India and China.

For a long time the pharmaceutical industry has not considered the emerging markets as attractive, since the patent protection in these countries was poor. The intellectual property situation is changing rapidly, however, with China already in the World Trade Organization and India to become a member January 1, 2005. This opens the way for industries to benefit from the investments they would make in the emerging

economies.

Last, in India and China many diseases, such as leprosy, malaria and tuberculosis, are still prevalent that have largely disappeared from the western economies. It is in everyone's interest to contain these diseases, as the SARS experience in 2003 has shown how the Chinese epidemic affected the entire world. It certainly is in the patients' interest that effective treatment is developed and made available for diseases like malaria, tuberculosis, AIDS, diabetes and many others. Increasing the presence in the emerging markets would allow the pharmaceutical industry to deal better with these challenges.

### Novartis as a responsible commercial entity...

Its corporate social responsibility activities comprise Comprehensive Leprosy Care Project (CLCP) set up by the Novartis Foundation for Sustainable Development in 1989, provides patients access to treatment, disability management and facilitates physical and social care.

Joint Efforts to Eradicate Tuberculosis (JEET) aims at creating awareness on the prevention and treatment of TB. The Company has developed marketing formulations and combipacks for people of all ages and weight groups. Novartis has a website [www.ourjeet.com](http://www.ourjeet.com), which gives information to doctors, patients and the general public.

Novartis in India has developed and maintains a garden on a plot of land belonging to the Nehru Centre. The company spent USD 100,000 to develop the garden and is committed to maintaining it for a period of thirty years beginning 2001 and thereafter on mutually agreeable terms.

Sandoz has two Child Support Centres near its facilities catering to the educational and healthcare needs of underprivileged children.

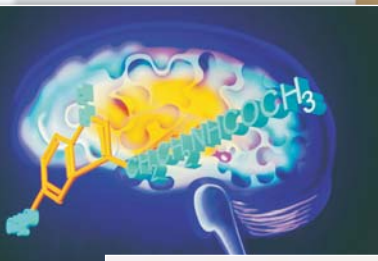
Novartis has instituted a scholarship for a deserving girl child's education at Indian School of Business, Hyderabad. This year the scholarship was shared among three recipients.

The Group in India also has a Health policy for employees and their immediate families for management of HIV/AIDS, TB and Malaria.



In recognition of its commitment to Corporate Citizenship, Novartis India Limited was awarded first prize for Corporate Social Responsibility in the mid-size company category in February 2004 by The Energy and Resources Institute (TERI), a highly-regarded regional think-tank. This award was presented by Vijay Kelkar, advisor to the Union Finance Minister.





# Fluoride and its Effects

## - A Point to Ponder Upon

**For decades, fluoride was considered essential for teeth because of its ability to reduce decay. However, excess fluoride in water can not only damage teeth, but also other internal organs. A look at the harmful effects of this ingenious chemical:**

Hazards to human health from fluoride ingestion are varied and are largely caused by acute toxicity, which could impair the functioning of kidneys, lead to gene mutation and affect the reproductive system. It could also cause dental fluorosis and cancer.

Some of the other effects of toxicity are lower IQ among children, tension and premature onset of puberty. One of the causes of osteosarcoma, a cancerous condition especially among males, is believed to be the high fluoride content in water, which also causes mutations -- a 'trigger' mechanism that causes this disease. Bone pathology is a concern greater than cancer and it has been seen that fluoridated communities suffer from a bigger percentage of hip fractures.

Recent researches have shown that fluoride does not increase the resistance of tooth enamel to caries. The dental research community, on the other hand, proposes that what could be effective is application of fluoride to teeth directly and not its ingestion. Ingestion may make the teeth weaker instead.

The link between fluoride and oxidative stress is increasingly being investigated and the story has got a positive and flip side to it. While studying the link, one can come across ways to counter fluoride toxicity. However, the issue needs to be taken seriously as oxidative stress is implicated in a wide range of human disease -- from cancer to diabetes, to brain disorders.

Fluoride and the effect it has on brain is one of the most scrutinised topics of research and discussion today. The brain is said to have neuronal nicotinic acetylcholine receptors (nAChRs) that are important

for functional processes, including cognitive and memory functions. They are also said to have a very complex role in the central nervous system disorders like Alzheimer's disease (AD), Parkinson's disease, schizophrenia, Tourette's syndrome, anxiety, depression, etc. Fluoride toxicity is believed to be one of the reasons that reduce nAChRs and is thus a factor behind the disfunctioning of the brain. Increased intake of fluoride is also reported to have a negative effect on the intelligence level of brain, because it degenerates the cells of the central nervous system and inhibits the functions of many enzymes.

It is also reported to be a mutagenic that induces DNA damage. It can thereby prove to be carcinogenic in nature. However, the incidence of cancer like any other disease depends upon the geographical region where the person resides, the individual's personal exposure and other disease-oriented factors.

Excess of fluorine in drinking water can also become a risk factor for the development of thyroid pathology and is a potent factor for skeletal fluorosis. Fluoride also tends to harm the reproductive system of males by potentially affecting male fertility. Fluoridation is said to produce a greater incidence of Down's syndrome in communities that have an elevated level of this chemical in drinking water.

Careful and detailed research is still being carried out on fluoride and its harmful or other effects. Some of the ill effects have been internationally recognised and some others continue to be the subject of further scrutiny. In this context, further research in this field offers great scope for cooperation between India and Switzerland.

# India, A Delight for Investment Funds



**Alois Flatz, who has recently joined as Managing Partner of BTS, thinks that in India not one or two sectors such as IT or biotech but several areas are attractive for investors. This allows a stronger diversification in the portfolio. In an interview to Satya Swaroop, Flatz talks about how highly he is motivated to bring funds from Switzerland and other European countries to invest in India. Excerpts.**

**When did you join BTS? When did you start in BTS?**

I joined BTS early September 2004 and it is my first visit to India as Managing Partner of BTS. We are two managing partners in Zürich.

**What is your background?**

I started my career in Switzerland. I used to work for a company, which is a global leader in sustainable investment. This meant investing with a longer-term investment horizon and a broader view. It is an investment process when you select your investments abroad, using not just a very few financial drivers but taking a broader view of how a company is managing its stake holders and its performance with regard to environmental concerns and how in the process as a company it faces longer-term challenges and what impact these challenges have on its strategy and financial performance.

I worked as head of research for this company, called SAM Sustainable Asset Management in Zürich for eight years. I was responsible for research, product development and the Dow Jones Sustainability Index (DJSI). This company developed the world's first sustainability index that included approximately 300 companies, leaders and the best in their industrial spheres in terms of sustainable performance. We developed this concept together with Dow Jones Indices. So, that is my background.

I have now joined BTS and the reasons for joining them are many. First, there is an economic reason because I am convinced that India is a country that you have to be in. The economic situation of India might look different in 10 years' time. India is at a stage of taking a similar route to development like some eastern Asian countries had done in the last 20 years. I think economic opportunities are there. The other thing is that it is also the development aspect which is driving me personally to consider the fact that BTS, with an approximately USD\$ 20 million investments through the Swiss Technology Venture Capital Fund that BTS is managing, could create 5,000 new jobs in India. I think that would be a huge impact on the development and that is my other motivation to join BTS.

**So you are primarily in charge in India?**

BTS is focused on investments in India and currently manages the SwissTec fund. It has a full fledged investment team in Mumbai, headed by Mr. Pramod Shedde. I will be primarily based out of Switzerland and will help to develop clients mainly in Europe and Switzerland. I will bring in my contacts that I have from my former experience and I will take a product leadership role in the sense that we plan to launch two new funds for India. One will be a private equity fund investing in Renewable Energy sector in India (IREED). Our partners in this venture are Rabo India Finance Pvt. Ltd. and YES

Bank. The other fund we are sponsoring would be a diversified private equity fund focusing on high growth sectors in India. This will be very similar to the SwissTec fund that BTS has been successfully managing.

**India is booming. So what are the emerging sectors, which you feel when you facilitate funds that will accelerate and boost that particular sector?**

I think the interesting thing is that in India not one or two sectors that are good that makes India so attractive for investors. If you compare that to Europe's economy, Europe has a small overall growth rate and higher than average growth rate in a very few sectors, such as IT or biotech. In India however, you can invest in several industries as growth is high in most industries. This



allows a stronger diversification in the portfolio. I think what makes it interesting for investors to start investing in India is that the average growth rate is approximately 7-8 per cent and is expected stay in that range in the future. It is interesting to note that this growth rate is happening in a lot of industries, for example, in pharmaceuticals, IT, BPO, engineering, auto-ancillaries, energy, telecom, retail, services etc. One does not see such growth rates in other countries. As an investor you take a country risk but you can diversify this country risk in so far as you are able to invest in several sectors. Of course, there is one sector which is of high interest for us which is the energy sector, i.e. electric power generation.

**How would you rate the Indian enterprise?**

What is attractive is the personal motivation, which you probably heard from everybody which is manifold. India is attractive, the skilled set of the people, the education is very good in general. Second thing is the capability skills, especially in English, I think the mind set of Indians is closer to the Europeans than compared to Eastern Asians such as the Chinese. The gap between the European and Chinese mindsets is much wider and broader than between the European and Indian. And of course, it is also the entrepreneurial spirit, which drives the mindset of the Indians.

I look at investments very much from a long-term

perspective. I think to conclude on this question, for the last eight years we have had good success. I think a long-term perspective in investing is closer to the mindset of the Indians than to a lot of other people in the world, which makes it attractive

**Have you made any investments in the areas such as power, telecom which are the infrastructure areas, have you made investment already to these segments? Have you already made or is it in the process?**

The energy fund that is being promoted is ideal for renewable resources. It will be about \$15-20 million. The fund will invest typically in small to medium sized projects like wind power, biomass, small hydro and other technologies. We have approached some investors and have got some positive responses. We are likely to approach some more investors both in the domestic and international markets.

We have also received encouragement for this fund by way of financial support from Foreign and Commonwealth Office under the REEEP programme, to defray the expenses incurred in raising the energy fund. This a unique kind of fund. Projects such as these should be encouraged by the private sector. Today there is no source for renewable energy to get private equity. But there is an abundance of loans. We will support these renewable energy projects by way of equity through our proposed fund.

**You are a power expert basically.**

I did some work in the power industry. I have developed and managed two private equity funds and one fund investing in listed companies in the energy area.

**Anything else you would like to add?**

It is the intention of BTS to increase the value to investors in the future. To emphasise more, we are offering two direct values to investors. One is our good track record. Second, that we offer the investors first hand knowledge of investing in India. We will organise trips for them to India, they can see the sites they have invested in, and they get co-investment rights. We offer them an opportunity to know more about the Indian markets. That is a very strong argument for large Swiss or other European companies to join us as an investor.

**What are your hobbies?**

I grew up in the mountains in Austria. I am a qualified skiing instructor.

**What are your impressions of India?**

There are huge growth opportunities economically. I like the entrepreneurial spirit. Everybody speaks English. Spiritualism is strongly rooted in India which is important for everybody's personal development.



# New Dimension to Swiss-EU relations

The relationship between Switzerland and the EU has been very long lasting and intensive. For this, reasons are not far to seek. Switzerland shares the culture, economic and lingual ties with its neighbouring countries, located as it is in the heart of Europe. Its relationship with the EU is governed by a number of agreements, something that no other European country has in common.

Currently, the third largest trading partner of the EU, Switzerland maintains a mission to the European Union in Brussels, and the opening of a Delegation of the European Commission in Bern is scheduled for 2005. All EU member states are present in Bern, and some of them have consulates in other Swiss cities. A new dimension was added to this strengthening bond between the two when they signed a series of nine bilateral agreements in Luxembourg. An overview:

The agreements that were signed concern taxation of savings; co-operation in the fight against fraud; association of Switzerland to the Schengen acquis; participation of Switzerland in the "Dublin" and "Eurodac" regulations; trade in processed agricultural products; Swiss participation in the European Environment Agency and European Environment Information & Observation Network (EIONET); statistical co-operation; Swiss participation in the media plus and media training programmes and on the avoidance of double taxation for pensioners of the Community institutions. In addition, a protocol to the existing agreement on free movement of persons was also signed, which extended this agreement to the new EU member states.

The **Taxation of Savings Income** agreement is based on four key elements, namely:

- A retention levied by Swiss paying agents on interest payments to EU residents, the revenue of which will be shared with member states;
- A mechanism for voluntary disclosure;
- The exchange of information on request in cases of 'tax fraud or the like'; and
- A review clause that allows the contracting parties to review the terms of the agreement to take account of international developments.

**Fight against Fraud** focuses upon mutually granting full judicial co-operation and administrative assistance to prevent, investigate and prosecute fraud cases, smuggling and money laundering.

The purpose of the **Schengen** agreement is to facilitate free movement of EU and Swiss citizens and will have an important effect on the lives of trans-border workers. It also means that the fight against terrorism and crime will be further reinforced.

The **Dublin Convention** will enable Switzerland to participate in EU policy on determining the responsibility for asylum applications. Through Eurodac, Switzerland will participate in the EU electronic system for the identification of asylum-seekers.

Processed agricultural products open the way for improved trade flows in, for example, spirits, coffee, tea and products with a sugar content.

With the agreement on **Environment**, Swiss policy-makers will benefit from targeted and reliable information provided by the European Environment Agency to promote sustainable development.

The agreement on **Statistics** will enable Switzerland to participate in the European Statistical System, enjoying the benefits of compatible data in a wide range of areas.

**Media:** This agreement establishes the terms and conditions under which Switzerland could participate in the EU Media programmes.

**Taxation:** The agreement to prevent double taxation of EU civil servants who have retired in Switzerland.

Through agreement on **Free Movement of Persons**, the 10 new member states have become parties to the agreement. Transitional arrangements, in line with those in place for the enlargement of the EU, have been agreed.

These negotiations and agreements, as can be made out, have been conducted over topics that span a vast area. They bear a lot of consequence in terms of enlargement of the EU. This is because they seek to influence integration of communities, liberalise trade in agricultural products, enable greater exchange of information in line with international development and demarcate Swiss contribution to bring about socio-economic cohesion of the enlarged EU.

# Upfront with Swiss Economy

The key to a country's growth lies in a well performing economy. Seen in this light, the performance of the Swiss economy has been commendable. This year too saw the economy scale new heights. Let us take a look at some of the happenings on the Swiss economic front.

The Swiss Federal Banking Commission saw the induction of two new members, namely, Anne Héritier Lachat and Charles Henri Pictet, into its team to replace Heidi Pfister-Neichen and Rajna Gibson-Asner. Amongst the new appointees, while the former is a consulting barrister at Lachat Harari & Associates in Geneva, Charles Henri Pictet (1945) is a partner in Banque Pictet & Cie in Geneva and has been a member of the Swiss Bankers Association since 1996 as well as a member of the Institut International d'Etudes Bancaires (IIEB) since 1998. Both the members will assume their office on January 1, 2005. The Swiss Banking Federal Commission is a seven-member organisation. The other five are: Kurt Hauri, chairman, Jean-Baptiste Zufferey, vice-chairman, Christoph Ammann, Prof. René Kästli and Prof. Luc Thévenoz.

If it was ever thought that one could play cool with money matters in Switzerland, then you could not be more wrong than this. The Money Laundering Control Authority has taken steps to increase its Internet presence by coming out with the English version of its website. The website which already existed in German, French and Italian, will now be available in English, and hence can be used by overseas users to obtain the entire corpus of information concerning the legal and regulatory measures and principles involved in combating this illegal activity.

In the first week of October 2004, the IMF and World Bank held their joint annual meeting in Washington. The Swiss delegation was headed by Federal Councillor Hans-Rudolf Merz. The most important topics of discussion at the meetings of the International Monetary and Financial Committee (IMFC) and the Development Committee (DC) included prospects for the global economy, progress in crisis prevention as well as various initiatives in combating poverty and the implementation of the Millennium Development Goals. The importance of the annual meetings for Switzerland lies in providing it the opportunity to intensify relations with the International Monetary Fund, the World Bank and the other member countries, in particular the Swiss Constituency Group.



Supervision of the financial market has always been at the helm of affairs in Switzerland. In line with this, the Zimmerli Expert Commission was appointed to submit its report. In the first part of its report, the commission recommended steps relating to the organisational aspects of the Federal Financial Market Supervisory Authority (FINMA) and on the supervisory instruments extending across areas of specialisation. By the first half, it is proposed that the Swiss Federal Banking Commission (SFBC) and the Federal Office of Private Insurance (FOPI) should be brought together organisationally into the new authority. The second part of the report recommended amendment of the Federal Act on Financial Market Supervision through a system of sanctions. Based on the previous sanctions, these proposed sanctions are characterized by greater efficiency and harmony and can be bifurcated into restructured criminal provisions and administrative sanctions.

May, this year, marked the 10th anniversary of Switzerland joining the Bretton Woods institutions. The Control Committee of the Council of States submitted a report on the occasion. Commenting on the report, the Federal Council appeared pleased with the finding that Switzerland enjoyed a good reputation with the IMF and the WB. The membership of Switzerland in the Bretton Woods Institutions is a reflection upon the global integration and greater internationalization of the Swiss economy. Swiss membership in the IMF is of significance, in the sense that by it Switzerland has contributed to efforts at establishing global financial stability and by being a member of the WB it has contributed to eradication of global poverty.

The IMF, on its part, is satisfied with the focal point of the Swiss economic policy terming it as appropriate. Appreciative of the growth measures taken, the IMF has said that signs of greater growth in the economy are becoming further evident. Underlining the importance of current financial market supervision-oriented reforms, the IMF feels that this will go a long way in intensifying competition and bolstering growth in the already internationalized Swiss economy.

# Lucerne-the 'Essence of Switzerland'



***Urs Kamber, Director, Lucerne Tourism Ltd., has a lot of experience in the tourism industry. In conversation with Indo-Swiss Business, he talks about the stunning beauty of Lucerne and the Lake Lucerne region, their special attractions for the Indian tourists, especially from the film industry, and the consumer-oriented strategy of his company, which is its current focus. Excerpts.***

**First of all a warm welcome to you from the magazine. Please tell us a little bit about yourself and about your association with the Swiss tourism industry.**

I have been working in tourism for more than 10 years now. In 1993, I changed from the so-called consumer marketing (Puma and Swatch) into tourism. First, I worked in the region Heidiland, where the famous Swiss heroine Heidi comes from. After that, I moved to Lech-Zürs in Austria, well known for its skiing. In September this year, I came to Lucerne, the heart of Switzerland.

**Please comment on the growth of tourism in Lucerne; which factors have played a crucial role in influencing it?**

Frankly speaking, the last few years were quite tough for Lucerne and the Lake Lucerne region. Almost 50% of Lucerne's guests come from abroad -- Asia and the USA to be precise. We all know that SARS, the Iraq War and the general economic development had a high impact on worldwide tourism. So also on Lucerne. However, I am quite optimistic about the future. Already this year we had a plus of 10-15% in overnight stays.

**With different places fast catching up with the spirit and body of tourism and becoming popular, how do you plan to retain the exclusivity of Lucerne as a tourist destination?**

We have to focus on our strengths. Honestly, is there a more beautiful region than Lucerne? Take the medieval city, the lake and the surrounding mountains ... we are truly the "essence of Switzerland". Nowhere else do you find that much "Swissness" in such a small area of space.

People make always fun of the Swiss being so precise. No wonder: The best watches are produced in Switzerland. In Lucerne, which is actually one big





“shopping boutique”, you find typical Swiss products like these watches as also chocolate on a stroll through the city.

**Have you made any special offer or packages during this season? And is there any programme designed specially for the Indian tourists?**

Our Indian guests highly estimate the combination of city and mountain experience. Therefore, a trip to the mountains, i.e., Titlis where you can touch snow all-year-round, is always a favorite. And since everything is so close, you can make a mountain trip in the morning and go on a shopping-stroll in the afternoon.

**Of late, which Bollywood ventures have gone to Lucerne for location shooting? Do film companies from other countries also go there?**

The last production I know of is *Kyunki Saas Bhi Kabhi Bahu Thi*, which I believe is India's most watched telefilm. There have been some shots of the latest Yash Chopra hit *Veer-Zaara*, shot on top of the beautiful Buergenstock mountain overlooking Lake Lucerne. A number of movies are shot in Lucerne and the Lake Lucerne Region - the film teams appreciate the intact nature and the central location of our city. Some local productions have also been filmed in this locale as the region shows the true identity of Switzerland.

**Lately, what changes have you made in your promotional strategy?**

Talking about marketing measures, we have reduced the markets, which we work on. Although some countries are very promising, we decided to focus on a few, which are very important for us. Further, we will have a shift in our marketing-funds: we will concentrate on end-consumer-marketing, which means that we target a shift from “push” to “pull”.

**Lucerne as a destination has been very popular with**

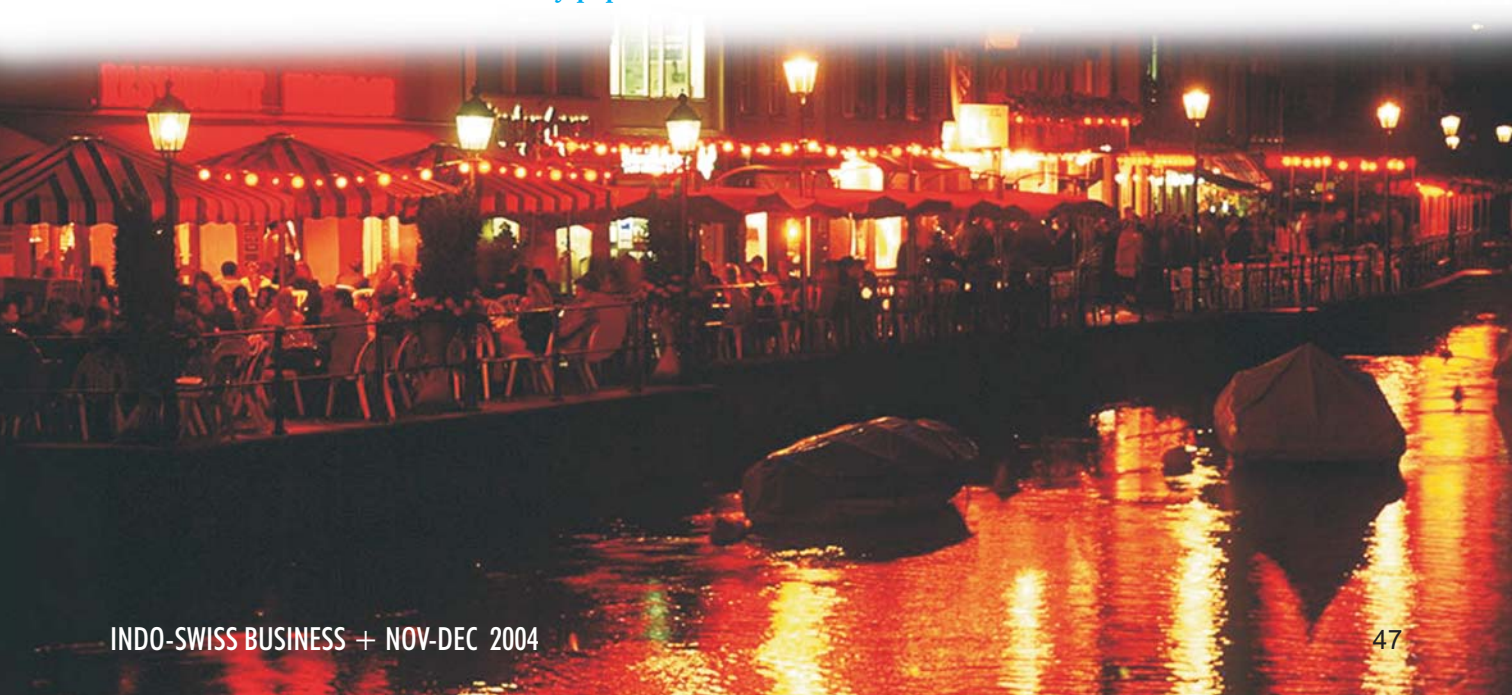


**the Indian tourists in the last few years. What is the general reaction of the hoteliers and your other partners towards this source market?**

Some of our partners like Mount Titlis have specialised in hosting Indian guests. Of course, not all hotels put their focus on the Indian market. But, in my opinion, it is better to dedicate oneself completely to a market and offer all required features, like hot drinking water to take every day, for example, than trying to be everything for everybody.

**Anything else you would like to add?**

We are very proud that Lucerne has become so popular for the Indian guests. What makes us also very happy is the fact that the destination which they love best in Switzerland lies in our region: Engelberg.



**What was the reason for making 'Transport' the theme of this museum? Who were the people/institutions behind this idea, and what was their vision?**

The predecessor to the Swiss Museum of Transport and Communication in Lucerne was the Swiss Railway Museum in Zurich, which relocated itself to Lucerne in 1959 in a new and larger site. The exhibition concept was instituted simultaneously and the presentation of all other means of transportation, besides railways became featured. Consequently, the Museum of Transport and Communication today portrays the development of transportation by rail, road, air and water. The founders in 1959 were the former state-owned companies of Switzerland (Swissair, SBB and the Post Office) as well as the Swiss federation, and the

featuring the world's first walkable photographs of an entire country -- was opened in 2002 as a further key attraction. Since its first year of operation in 1959, the Museum of Transport and Communication has proudly sported the title of the "most frequented museum in Switzerland".

**How many people visit the museum every year? Is there any particular season when the number reaches is at its peak? If yes, what are the reasons for it? Could you also tell us how much of this market share is from the Indian market?**

Around 800,000 people visit the museum every year. We are at the busiest during school holidays, on weekends and public holidays, after the opening of new

## A Museum of Everlasting Interest



Ms Irene Röthlin, Manager Conference Center with Mr. Hans Syfrig

The Swiss Museum of Transport and Communication is a unique institution that skilfully combines information, entertainment and education by introducing numerous new attractions and continually enlarging and enhancing them with the latest acquisitions and findings. In an interview with Indo-Swiss Magazine, **Hans Syfrig**, Manager, Press/Communications, details the various steps that they have initiated to make the museum, located in Lucerne, live up to its expectations. Excerpts:

canton and the city of Lucerne. Since then, the museum has become a popular venue that not only looks back at the history of transportation, but also gives its visitors a glimpse of the future and of how transportation might progress.

**The Transport Museum has seen many years of growth and achievement. Please enumerate some of these to us.**

The Swiss Museum of Transport and Communication was opened on July 1st, 1959. The exhibitions on rail and road transportation, postal and telecommunication as well as aviation, navigation and tourism were -- and are still -- continually updated and enlarged. Numerous additional attractions have opened in the museum since its establishment; for example, the multimedia "Nautriama" and "Gotthard Tunnel" shows, Switzerland's only IMAX cinema, and the "Cosmorama" space travel exhibition. In 2001, the museum upgraded the large-scale planetarium to make it the most modern one in Europe, and Swissarena --

exhibitions, during special events like film premieres, etc.

With a proportion of visitors of around 1.5% in total, the Indian market remains a *young* market. However, it is growing and is, therefore, a very important market for us. An interesting detail: Our first visitors from India were not travel groups or individual tourists, but film producers and film crews who chose the Museum of Transport and Communication, its exhibitions and its buildings as backdrops for filming.

**To what extent do the regular collections and exhibitions at the Verkehrshaus combine information, education and entertainment?**

The combination of information, education and entertainment has been the underlying principle for the museum and its exhibitions since the establishment of the museum. Today, (not only) we term this *edutainment*. The fact that around 3,000 school groups from throughout Switzerland come to



visit us every year and turn the museum into their 'classroom' is proof enough that the Museum of Transport and Communication has mastered the art of combining and presenting information, education and entertainment uniquely and attractively, and of appealing to its visitors. Significantly, the "Verkehrshaus" is not called a museum, but a "house". It is indeed our aim to be seen as a house, a meeting point, a place where people are active, where life abounds, a place that people enjoy visiting, and visit frequently because there is always something new in train.

**Apart from the regular collections, what are some of the special exhibitions or attractions added to the museum of late? Are they thematic in nature?**

Apart from more than 3,500 original objects from the history of transportation, the Museum of Transportation and Communication offers several additional attractions that are unique to Switzerland, such as the IMAX cinema, the large-scale planetarium, Swissarena, various multimedia shows and simulators.

We not only display the history of mobility and transportation, but also the present and future. It remains a challenge for us also to present our visitors with new technologies and trends in the development of transportation and mobility. It is with this objective in mind that we continually update our exhibitions and enlarge and enhance them with the latest acquisitions and findings.

**How is the museum suited to make film shooting possible? Please name some of the films that have been shot here.**

We have had on numerous occasions in the past the pleasure of welcoming various film crews here, including teams from India/Bollywood. Film producers from Europe also contact us regularly to shoot feature films, documentaries and historical films at the museum. Collaborations of this kind are valuable PR exercises and welcome changes for the Museum of Transport and Communication.

**Does the museum hold collaborative exhibitions at the international level? Don't you think a joint effort with India would be a good option in this regard, as here too civilization has cradled some of the most enchanting means of transportation?**

Our exhibitions always invite international comparison and satisfy this too. Furthermore, the museum participates actively in all important international museum associations and fosters close contact with many of them around the world. The people responsible for the Verkehrshaus sit on many advisory boards of museums, as the Verkehrshaus enjoys a pioneering role within Europe -- especially in the areas of exhibitions and marketing.

Our exhibitions frequently act as a template for other

museums; for example, the aviation exhibition at the Museum of Transport and Communication has become the model for the National Museum of Aviation in Washington. Swissarena, comprising walkable photographs covering an area of 200 m<sup>2</sup>, depicts Switzerland from the air in accurate detail and attests to our expertise once again; enquiries from museums in France and Finland contain requests for information about it.

We endeavour to show the world the unique history of Swiss transportation and the many acquisitions stemming from it. The "Breitling Orbiter 2" balloon capsule belonging to the Swiss Bertrand Piccard is currently in Germany and we shall soon be sending exhibits from the museum to Japan for the 2005 World Exhibition.

**Dealing with transportation as the theme for a museum, you must have an excellent understanding of the transport industry. What scope do you feel lies ahead for cooperation between India and Switzerland in this regard?**

As already mentioned, the Swiss Museum of Transport and Communication was co-founded by the former state-owned companies of Switzerland with the objective of making their current designs as well as their history accessible to a broad section of the general public in an interesting and attractive way. Since the privatisation of national companies, the Museum of Transport and Communication endeavours continually to re-establish and redefine its links with commerce. Today, the Museum of Transport and Communication is the perfect example of successful collaboration between a museum and private interests from commerce, politics, science, culture, tourism and society.

**What are your specific short and long-term goals for the Indian market?**

Together with the city and region of Lucerne, it is our aim to introduce and popularise central Switzerland, that is, the heart of Switzerland and the Alps, as a likely holiday destination to guests from India. A visit to the Museum of Transport and Communication should constitute a fixed cultural part of their journey to Switzerland, because Lucerne has more to offer than jewellery and chocolate.

**How important do you think are museums in present-day society?**

It is the skilful mixture of entertainment, information and education that makes a visit to the Verkehrshaus an unforgettable experience. In doing so, it is important for the Museum of Transport and Communication that apart from depicting the historical past, today's and tomorrow's transportation phenomena and developments are also shown and supported. Exhibitions must always present the link to topical, contemporary issues.



# Unfolding the Wonders of True Cruise



Dedicated to making every cruise memorable, the Lake Lucerne Navigation Company has left no stone unturned to reach its goal. In an interview with **Indo Swiss Business**, **Lilian Hässig**, Sales Promoter, Lake Lucerne Navigation Company, tells us about the novelty value that her company attaches to every trip undertaken by the passengers.

**Excerpts:**

**Who were the first people who started Lake Lucerne Navigation Co. and how long have the company been in operation?**

In 1835, the merchant Casimir Friedrich Knörr founded a "Limited company for the purpose of establishing a steamboat on Lake Lucerne." Two years later, the paddle steamer, "Stadt Luzern", took its maiden voyage. It had a crew of nine people and could transport 300 passengers.

**What are the activities you cover within your range of operations?**

Within our wide range of operations, the Marketing and Sales Department covers not only the whole sales of our product and the classical marketing activities, but also several operations such as sales calls, participation in workshops and trade fairs as well as the organisation of events for our business customers and study trips for trade and media.

**Which are the important locales that fall within the area of your operation? Also, please give us information of your fleet of boats.**

Lake Lucerne has a surface of 114 km. The length of the lake from Lucerne to Flüelen, the southernmost village of the lake, is 38 km. Important locales within this area are the villages around Lake Lucerne connecting several mountains, such as Vitznau and Weggis for Mount Rigi, Alpnachstad for Mount Pilatus or Stansstad for Titlis and Stanserhorn. Furthermore, the village of Brunnen is an important "hub" for cruises on the very picturesque and historically important part of Lake Uri. Our fleet consists of five nostalgic paddle steamers and 15 elegant motorboats.

**You must be offering special packages to passengers every season. What does the latest package incorporate? Please also tell us about normal/regular fares.**

Our company offers many special packages, such as excursions to several mountains as mentioned above. Our latest package is "The Villa and Castle Cruise". It is a round trip to the charming Lake Küssnacht with a nice view of the villas and castles of Pilatus and Rigi.

We have also extended the offer of the panoramic route, "William Tell Express". This scenic route may not be as famous as the "Glacier Express" but is certainly worth a try. This excursion is a combination of a relaxing boat ride across Lake Lucerne and a ride on a panoramic train. The "William Tell Express" connects the Lucerne area with the Ticino, the southern part of Switzerland.

Holders of the Swiss Pass are travelling free of charge on our regularly scheduled cruises, and in groups of nine or ten, one person is traveling free.

**What is the trend of passenger inflow since the beginning**

**of your operation? There must have been ups and downs. What is your contingency plan to meet the downswing?**

For the last ten years, our company has constantly increased the number of passengers. Although, our boats are running all year round, our main season is the summer, lasting from May to October. We offer fewer departures per day during winter.

During the winter months, we offer several culinary cruises: Apart from our daily lunch cruise throughout the year, we offer a classical cheese *fondue* cruise or a *fondue* cruise, Chinese style. And during winter, clients can enjoy on a 2.5-hour trip a cake on the lake.

**Which business collaborations you have entered into lately? Any specific plans for the Indian market, like special Indian dinner cruises?**

We started offering an evening cruise with Indian buffet last summer. As this was a big success, we will continue with this Indian Dinner Cruise next season. This culinary cruise is on programme every Friday from May 20 to June 24, 2005. Don't miss it! Of course, the clients also have the possibility to hire their own boat.

**What are your specific goals for the Indian market?**

Our goal is that every Indian guest having stayed in Lucerne for the night will not leave the city without having made a cruise on Lake Lucerne on one of our boats.

**What in your perception is the factor or combination of factors that give your company the edge over other competitors in the same field?**

No doubt, one of the important factors is that we offer scheduled departures throughout the year. This is because we are integrated in the Swiss Transport System and have to sail across the lake according to a determinate time table.

**Do you feel there is any scope for collaboration between India and Switzerland in navigation? If yes, what role do you envisage for your company?**

From today's point of view, no, there isn't. Our company maintains excellent relationships with German boat companies, such as the "Sächsische Dampfschiffahrt" in Dresden and other navigation companies on the river Rhine.

**Anything else you would like to add?**

We are aware that being able to offer Indian food on board of our fleet is of high strategic meaning. That's one of the reasons why we are checking new solutions and offers of tour operators from 2006 onwards.

## St. Beatus Caves



On the east bank of Lake Thun, in the vicinity of the holiday town of Interlaken, the St. Beatus Caves reach far into the interior of the mighty Niederhorn massif.

Several thousand years ago troglodytes made their dwellings. Legend has it that this monumental natural construction, fashioned over millions of years, served St. Beatus as a safe refuge in the 6th Century. Roaring cascades can be heard while crossing the immense rooms, from which branch off narrow passages and grottoes containing fascinating stalagmites and stalactites. Thanks to easy paths and lighting to the depth of 1000 m, the caves are accessible to everyone.

Whereas in the 18th century the picturesque Pilgrims's Path was the only access, the popular St. Beatus Caves are nowadays easy to reach by boat, bus or car.

## Underground Salt Mine Bex



The salt mine of Bex is the only working mine open in Switzerland. About 3 miles of this immense underground labyrinth can be visited.

The route followed shows the most spectacular results of the different mining techniques used over the centuries, right back to the first tunnel, dug in 1684. You can watch an audiovisual show relating the fascinating story of salt mining over three centuries. You can then board a narrow-gauge train for the journey to the heart of the mine.

# **Titlis**

## **Where Adventure Thrives**



**Titlis is like a treasure house that has so much in store. With the glacier lift on the Titlis completely modernised last summer, new snow-making equipment installed on the valley-run near the snow canon, assuring good snow and a comfortable valley-run, Titlis has left no stones unturned to capture the hearts of its visitors. The weekend of November 26-28, 2004, saw DJ Bobo presenting his latest album "Pirates of Dance", exclusively in the Sporting Park Engelberg. This was supplemented with numerous other attractions around the DJ Bobo Showcase: free ski test and party on the mountain, DJ Bobo Dance Factory Competition and various parties on Saturday evening. But this is not the end of it all for this year. There are many more to come this season.**

Once a month, starting from 18 September 2004, Titlis Rotair Cableways are offering evening trips up to Mt. Titlis. In the Titlis Panorama Restaurant, guests will savour a candlelight all-you-can-eat Fondue Chinoise under the moon. The cableway will run from Engelberg up to Mt. Titlis.

The World Cup Ski Jumping, Engelberg, to be held on December 18/19, 2004, promises to bring a lot of excitement, as every year. Before the well-known four-jump tournament over Christmas/New Year, the top athletes will test their powers for the last time in Engelberg, guaranteeing a super competition. In addition, a night FIS Continental Cup Ski Jumping will take place in the Old Year on December 27 and 28, 2004.

Engelberg is all set to celebrate the Gay Winter week from January 16 to 23, 2005. The monastery village invites you to a Gay Party Ski Week! Snow is assured, thanks to the Titlis glacier at 3200 m. During the day the powder snow can be enjoyed while skiing, snowboarding and telemarking. Then it's time for the legendary Après-Ski in the Yucatan and a fine fondue in the Bänklialp to line your stomach, before it really gets going in the Spindle Disco.

Titlis is also pleased to inform that the prices for groups remain the same until March 2005. Tour operators who visit Mt. Titlis every year with several groups can also obtain a special price on request.

This winter, there will be more occasions to engage in popular night-time skiing and snowboarding on the Stand-Trübsee slope. And why not combine the

sporting evening with a convivial fondue party in the Restaurant Stand?

The New après-ski bar at the Titlis valley station in Engelberg is the perfect place to meet up and round off an action-packed day. With a DJ playing cool music every day to create the right atmosphere, plus various live acts to ensure fun and entertainment.

There is good news for families this winter, with the prices for day tickets and season tickets for children and young people becoming even lower.



It would whet your appetite even more to know that Swiss Gastro has now confirmed something that you have known for a long time: the quality of the Titlis restaurants is superb. A qualified specialist jury has nominated Titlis Gastroland for the "Best of Swiss Gastro Award 2004".

The Christmas mood has set in on Engelberg, with opening of a big market in the Kurpark Engelberg, coinciding with the start of the FIS World Cup Ski Jumping. An attractive fringe programme is on offer: alphorn-blowing, gospel choir, pony-riding for the children and lots more.

Catch up with this one! Titlis offers a Special Offer "White Weeks", with Snow-covered slopes and runs as far as the eye can see, enough to make any sportsman's heart beat faster!

Titlis is always there to make your winters in Switzerland unforgettable. You simply cannot miss it!

*For further enquiries contact: [rchoksi@titlis.ch](mailto:rchoksi@titlis.ch)*



# Winter Treats at **DAVOS** **2004/2005**

Every year, the winter brings with itself fresh surprises at Davos. This highest Alpine resort offers all the facilities of a small town. It comprises all in one- a holiday, sports, congress, health, research and culture resort rolled into one! Encompassing five extensive winter sports areas, Parsenn, Pischa, Jakobshorn, Rinerhorn and Madrisa, it provides 50 first-class mountain transport facilities and easy access to 310 km of well-prepared pistes, suitable for winter sports addicts of all abilities. Let's take a look at these.

## Something New

The TopCard 04/05 is valid in the three ski areas of Flims Laax Falera, Davos/ Klosters and now also in Lenzerheide Valbella until end of winter season 2004/05 incl. summer 2004.

## Kid's Corner on Pischa

Children can be booked in on an hourly basis, leaving their parents free to enjoy the winter sports scene. As well as skiing, the youngsters can practise fun handicrafts or paint to their heart's content, under the supervision of qualified ski instructors. A small beginners ski lift and plenty of other fun & games will keep them happily occupied.

**Opening dates for the following mountain railways overall, are from the 13<sup>th</sup> Nov 2004 to 17<sup>th</sup> April 2005. Dates differ for each specific railway.**

Jakobshorn

### Parsenn:

- Davos
- Klosters
- Schatzalp
- Rinerhorn
- Madrisa
- Pischa

With cross country skiing remaining as popular as ever,

it is doubtless that newness has not replaced the traditions of the past.

Wonderful winter days can be spent without skis. At the coldest time of year, 89 km of well-prepared winter walking paths in the Davos/Klosters area offer an irresistible invitation to discover the crisp Davos countryside. One could also try snow shoe trekking. Toboggan runs on Schatzalp, Rinerhorn, Madrisa and Parsenn (total 22 km) provide plenty of snow thrills with maybe a few spills! And if you dream of soaring the Alpine skies with a paraglider or a colourful hang-glider, wintertime Davos can make your dreams come true!





### Welcome to the fitness Bath in Davos

On August 15, 2004, a new wellness bath with various water and wellness worlds opened its doors in Davos. The indoor swimming area, with a 25-meter pool, smaller multipurpose pools and diving boards, also has a large and attractive children's wading area with sliding board. Outside, one can relax at the pool with diverse showers, sprays and stunning areas. The water temperature 34, degrees Centigrade, is to be found all the year round.

### Relish at Davos :

**With a range of restaurants and establishments to satisfy every culinary desire**, Davos has it all on a plate! Try traditional Graubunden specialities in the cosy Arvenstube or go Chinese in the modern Zaubenberg. Other Davos restaurants offer fine fondue, cheese, fish, grill, Italian, Thai and gourmet specialities. The Davos Restaurant Guide contains some 90 top tips for fine wining & dining.

### Tournament at Davos :

#### 78th Spengler Cup Davos, 26 - 31 December 2004:

One of the oldest and most prestigious tournaments in hockey, every year at Christmas time, the best club teams from each elite league in Europe compete in Davos, Switzerland, for

this cup. The success of the tournament is based on following facts: 1. teams competing are strong and the mix gives guarantee of entertainment. 2. The mix of the special mood of the Swiss Alps and competition, prestige of the tournament and tradition.

### Wanna go snowboarding?

Held for the first time in 1999, the O'Neill SB JAM Davos has rapidly become the end of year event on the freestyle snowboarding scene! The qualifying heats are open to all-comers and up and coming Swiss and European boarders get the chance to test their snow skills side by side with the boarding best at the Grand Show Finale on 31 December.

### Snowy Night - 19 March 2005

On 19 March 2005, the Swiss sporting elite will gather in Davos for another spectacular night of show, stars and awards, an event initiated by Silvano Beltrametti.

The La Nuit Blanche shines the spotlight on sport and the love of sport. Athletes, top skiers, telemark cracks, Ski acrobats, freeskiers and freestyle snowboarders will show what in snowboarding speak is called a "session".

### 71st Parsenn Derby, 18 - 20 March 2005

From 18 to 20 March 2005, Davos will again be the scenic setting for the Parsenn Derby, Switzerland's oldest, most tradition-rich skiing event for all-comers. With a length of 6 km, this is also one of the world's longest ski races. Well-known sports stars will be participating in this sociable sporting event.

*For further media information contact: [www.davos.ch](http://www.davos.ch)*





# Here comes

# CHRISTMAS



The first taste of Christmas came with none other than the Pilatus Kulm's 6<sup>th</sup> Christmas market. Pilatus has become a synonym for festive celebrations.

Around 1200 persons travelled to the Mount Pilatus summit on Saturday, the 20<sup>th</sup> of Nov, while on Sunday, the 21<sup>st</sup>, glorious weather attracted some 3300 visitors. "A fantastic finish to an excellent summer and autumn season", was what André Zimmermann, Director of PILATUS-BAHNEN, had to say.

This highest altitude Christmas Market, located at a height of 2132-metres altitude, on Mount Pilatus, Lucerne's Dragon Mountain in the heart of Switzerland has become a resounding success.

Doing so on Saturday was particularly difficult with snow flurrying at minus 9 °C, forcing the repositioning of the outside market stands. Added to that, at 14.30 hrs the Fräkmüntegg Pilatus Kulm Aerial Cableway had to cease operations because of storm winds. So the good old cogwheel railway the steepest in the world worked overtime, battling successfully against snow and ice on the upper section to carry all guests comfortably and safely down to Alpnachstad, where buses provided return transport to the valley station at Kriens.

It should also be remembered that Christmas Market on Mount Pilatus is also a favourite with exhibitors. Each year, PILATUS-BAHNEN has to choose between the numerous applications to put together a varied, top-quality mix of exhibitors. "Peak" priority is given to non-commercial applicants from the region.

The 50 stands at this year's Christmas Market were complemented by a musical fringe programme, a visit from Father Christmas and a *Märliwelt* (Fairy-tale World) for our youngest visitors.







## **GLOBE FOREX & TRAVELS LTD.**

**Regd. Office:** 11, Ho Chi Minh Sarani, Kolkata 700 071  
Tel: +91 33 2282 8181/82/83/84. Fax: +91 33 2282 3344  
mail: [info@globeforexandtravels.com](mailto:info@globeforexandtravels.com)

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Rashmi Building,  
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Plot No. XI XVI Salt Lake,  
Kolkata 700 091.  
Tel: +91 33 2357 7526-29.  
Fax: +91 33 2357 7530.  
Mail: [ibmamex-kolkata@globeforexandtravels.com](mailto:ibmamex-kolkata@globeforexandtravels.com)

#### **JAMSHEDPUR:**

Air India Building,  
C Monument Road, Bistupur,  
Jamshedpur 831 001.  
Tel: 0657 2427222, 3101793.  
Mail: [s.nag@globeforexandtravels.com](mailto:s.nag@globeforexandtravels.com)

#### **JAIPUR:**

Goodluck Mansion,  
Panchbatti Crossing,  
M.I. Road, Jaipur 302 001.  
Tel: 0141 2370117/0119.  
Fax: 0141 2370118.  
Mail: [globe@globeforex.com](mailto:globe@globeforex.com)  
IATA Accredited Travel Agent