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In This Issue

Editorial

Dear Reader,

Greetings. Switzerland's reputation rests on its ability to offer world class financial services. Swiss banks have carved for themselves a niche as the most efficient in their service and confidential in keeping their clients' identity. No wonder, then, the world's richest of the rich are among the clients of the Swiss banks. The Swiss banks and other providers of financial services manage global assets close to a mind-boggling $6 trillion. But in recent years, competition from Western banks has eaten into the Swiss institutional share of financial services business. The powerful Swiss Bankers Association, has become alert to this fact and drawn up a financial centre strategy, involving all the stakeholders, namely banks, financial services providers, representatives of government and the stock exchange. The cover story of the current issue of Indo-Swiss Business highlights the Swiss Financial Centre Strategy 2015, whose aim is to help Swiss institutions regain their lost glory. The climate changes caused by the intensifying phenomenon of global warming have begun to adversely affect the tourism industry the world over. The United Nations World Tourism Organization (UNWTO) has called a meet in the Swiss mountain city of Davos to discuss the ways and means of reducing the impact of climate changes on the fast growing tourism industry. We cover the UNWTO meet, along with a report on a call given by Rajendra Pachauri for Swiss initiative in dealing with the issue of climate change. The onset of the Internet has drastically altered the traditional modes of communication. The highlight of the news section is the threat the good old postal service is facing from the Internet. The Export Import Bank of India, which helps various sectors of Indian industry in exporting their produce, has come up with an in-depth study on the bright prospects for the pharmaceutical sector. We carry the highlights of the study. The issue also contains the proceedings of a symposium held in Geneva on investing profitably in small and medium enterprises (SMEs) in emerging markets. Then there is a study on the high creditworthiness of Swiss corporate entities, in which Nestle and Novartis topped the ratings. We also carry a personality profile of Permi Jhooti, the woman footballer, who actually inspired the film Bend It Like Becham, and who today plays for Concordia Basel, a Swiss soccer club. We have a report on the Swiss economy, the growth of which has been revised upwards for 2007. The tourism section has a write-up on autumn in Switzerland, a lovely time when mountains change their colours. Victoria-Jugfrau, a collection of four fabulous hotels, is marketing them in India, luring rich Indian tourists to stay in them when they visit Switzerland. We carry a report. There is also plenty of news on banking and insurance, the two areas in which the Swiss excel.

Wish you happy reading

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Swiss Financial Centre Strategy 2015

Roadmap Ready for Launch

The Swiss Bankers' Association (SBA) has drawn up a roadmap for launching an overarching 2015 financial centre strategy to help Switzerland retain as well as strengthen the pride of place the country has occupied as the provider of global financial services.

Towards this end, SBA has initiated an analytical study, drawing inputs from various other members of the financial community, besides banks such as insurance companies, the funds industry and the Swiss Stock Exchange.

"These findings will provide the foundation for an overarching 2015 financial centre strategy," SBA Chairman Pierre Mirabaud said in an introduction to the analytical study.

"The objectives and measures drawn up are intended as a basis for discussions with politicians and government authorities aimed at ensuring that the economic contribution made by the financial sector remains high over the years to come and that Switzerland does not fall behind in global competition with other financial centres," Mirabaud said.

Switzerland's financial service providers, with banks leading the way, enjoy a respected position on the international scene. They are among the world's market leaders in many areas and represent the most important sector of the Swiss economy, making a key contribution to the country's prosperity and standard of living.

"In order to ensure that this remains the case in the future, the banks, under the aegis of SBA have carried out a careful analysis of individual areas of business that are particularly important for the future and worked out specific measures that are essential for continued success," Mirabaud said.

The financial industry accounts for 15 percent of Switzerland's economic value added, making it the most important sector of the country's economy and a crucial pillar of its prosperity.

The Swiss financial centre is also the world's biggest cross-border asset manager. However, this success which is based to a large part on the effective protection of privacy (bank-client confidentiality) should not be taken for granted: competition in the global financial industry is fierce, both between individual players and, in particular, between the different financial centres.

With a view to ensuring that the Swiss financial centre remains competitive and can become even more successful in future, the banks in Switzerland, under the aegis of the Swiss Bankers Association (SBA), have conducted a comprehensive analysis of opportunities and risks and have drawn up a roadmap for the future of Switzerland as a banking centre.

The resulting objectives and measures are intended as a basis for discussions with politicians and government authorities, and have been drawn up with a view to sustaining and fostering Switzerland's position as a financial location.

This analysis is to be complemented by similar studies from other members of the financial community, ultimately resulting in a consolidated and coherent financial centre strategy.

Central to this investigation are areas of business which have major growth potential or already enjoy a very good position and need to be further strengthened. The focus is on the following eight areas of business:

- private banking;
- investment funds;
- hedge funds;
- Swiss capital market;
- retail banking;
- pensions business;
- private equity;
- commodity trade finance.

These eight areas of business have been analyzed in detail as part of a broad study. Developments in the different segments over the last 10 years have been compared with those seen in the Swiss financial centre's direct competitors (London, New York, Luxembourg, Singapore or Ireland). This location analysis

has been used to form a clear picture of the prospects for the future and to determine what action is needed in the different areas of business in order to enhance the competitiveness of the Swiss banking sector.

Measures Drawn

On this basis, more than 70 specific institutional, regulatory and tax-related measures have been drawn up, of which, after careful deliberation, 20 were given priority status and included in this position paper.

Core elements of these proposed measures aimed at realizing the growth potential of the Swiss financial centre are:

- strengthening competitiveness in tax matters;
- strengthening competitiveness through appropriate implementation of international standards while maintaining bank-client confidentiality;
- fostering the effectiveness of the authorities in matters relating to Switzerland as a financial centre;
- fostering the attractiveness of Switzerland for collective investment schemes;
- improving the framework conditions for trusts and foundations;
- making the regulatory framework more flexible for pension funds business.

One key to success is to ensure better coordination of current and future measures with the authorities. With this in mind, regular discussions are to be put in place between the senior officers of the different associations, the authorities and politicians.

We firmly believe that a well-functioning and competitive financial sector is essential to every economy and

ultimately helps to ensure the well-being of the country's citizens. We are pleased, therefore, to be able to make a contribution, through this position paper, to an in-depth discussion of the future path to be taken by an important part of the Swiss economy.

Future Success Needs to be Earned

With a share in national economic value added of 15 percent, the financial industry is the most important sector of Switzerland's economy and makes a decisive contribution to the country's prosperity. However, this success is not set in stone and needs to be earned anew every day.

Switzerland is internationally recognized as a financial centre and has a leading position in individual sectors such as asset management. Competition in the global financial industry is fierce, not just at company level, but also between the different financial centres. It is against this backdrop that the Swiss financial centre and its protagonists must make their presence felt.

Many financial services are already being bought in from other countries, and it is there that the value added is being created. Competitive pressure on the Swiss financial centre remains at a high level.

If the Swiss financial centre is to remain competitive, action is needed. The banks, under the aegis of the Swiss Bankers Association (SBA), have therefore conducted a comprehensive analysis of opportunities and risks and have drawn up this position paper, based on a detailed study. The objectives and measures derived are to form the basis for discussions with politicians and government authorities. The analysis is to be complemented by similar studies from other members of the financial community, resulting finally in a consolidated and coherent financial centre strategy. The institutional, regulatory and tax framework has a crucial role to play in the potential of individual areas of business. The way an initial advantage can be squandered more or less overnight, to the benefit of other financial centres, has been demonstrated in recent decades with the migration of the gold business or of fund production out of Switzerland. In contrast, the recent growth in structured products promises positive developments.

Shares in a global marketplace will only be maintained or won if business, legislators and regulators are pulling in the same direction. There are clear examples of how focused measures can lead to very positive financial sector outcomes (e.g. the “Big Bang” in London).

Growing Competitive Pressure

This investigation focuses on eight areas of business: private banking, retail banking, investment funds, pensions business, hedge funds, private equity, capital market business and commodity trade finance.

All these areas have significant growth potential or already enjoy a very good position which needs to be maintained.

In drawing up this paper, the aim of the Swiss Bankers Association (SBA) is to help foster Switzerland's position as a financial location: similar initiatives have been undertaken in the past, such as the SBA study of February 2003: “Swiss Banking: a programme for the future”. In view of the strategic importance of systematically promoting Switzerland as a financial centre, a precise and fundamental analysis of the framework conditions needs to be carried out at regular intervals.

With this in mind, the present document is part of a global and integrated study of developments in the financial sector in Switzerland and abroad.

Core Elements & Aspirations

From a strategic point of view, certain core elements of the national framework are essential for the well-being of the financial centre. They form the basis for the other framework conditions, which have to be adapted to current requirements from an “operational” point of view.

One of these core elements is the importance attached to protecting financial privacy, which itself is based on a democratic decision of Switzerland's citizens.

Additional core elements are:

- political stability;
- the guarantee of Swiss National Bank policy aimed at ensuring stability;
- a modern, efficient, reliable and independent financial centre infrastructure;
- sound, market-based supervision and regulation, which ensures legal security and a level playing-field in

the international context;
• the importance attached by government authorities to ensuring equal status and mutual recognition for our financial market rules in the international sphere and freedom from discrimination in market access;
• an attractive economic policy environment (in particular, tax framework);
• up-to-date, practice-based education and training at all levels.

In order to enhance the competitiveness of the Swiss financial centre, the banks aim to ensure that new business opportunities can be tapped and effectively exploited.

Switzerland's banks need to pay particular attention to:

• the maintenance of financial privacy;
• outstanding advisory and service quality;
• a competitive cost-earnings relationship or a high level of productivity;
• innovation and technology (in particular, the ongoing development of different services);
• responsible reputation and risk management;
• overall attractiveness as a "location of choice" for internationally-mobile and highly-qualified employees.

No detailed analysis has been conducted of areas of business in which the Swiss financial centre has little chance of creating a significant cluster by international standards.

The objectives or aspirations can be summarized as follows.

The Swiss Financial Centre

• is to remain the world's market leader in international asset management. The asset pool generated by this is central to the success of the financial centre as a whole.
• is to be a centre for innovative new financial instruments with global reach. Affluent international clients expect innovative products with significant potential for diversification.
In order to realize these aspirations, the Swiss financial centre
• depends on an independent legal framework that meets high international standards and enables providers to meet national and international needs in a tailored and flexible way.
• seeks further to reduce international barriers to market access in order to be able to take advantage of the opportunities arising from globalization.
• supports cooperation between different supervisory authorities and mutual recognition of equivalent regulation and supervision.

Crucial to Switzerland's prosperity

The financial sector is of major importance to the Swiss economy as a whole. It accounts for 15 percent of overall value added and around 16 percent of all direct and indirect tax receipts. A workforce as large as 200,000 people, or 5.0 percent of the entire workforce, enjoy above-average pay. Productivity in the financial industry, at CHF 337,000 per employee, is around three times higher than the Swiss average.

Banks train 3,600 or 12 percent of all apprentices. Banks in Switzerland commission services from third parties to the value of several billion Swiss francs every year.

Banks' Contribution to Other Sectors

Substantial contributions are made to education, sponsorship and charitable foundations. These services to the economy are recognized and appreciated by the

people of Switzerland, with 90 percent stating that they think the sector makes an important contribution to the overall economy. A well-functioning and competitive financial centre is essential to any economy, featuring market-led capital allocation for investments, intermediation between savers and investors, and a platform for payment transactions. The financial sector is indispensable for the domestic and international operations of Switzerland's open economy.

Domestic & Global Importance

The Swiss financial sector supports effective domestic regulation, which seeks to achieve its aims with the minimum possible intervention in the market. The guidelines on financial market regulation issued by the Federal Department of Finance in September 2005 are a step in the right direction, but they still need to be implemented. There is still a tendency to over-regulate, in Switzerland as elsewhere.

With regard to international operations, the banks wish to achieve as much freedom of market access as possible within the framework of the WTO. In relation to the EU, the analysis in almost all the areas of business shows that lack of access to the EU single market is of central importance, particularly on the retail side.

The SBA has analyzed the advantages and disadvantages of a financial services agreement with the EU and found that currently the disadvantages outweigh the advantages.

Switzerland would systematically have to take on board EU laws, which hardly equates to mutual recognition of legislation. Furthermore, the individual EU countries retain a great deal of autonomy in matters of consumer protection.

The objective, rather, is non-discriminatory market access (based on mutual recognition of equivalent [but not the same] regulation) and the creation of concrete solutions at a technical level.

Tax regulation & supervision in focus

The subject of this comprehensive investigation is national and international market structures and the regulatory, tax and supervisory framework conditions in Switzerland and the main rival financial centres such as London, New York, Luxembourg, Singapore and Ireland. The eight areas of business mentioned above were selected for close investigation because they appear to offer special business potential or to bear some relevance to the competitiveness of the financial centre. The emphasis was on looking at measures which can be initiated or implemented in Switzerland in the next legislative period.

Of particular importance were the presence of clusters or conditions favourable for their emergence, i.e. situations in which a number of financial service providers form a critical mass for expertise and services, specialists are available, and related servicing sectors can establish themselves. For this reason, no detailed investigation was conducted for areas of business in which the Swiss financial centre has little chance of forming a significant cluster in international terms.

Offensive & Defensive Measures

For the individual areas of business, a range of primarily “offensive” measures were identified, i.e. measures which would serve to improve the relevant market environment in Switzerland. On the other hand, in the private banking area in particular, “defensive” measures predominate, aimed at preventing the framework conditions from deteriorating. It goes without saying that these defensive measures are central to the area of business which creates by far the biggest share of value added. In some areas of business, such as retail banking, investment funds and pension funds, international growth in terms of EU market access and cross-border business is limited. Here, efforts need to be focused on making individual, specific improvements. Swiss regulation should be adapted as far as is possible and appropriate to European legislation, and the competitiveness of the domestic sector should be strengthened such that efficient markets can be formed.

There is a high level of potential in newer areas of business such as private equity and hedge funds, where things have not yet settled down and regional clusters are only just beginning to form. Switzerland as a financial centre with global reach must do everything it can to achieve a leading market position in these areas of business. Niche areas like trade finance need to be further expanded. One of the key prerequisites for sustained success in all business areas is world-class education and training at all levels.

The establishment of the Swiss Finance Institute at university level was a good move. But similar efforts are also necessary at other levels. Better coordination of all current and future measures with the authorities is vital if the proposed measures are to be implemented successfully. With this in mind, regular discussions are to be set up between the senior officers of the different associations, the authorities and, of course, politicians. ■

Wanted, Global Perspective!

The 94th General Assembly of the Swiss Bankers Association (SBA) took place on 20 September 2007 in the Stade de Suisse in Bern. Over 400 bankers and invited guests from industry, politics, the administration, professional associations and the media took part in the event. An international dimension was added by the presence of ambassadors from more than 30 countries.

"Leadership, no mt passiveness" was the main message to politicians delivered by SBA Chairman Pierre Mirabaud. One of the most important tasks of politicians, he said, was to set up a framework and make decisions that the administration can implement faithfully and without ideological bias.

Mirabaud went further and listed three ways in which Parliament could be professionalised and strengthened: first, voters must elect strong-willed personalities; second, the incentives to attract politicians into Parliament must be brought up to date; and third, the process by which personalities from the world of Swiss industry and economics can enter politics should be simplified.

The traditional speech on behalf of the Government was delivered by Federal Councillor Doris Leuthard, Switzerland's Economics Minister.

This year, Swiss Bankers Day took place in the middle of the campaign for October's parliamentary elections and in his speech Mirabaud stressed several times that, as a representative of the banking industry, he wanted to foster dialogue with all political parties and that he was actually more interested in solutions to problems than in party politics.

The central question posed in his speech was "What are the characteristics of an excellent politician?" and Mirabaud answered with a list of five desirable attributes, summarised as follows: politicians must represent the greater good and not personal interests and they should defend national interests, also when outside the country.

He said most politicians displayed a too-narrow European focus and called on them to employ a global perspective. "Switzerland's trading partners are to be found not just between Tallinn and Lisbon, but as far afield as Seoul and Mumbai, Los Angeles and São Paolo," said Mirabaud, and added, "realism and economic sense are what we need, not romanticised Euro-nostalgia."

Mirabaud said he also wanted to see strong-willed personalities in the political arena who are more practitioners than theoreticians, in other words not party ideologues but rather people who can produce solutions.

Pierre Mirabaud

He concluded in characteristically direct manner:

"Goal-oriented leadership in the national interest within the context of globalisation is what we need not only from our politicians, but also from our bankers."

As in his previous Bankers Day speeches, Mirabaud did not pull his punches in this year's speech. So, for example, he asked why agriculture and spending on education loomed so large in Swiss politics and noted that the economic sector was poorly represented in Swiss politics when seen against the contribution it makes to Switzerland's prosperity.

He queried the permanent political fuss surrounding the demands for ever-higher spending on education, saying "Instead of just arguing about percentage increases, goals should first be set and priorities defined." Mirabaud also criticised the trend towards an increasingly politicised civil service. As a countermove he called on the industrial and economic sectors to make it easier for their representatives to play an active role in politics.

Employers should make the necessary time available for people to switch from the world of business to the world of politics in order to ensure that the voice of industry and the economy is heard at the appropriate political volume.

Mirabaud had no sympathy for the EU's demands in connection with the recent debate about Swiss cantonal tax regimes and said that the EU should be reminded through friendly discourse exactly where its influence stops and Swiss sovereignty begins.

Finally, he called on voters to cast a critical eye over their party's elections lists for the good of Switzerland and to be decisive in allocating their votes with and between the various lists. He wished to see "as many pragmatists as possible from each party being elected who know that voters want solutions to problems and not ideological trench warfare."

The traditional address on behalf of the Government was delivered by Federal Councillor Doris Leuthard, Switzerland's economics minister, in a speech entitled "The Good, the Bad and the Banks". ■

Swiss Financial Sector Aims to Regain Lost Glory

Switzerland is aiming to recapture its status as one of the world's top three financial centres by 2015 with an ambitious reform strategy.

The Swiss financial sector has slipped from second to sixth place internationally in the past two decades, according to the strategy's authors, who believe that the reforms could add up to 80,000 new jobs and SFr70 billion ($60 billion) to the economy.

The master plan was presented in Zurich recently by the newly restructured Swiss stock exchange together with leading players in the banking, insurance and fund management sectors. It paints a bleak picture of the traditionally strong Swiss financial sector.

The rate of wealth creation in Switzerland has dramatically slowed since the 1980s while in the largest markets, New York and London, growth has rocketed by 7.0 to 9.0 percent.

A raft of lost opportunities relating to foreign exchange trading, commodities trading, hedge funds and alternative investments have contributed to the malaise, the report said.

"Given the increased competition between financial centres, growth in Switzerland can be expected to slow further if nothing is done to turn the situation around," said Stock Exchange Chairman Peter Gomez.

According to the reports' authors, Switzerland must improve research and education, implement stronger regulation to enhance transparency and supervision, have better collaboration between the finance industry and politicians while overhauling taxes and infrastructure.

The report suggests such changes would allow finance branches to interact more effectively, draw in more skilled workers, encourage hedge funds to set up shop in Switzerland, attract more venture capital and give Swiss firms access to the international pension fund business.

Fine-tuning is also needed to maintain Switzerland's strengths in private banking and commodities trading, it added. The authors hope the sector's contribution to Switzerland's gross domestic product (GDP) will double to SFr140 billion increasing its slice of the total GDP from 15 percent to 30 percent and add some SFr11-17 billion in new tax receipts. But this is dependent on the present favourable market conditions lasting until 2015.

Pierre Mirabaud, Chairman of the Swiss Bankers Association, said that it was better to set the bar high even if certain measures, such as phasing out stamp duty, would be hard to achieve.

"We are always being told that we don't have a long-term vision. If you don't have ambition you go nowhere, so it is important to be ambitious," he said.

Mirabaud also hinted that the master plan was timed to coincide with next month's Swiss parliamentary elections.

"We thought that now, with big political discussions going on in Switzerland, it was a good time to make politicians aware of our problems and our suggestions," he said.

"We have an ongoing dialogue with our politicians. It is very good but it could always be better."

The Swiss stock exchange set the reform ball rolling by announcing recently a merger with two clearing and settlement groups to create the Swiss Financial Market Services group by the start of next year. ■

Climate Change Threat to Tourism Industry
Davos Meet on Strategy to Reduce Impact

UNWTO • OMT • ЮНВТО

High-ranking officials from the world's burgeoning tourist industry are gathering in the Swiss resort of Davos to find ways to deal with the impact of climate change.

Industry representatives, headed by the United Nations World Tourism Organization (UNWTO), will discuss measures to adapt to global warming and reduce the industry's large carbon footprint.

The UNWTO admitted ahead of the three-day meeting that tourism was responsible for between 4.0 and 6.0 percent of the world's total carbon dioxide emissions.

With a total of 846 million international arrivals (number of people travelling to a country other than their own) in 2006, the UNWTO says "the important travel and tourism sector is a contributor to greenhouse gas emissions and [also] highly vulnerable to the effects of climate change".

It says tourism by its very nature is bad for the climate - even when one takes into account only emissions from cars, buses and planes and the large amounts of energy required to heat or cool hotels.

More worrying, according to the UNWTO, is the prediction that if action is not taken soon, the sector's CO_2 emissions "could grow by 150 per cent in the next 30 years" since the number of international arrivals is set to rise.

"The real issue is that we have to find an answer to the problem over the next 50 years and that we have to start it as rapidly as possible," Geoffrey Lipman, UNWTO assistant secretary-general, said.

Lipman emphasised that the meeting was co-sponsored by two other UN agencies, the UN Environment Programme and World Meteorological Organization.

"You have the science, the environmental ethos and the tourism strategic policymaking side coming together," he explained. The recommendations from the conference will form the basis of the Davos Declaration.

The declaration, Lipman said, would be submitted to a ministerial-level meeting in London soon and factored into the UN's overall climate change strategy to be negotiated in December in Bali, Indonesia, where the focus will be on post-Kyoto action.

"This is the key thing making sure it's part of the road map the UN secretary-general, Ban Ki-moon, will propose in Bali."

Participants in Davos are expected to try to develop a sustainable way forward for the transport sector, accommodation and tour operators as well as survival strategies for countries where large segments of the population are highly dependent on tourism.

The UNWTO breaks these down into coastal and island destinations, mountain regions and states with popular natural or cultural attractions.

While many a tropical island paradise is threatened by rising sea levels, Mediterranean resorts are challenged by water shortages. On the other hand, hundreds of ski resorts in alpine nations could go out of business owing to a lack of snow.

"Davos is symbolic in that it is the kind of mountain sports zone that is so much under threat," UNWTO Secretary-General Francesco Frangialli said of the choice of the venue.

Key for Frangialli is the organisation's goal of ensuring "coherence between action on poverty reduction and climate change", since, he says, "tourism is an important player in both, representing the main economic driving force for several developing states".

According to the UNWTO, "tourism is one of the major export sectors of poor countries and a leading source of foreign exchange in 46 of the 49 Least Developed Countries (LDCs)".

In order to set a good example, the UNWTO has waived all registration fees for the Davos conference. Instead, it has encouraged participants to sign up to carbon offset schemes with the aim of making the meeting carbon neutral.

Swiss Hail Accord on Phasing out HCFC Gases

A top Swiss environment official has hailed the decision for the early phase out of ozone-harming HCFC gases.

Thomas Kolly of the Federal Environment Office said the move, made at an international ozone protection conference in Montreal, sent out a good signal for the climate process as a whole.

Delegates from 191 countries agreed to eliminate ozone-depleting substances faster than originally planned.

"A deal which UNEP (United Nations Environment Program) believes is historic has been reached on the accelerated freezing and phase-out of hydro chlorofluorocarbons (HCFCs)," said UNEP spokesman Nick Nuttall.

Negotiators agreed the deadline for phasing out production and use of HCFCs for developed countries would be moved up to 2020 from 2030 and to 2030 from 2040 for developing nations.

The Montreal Protocol, which celebrates its 20th anniversary this year, was originally set up to phase out chemicals such as chlorofluorocarbons (CFCs) substances which were causing erosion of the ozone layer.

The ozone layer blocks ultraviolet-B radiation from the sun, which can be harmful to humans and animals.

This latest meeting concerned the use of what was mostly used to replace CFCs - HCFCs - which are found in aerosols and fridges.

Some countries, including Switzerland, had raised concerns about HCFCs' impact on the ozone layer and on the climate in general, as they are also thought to contribute to global warming.

Previously only the consumption of HCFCs had been regulated in the protocol. Now it has been decided to ban their production as well.

Kolly said a strict timetable for phasing out the substances in emerging countries had also been approved. "Until now emerging markets like China were subject to the ban on HCFCs that starts in 2040, but until then they were free to do whatever they wanted," Kolly told swissinfo.

"Now we have decided on a whole pathway, including a whole schedule starting from 2010. By 2030 we should have an almost complete ban on the consumption and production of HCFCs," he added.

Kolly said that Switzerland had played an active role in these changes. "We were among the countries that made complete proposals [for HCFCs] and we pushed very hard during the last couple of months. The Swiss proposal is probably closest to the result we have achieved," he said.

HCFC producers such as China and India had been concerned that they would lose out, but Kolly said it had been possible to reassure them that financing and technical support would continue.

The ambassador, who is head of international relations at the environment office, added that the Montreal decision had implications for other environmental agreements, including the Kyoto Protocol, the main greenhouse gas emission reduction treaty.

Recent attempts to reach a global agreement to replace Kyoto, which runs out in 2012, have ended in failure. The United States has also refused to sign the treaty.

"We have made good progress in Montreal concerning the ozone," Kolly said. "It a very positive signal for the climate and for the climate process.

Pachauri Calls for Strong Swiss Action on Climate Change

Rajendra Pachauri, Chairman of the Inter-governmental Panel for Climate Change (IPCC), has urged the Swiss to play a strong role in the fight against climate change.

Speaking at a meeting in Switzerland recently, Pachauri said, "Even though Switzerland is a small country, you have the technological resources, you have the financial resources and the human resources to contribute a lot to this issue."

The Geneva-based IPCC and former United States Vice President Al Gore were awarded the Nobel Peace Prize for their work on the environment recently. The Indian expert had been invited to the Swiss capital, Bern, by the Swiss Agency for Development and Cooperation (SDC) to discuss the impact of climate change on development assistance.

The IPCC's most recent report projected that in Africa between 75 and 250 million people would be exposed to increased water stress due to climate change by the year 2020. Agricultural production in many African countries and regions would be "severely compromised by climate variability and change", says the study.

At a media conference, Pachauri pointed to clear evidence of the pace of global warming. "11 of the warmest years since instrumental records have been kept occurred during the last 12 years, and therefore climate change is accelerating," he said.

But he said he was optimistic that industrialized countries would meet their obligations in cutting greenhouse gases. "The good news is that the cost of reducing emissions is really not high at all. It amounts to three percent of gross domestic product in the year 2030. We just need to break the inertia of present thinking," he said.

He explained that the cost of inaction, even in the short term, would be greater than the cost of action. "If you look at the expenditure on relief and rehabilitation after natural disasters, it is much cheaper and far more enlightened to prevent some of these problems in the first place," said Pachauri.

Asked whether climate change posed a more serious threat to world security than international terrorism, Pachauri was reluctant to generalise.

"I don't know whether one can really make a direct comparison. All I will say is that yes climate change has the potential to become a major threat to peace and you can see some signs of instability in certain parts of the world already."

Pachauri also spoke of the problem of food security in the developing world, where a number of crops on which huge populations are dependent - are likely to drop in yield and productivity.

As for the developed world, Pachauri said individual choices about transport, heating and consumption were extremely important. "One of the things we have highlighted is the importance of lifestyle changes, changes in behavioural patterns, changes in consumption patterns," he said.

"Every society will have to carry out a detailed analysis on the kinds of lifestyle changes they will have to bring about. That is an absolutely critical part of mitigation measures.

But he dismissed the notion that a so-called "green dictator" would be necessary to force people to make sacrifices. "We need a public that consists of green dictators. I think if the public is willing to move in a particular direction in a democracy you will see change take place much better than you would in a dictatorship."

Pachauri concluded his speech with the words of one of his favourite historical leaders, Mahatma Ghandi: "Be the change you want to see in the world". ■

Threat from Internet Slows Down Business, but in the Long Run...

The Good Old Postal Service Will Survive & Even Thrive

Sending letters may not be in vogue but on World Post Day, celebrated recently, the Universal Postal Union (UPU) says that delivering mail the traditional way still has a future.

With mail traffic decreasing, the Bern-based organization - a specialized agency of the United Nations - warns that postal services around the world have to adapt and embrace new forms of communication.

Since 2000 both domestic and international letter-post volumes have spiralled downwards, a trend that some experts say will continue into 2008. Between 2000 and 2004, domestic letter traffic declined worldwide by an average of 0.3 percent a year. During the same period, international mail dropped by 5.8 percent annually, according to UPU data.

Ken McKeown, Director of Markets at UPU, said that it was obvious that people were posting fewer letters. "People are changing from traditional ways of sending letters or printed matter by mail to advanced forms of electronic communication. Individuals are more likely to send letters by e-mail," he said.

However, it's not all gloom and doom for postal services. "New forms of communication and the Internet are actually providing a boom to the post. The Internet is providing a lot of revenue through sales of goods through online retailers, as many packages are entering the mail system," McKeown pointed out.

E-Business

One way that the UPU is helping postal organizations around the world to face the future is providing support to develop their web services.

Paul Donohoe, manager of the UPU's e-business programme, said that about 70 percent of the world's posts already offer their services on the Internet, amongst them Swiss Post.

"Swiss Post is very advanced in some of the services it offers," said Donohoe. "It has a digital signature service where you can create registered mail online and have that securely sent from your computer to any mail box in Switzerland."

He explained that his programme was using examples provided by developed countries to help other nations catch up. "We're... trying to help the other 30 percent to understand what they should be doing in terms of planning and future strategies," Donohoe said.

Developing countries face a number of barriers when trying to set up an internet platform. "Proficiency with computer systems is not strong in many underdeveloped countries. The UPU is looking at ways to educate postal services and their workers in this field and to show them how to launch their services on their market," Donohoe said.

As to whether the letter is truly dead, McKeown remains cautious. "I'm not going to predict the death of the letter just yet. In emerging economies, such as India, China and Brazil, among others, letter mail still has huge potential," he said.

This potential is linked to economic growth. "Our research has shown that such growth is good for letter-mail volumes; as these emerging economies grow, so too will business and the need for mail to support economic growth," McKeown said.

As for Donohoe, he is convinced that the future of the postal industry is still bright. "When television came out, everyone thought the radio would disappear. Many people said that the death of the postal industry was the Internet. All these new services and tools add variety to what you can do but they never replace what's been there in the past."

Roche Reports Good Q3 Results Despite Dip in Bird-flu Drug Sales

Roche says sales of its bird flu drug Tamiflu plummeted by 60 percent in the third quarter but the group was on track to meet its 2007 targets.

The Basel-based pharmaceuticals and diagnostics company reported nine-month sales of SFr33.95 billion ($28.77 billion). This is an increase of 12 per cent over the comparable period last year twice the global market average.

Revenues from Tamiflu for the year to date at SFr1.57 billion have gone down by only two per cent. "Revenue growth in the second half of last year, as we all know, was also driven by a peak in stockpiling orders for Tamiflu for use in the event of a pandemic," commented Roche Chairman and CEO Franz Humer in a statement recently.

"With those orders now filled, I am all the more pleased to report that our Pharmaceuticals Division continued its double-digit growth... fuelled by a broad and young portfolio of innovative medicines for cancer, hepatitis and osteoporosis."

Commenting on the Tamiflu sales figures, analyst Denise Kepler at Landsbanki Kepler was a little surprised. "The Tamiflu pandemic sales were even less than I had thought. On the other hand, obviously given the product cycle of a lot of the drugs, the story cycle we see for Roche over the next 12 months has more to do with clinical trials news flow than results," she said.

Helvea analyst Andrew Fellows wrote in a recent note that Roche remained the brokerage's "key pick in the European pharmaceutical sector thanks to its low level of patent expiry, in combination with a strong pipeline".

Nine-month drug sales at Roche rose 14 percent to SFr27.12 billion, just behind forecasts, underpinned by key cancer medicines like Avastin and Herceptin. Avastin sales rose 41 per cent to SFr2.97 billion and Herceptin by 26 per cent to SFr3.59 billion.

Nine-month sales at Roche's diagnostics business rose five percent to SFr6.82 billion, in line with expectations.

Roche maintained its current profit growth estimate for the year. It expects core earnings per share to grow faster than sales in 2007, while revenue from pharmaceuticals and for the group is forecast to grow more than 10 percent.

In June, Roche made a hostile $3 billion takeover bid for Ventana, a leader in tissue-based diagnostics in the United States, but the offer of $75 per share was rejected by the Arizona-based company as too low.

Roche has refused to raise the price and has extended its tender offer for the outstanding shares of Ventana three times, most recently in September.

"We believe that the offer is fully priced and fair, attractive for the Ventana shareholders, and the ball is with Ventana," Severin Schwan, the head of pharmaceuticals and the designated CEO told Reuters news agency. ■

UBS Revamps Management Triggered By Credit Woes

Leading Swiss bank UBS has reorganized its management in the wake of massive predicted losses caused by worldwide credit woes.

The world's largest wealth manager swept out senior managers and announced it would cut 1,500 jobs in its investment bank as it became one of the biggest casualties so far of turmoil in global credit markets.

The third-quarter losses of up to SFr800 million ($685 million) are mostly linked to the subprime mortgage crisis in the United States, according to a recent UBS statement from the bank's Zurich headquarters.

Overall, UBS will write down SFr4 billion in losses in its fixed income portfolio following the closure of its Dillon Read Capital Management subsidiary.

"We will make an overall pre-tax loss at Group level for the quarter. These events have led to management changes," UBS Chief Executive Marcel Rohner said.

He said that critical time would be over in the next six months and he expected the bank to end 2007 with good profits.

Investment bank head Huw Jenkins, who drove a rapid expansion in UBS's bid to join the top-five investment banks worldwide, will leave along with UBS chief financial officer Clive Standish, who will be replaced by management expert Marco Suter.

Rohner will assume control of the investment bank. Detailed results for the third quarter will be announced at the end of October as planned, the bank said.

Experts say UBS's predicted losses appear to exceed those reported so far by other investment banks. "It definitely fuels ongoing worries on the markets," said Valerie Pagnol at CM-CIC Securities in Paris.

UBS is only the latest in a string of global banks that have reported hits from a downturn in the US housing market, which has triggered a credit crunch. Bear Stearns Cos, Morgan Stanley and Lehman Brothers all recorded profit slumps and had to make considerable write downs.

Credit Suisse, the second-largest Swiss bank, recently said it had also been hit by the credit crunch but would remain profitable.

The Swiss banking regulator said the UBS losses were regrettable and it had taken note of the Credit Suisse statement. It added however that there was no reason for concern for creditors.

UBS had enough liquidity and a very solid equity base, according to a spokesman for the Federal Banking Commission.

A meltdown in the US subprime mortgage market, sparked by growing defaults on riskier loans, has created a squeeze in credit markets around the world which forced major central banks to inject emergency funds into the global financial system.

Banks worldwide have clammed up on lending to each other as they try to calculate exposure to soured loans.

UBS's losses come as critics are questioning the bank's dual strategy of investment banking and wealth management. However, Rohner downplayed speculation that UBS would seek to split the group into its two main units: investment banking and wealth management.

Rohner took up his job in July after the shock exit of Peter Wuffli, who had come in for criticism of his handling of the bank's in-house hedge fund, Dillon Read.

Wuffli had led the bank on a growth path, expanding from its traditional base in private banking and rapidly building up its business in the US.

English, the Fifth Language Gives Swiss Learning Global Outlook

Switzerland already has four languages, but as far as its universities are concerned the country is fast acquiring a fifth one - English.

Experts say the country has long welcomed foreign scholars and sent its own students abroad. But the rise of English reflects Swiss universities' more global outlook, as well as the effects of the Bologna reforms.

Switzerland's neighbours, and Germany in particular, still provide the bulk of non-Swiss students and staff. However, the intake from other countries is on the rise.

Of non-European countries, China has the most foreign students in Switzerland. India and Russia also have important contingents. Switzerland has the highest proportion of foreign students in Europe, second only to Australia worldwide.

The Rectors' Conference of the Swiss Universities, the universities' umbrella organisation, welcomes this development, which it sees as a two-way street.

"We're trying to encourage our students to become mobile. We want to send them away and have other students coming, and to promote 'brain circulation'," the organisation's Johanna Ziberi said.

"If you want to attract foreign students, you will best do it by having courses in English," said Ziberi, who is responsible for promoting contacts between Swiss and foreign universities. "English is the language of academia."

But parliament remains divided over whether English should be made the first foreign language taught at schools. The Senate recently decided against a clause in a new language law forcing schools to teach a second national language German, French, Italian, Romansh before English.

The use of English is not new in Swiss universities, but it has gained in importance over the past decade. The Bologna Declaration of 1999, designed to create a European space for higher education, means that universities all over Europe are dropping their national focus.

As a result they are offering courses at least at Master's level in English. Switzerland is very much involved in this movement.

At the Federal Institute of Technology in Zurich two thirds of the Master's programmes are offered in a way that students do not need to know German, according to Anders Hagström, responsible for international relations at the institute.

Another reason is the changing of generations. "The early baby boomer generation has retired in the past ten years. I would say 80 per cent of professors have been recruited in the last 10 years. Almost without exception they have had a stint in North America in their previous career," Hagström said.

A third reason is that top research universities, like the institute, are deeply involved in emerging areas of science, including biomedical engineering, micro- and nanosystems, and computational biology. "Because they are emerging research areas, they are also areas where the institution is looking for new talent, new researchers," Hagström explained.

"One of the key reasons why those programmes are open to an international audience is to attract potential doctoral students," he added.

The two federal institutes of technology the other is in Lausanne pride themselves on the proportion of foreign students and staff. At the institute in Zurich around 60 per cent of the teachers and 56 per cent of the doctoral students are foreigners. The research environment is exclusively English speaking.

Hagström is convinced that Switzerland benefits greatly from the influx of foreign students. Many of them subsequently make an important contribution to the Swiss economy, whether employed by one of the Swiss companies always eager to snap up graduates of prestigious universities, or by launching their own start-ups.

The presence of dynamic and ambitious students also benefits the universities. "From the institution's point of view it's very important to have this fresh wind coming in," said Hagström.

'Bancassurance' Fast Gaining Popularity in Asia

According to a recent sigma study, bancassurance is on the rise, particularly in emerging markets. Worldwide, insurers have been successfully leveraging bancassurance to gain a foothold in markets with low insurance penetration and a limited variety of distribution channels.

Bancassurance, the provision of insurance services by banks, is an established and growing channel for insurance distribution, though its penetration varies across different markets. Europe has the highest bancassurance penetration rate. In contrast, penetration is lower in North America, partly reflecting regulatory restrictions.

In Asia, however, bancassurance is gaining in popularity, particularly in China, where restrictions have been eased. The research shows that social and cultural factors, as well as regulatory considerations and product complexity, play a significant role in determining how successful bancassurance is in a particular market.

The outlook for bancassurance remains positive. While development in individual markets will continue to depend heavily on each country's regulatory and business environment, bancassurers could profit from the tendency of governments to privatise health care and pension liabilities.

In emerging markets, new entrants have successfully employed bancassurance to compete with incumbent companies. Given the current relatively low bancassurance penetration in emerging markets, bancassurance will likely see further significant development in the coming years.

Emerging Trends

Though bancassurance has traditionally targeted the mass market, bancassurers have begun to finely segment the market, which has resulted in tailor-made products for each segment. The quest for additional growth and the desire to market to specific client segments has in turn led some bancassurers to shift away from using a standardised, single channel sales approach to adopting a multiple channel distribution strategy. Some bancassurers are also beginning to focus exclusively on distribution.

In some markets, face-to-face contact is preferred, which tends to favour bancassurance development. Nevertheless, banks are starting to embrace direct marketing and Internet banking as tools to distribute insurance products. New and emerging channels are becoming increasingly competitive, due to the tangible cost benefits embedded in product pricing or through the appeal of convenience and innovation.

Finally, the marketing of more complex products has also gained ground in some countries, alongside a more dedicated focus on niche client segments and the distribution of non-life products. The drive for product diversification arises as bancassurers realise that over-reliance on certain products may lead to undue volatility in business income. Nevertheless, bancassurers have shown a willingness to expand their product range to include products beyond those related to bank products.

Strategic Challenges

These developments are expected to challenge traditional bancassurers in the following ways:

- The shift away from manufacturing to pure distribution requires banks to better align the incentives of different suppliers with their own.
- Increasing sales of non-life products, to the extent those risks are retained by the banks, require sophisticated products and risk management.
- The sale of non-life products should be weighted against the higher cost of servicing those policies.

• Banks will have to be prepared for possible disruptions to client relations arising from more frequent non-life insurance claims.

Swiss Re is the world's leading and most diversified global reinsurer The company operates through offices in over 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable the risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best. ■

Geneva's Banks Post 15 pc Rise in '07 Profit

A recent survey of the principal actors in Geneva's secretive banking sector has divulged a 15 percent rise in profits over previous projections. The growth shown year-to-date in the banking sector in Geneva has surprised all observers, despite already rosy projections in the beginning of 2007.

Ivan Pictet, President of the Foundation Genève Place Fincancière delivered the results recently, announcing a general profitability 15 percent higher than that previously expected, following the analysis of results from the first half of 2007 which show extraordinary growth. On the other hand, projections for 2008 remain prudent and reserved because of the strong cyclic behaviors of Geneva's banking business, strongly linked to portfolio management and trade finance in raw materials.

The summer credit crisis doubtless threw some cold water on the expectations for the rest of the year, noted Pictet, but Geneva nonetheless will experience growth more than double that of the rest of Switzerland.

In the detailed report, there were also other interesting data. Estate management will also close with a very profitable year, after experiencing 15 percent growth in 2006.

The net influx of funds is expected to progress 3-4 percent to the first semester of 2008. The new cash inflows are coming mainly from EU countries, a substantial portion from eastern Europe and some also from Russia and its neighboring states.

Another notable phenomenon is the potentially very financially interesting rise of investment banking activity in Geneva. The increase in investment banking stands in stark contrast to the flat activity (no increase whatsoever) of trade finance activity, despite the key importance of Geneva in raw materials trade, which trades over $1 trillion and is the most important financial center for trade in raw materials, ahead of London.

Geneva's part of total world oil trade is roughly 33 percent. Geneva's part of world grain trade is 30 percent, and that of chartered transport and shipping for raw materials 22 percent. As many as 360 companies operate in Geneva within the Geneva Trading and Shipping Association with a volume of transactions over $500 billion.

The survey also noted a rise in salaries of more than 10 percent, representing 75-80 percent of the global costs of the banking industry. The rise was due in part to the increase in hiring (5 percent) as well as to bonuses paid in early 2007 based on profits in 2006.

The banking sector in Geneva is responsible for over $400 million in yearly tax receipts for the canton. The banks alone are responsible for 5,000 10,000 jobs in the Geneva area.

The survey was conducted among 133 financial establishments in the Geneva area, of which 54 were banks. Geneva has 141 banks, 634 independent portfolio managers, and 3,000 intermediaries of various sorts. The canton of Geneva has also 661 insurance companies, 1098 fiduciaries, and 350 law offices and notaries. Across the entire financial sector in Geneva there are roughly 35,000 jobs. ■

Swiss Banks Absorb Best of Global Professional Talent

The Swiss Banks and foreign banking institutions operating in Switzerland continue to be enormous consumers of professional talent, drawing in managerial and professional profiles from neighboring France and Germany, as well as from the UK, North America, and around the world.

Demand is particularly strong for financial experts, legal expertise, and managers of all kinds.

This week we note a few offers across the banking and financial services sectors.

PICTET & Cie, a prestigious Geneva private bank with offices around the world, is seeking for its Global Custody and Investor Services division in Geneva a Product Manager to define and develop the distribution and commercialization of its investment solutions.

The role will be responsible for evaluation of client requirements, preparation of business cases and redaction of the task lists; planning, coordination and management of the projects undertaken and delivery of project progress reports; development of the communication strategy and internal communication channels; and assistance to internal and external clients.

The profile sought is someone with a university masters degree in economic sciences, finance, or the equivalent, and 3-5 years experience in product management or project management in a financial services environment (private banking, asset management, or global custody); a solid mastery of I.T. applications and tools; mother tongue French or English and excellent command of the other language.

Pictet & Cie normally requires it staff to be resident in Geneva. Pictet encourages applicants to apply through their **website at www.pictet.com/jobs**.

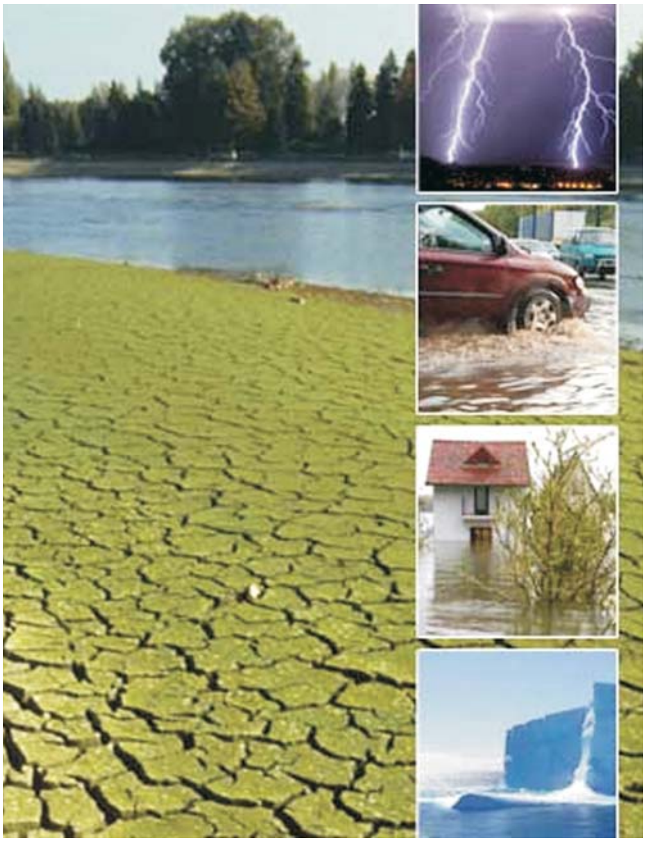
Meanwhile, elsewhere in Geneva, CITI PRIVATE BANK is currently seeking to recruit a Legal Counsel for its European Legal Department, which also has activities in Zurich, London, and Madrid. The role, which is based in Geneva, carries the responsibility of providing quality advice and support to the marketing groups, product managers, and support functions in matters of account documentation (KYC and YML matters), banking and investment products, and credit (margin credit, guarantees, LCs and complex lending transactions). In addition, the legal counsel to be recruited will serve as back-up for the other attorneys on the Swiss Team.

The candidate sought for this position should have strong interpersonal skills and excellent oral and written communication skills in English and French (German is considered a plus). The candidate must be a qualified attorney with relevant degrees and bar examination and have at least 2 years practical experience in the legal department of a Swiss bank. The candidate will be client oriented and able to work autonomously as well as being an effective team member.

In Lausanne, UBS is currently seeking to recruit a Wealth Planner for its Products and Services Department. UBS is looking for someone with several years of experience in the domain of financial advice and fiscal expertise. An experience acquired in the area of domiciliation as well as in the establishment and presentation of wealth planning would be a plus.

Mastery of French and solid knowledge of English are required for the job. ■

Swiss Re Offers Cover Against Weather Risks in Poor Nations



Swiss Re launched its Climate Adaptation Development Programme (CADP) at the Clinton Global Initiative 2007 meeting. The Programme is designed to develop a financial risk transfer market for the effects of adverse weather in emerging countries. In a first phase, it will aim at providing financial protection against drought conditions for up to 400,000 people in Africa.

Swiss Re has pioneered weather risk transfer instruments in low-income markets, starting in India in 2004. A total of 280,000 policies have since been sold to smallholder farmers. Recently, Swiss Re announced that it had provided financial protection in the case of extreme drought to three village clusters in Kenya, Mali and Ethiopia.

Now, as part of the Clinton Global Initiative 2007 meeting in New York on 26 - 28 September, Swiss Re has launched the Climate Adaptation Development Programme (CADP), which is designed to provide financial protection against weather risks in emerging countries.

Under this programme, Swiss Re partners with Millennium Promise, a non-profit organisation which aims to lift rural African villages out of the poverty trap and the International Research Institute for Climate and Society, which has pioneered climate modeling and climate risk management approaches, and is part of The Earth Institute at Columbia University. The goal of this partnership is to develop and implement climate risk indices for all 12 clusters of Millennium Villages in Africa (Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Rwanda, Senegal, Tanzania and Uganda) which are home to 400 000 people.

Based on these climate risk indices, Swiss Re will design financial risk transfer instruments and bring them to the commercial financial market. Additionally, Swiss Re will financially support related research and risk assessment, and will engage in complementary corporate citizenship initiatives. The Climate Adaptation Development Programme is open for partnerships. Additional contributions to research, training or funding of risk transfer from public and private institutions are invited.

Ivo Menzinger, Head of Sustainability & Emerging Risk Management, comments: "Climate change is a fact and some of its consequences have become inevitable. Parallel to efforts that aim at reducing emissions we have to improve resilience against changing weather conditions, particularly in emerging markets. Our Climate Adaptation Development Programme will contribute to develop a risk transfer market that will ultimately help smallholder farmers buy agricultural inputs, overcome a lack of collateral, draw upon agricultural extension services and accumulate income."

As a major global reinsurer, Swiss Re is committed to taking a leading role in the climate debate. Swiss Re identified climate change as an emerging risk some 20 years ago, and the concern has since evolved into an important component of the company's long-term risk management strategy. Swiss Re has pioneered new products and novel approaches to the art of risk management in this field such as insurance-linked securities and weather derivatives. In 2003, to demonstrate its commitment to reducing emissions, Swiss Re became the first major financial services company to launch a voluntary programme to become greenhouse gas-neutral. ■

Drought Cover for African Small Farmers

Swiss Re, the Earth Institute at Columbia University and the Millennium Promise Alliance have pioneered weather derivative contracts protecting several villages in Kenya, Mali and Ethiopia against severe drought. The contracts protect smallholder farmers against drought-related livelihood shocks such as food shortages and famines. About 150,000 people will benefit from the coverage.

Working off the ground-breaking climate modeling developed by the Earth Institute's International Research Institute for Climate and Society, Swiss Re, the Millennium Promise Alliance and the Earth Institute successfully designed and implemented innovative weather risk transfer solutions covering drought-related food shortages in three village clusters situated in Sauri (Kenya), Tiby (Mali), and Koraro (Ethiopia). Under the agreement Swiss Re provides up to USD 2m of financial protection in the case of extreme drought.

Tailored insurance or derivative contracts are becoming an increasingly important instrument for managing weather-related risks in emerging markets. In the case of the three African village clusters covered, for the first time ever, a non-profit organization complements its existing initiatives in its fight for sustainable development with financial risk transfer instruments designed to mitigate the consequences of weather variability. The payout of these financial instruments is based on information derived from a blend of satellite and weather data used as an objective proxy for staple crop production in the three village clusters.

Swiss Re is a leading player in the worldwide weather risk markets typically used to cover risks of northern hemisphere energy sector players. Broadening the scope of this technology, Swiss Re pioneers its transfer to emerging markets such as Asia and Africa.

Juerg Trueb, Head Environmental and Commodity Markets comments: “This project is an important milestone in our attempt to adapt and deploy advanced risk management and financial market instruments for the benefit of the agricultural sector in developing markets.” Ivo Menzinger, Head Sustainability and Emerging Risk Management, continues: “Insurance and access to credit are crucial elements to lift smallholder farmers out of the poverty trap. With climate change expected to exacerbate weather risks going forward, particularly in developing countries, innovative financial instruments for rural communities are urgently needed.” ■

Swiss Re Stays Focused on Profit Growth Ahead of Jan '08 Renewal

Swiss Re will continue to remain focused on economic profit growth, at the expense of premium volume, if necessary. Swiss Re is well positioned for the upcoming renewals in January 2008, due to its broad client base, well diversified book of business and financial strength.

The industry is expected to deliver solid results in 2007. However, Swiss Re estimates that in 2007 claims for the industry from natural catastrophes will amount to roughly USD 35 billion, well above a benign 2006 with USD 12 billion in natural catastrophe claims, continuing the long-term trend towards high natural catastrophe claims. The recent capital market volatility re-emphasises the value of reinsurance as an effective measure for risk diversification and this will have modest positive consequences for demand.

There are many positive signs of a continued commitment to underwriting discipline. In 2007 alone, insurers and reinsurers announced the return of approximately CHF 45 billion to shareholders in the form of share buy-backs, including CHF 6 billion from Swiss Re. Furthermore, the advent of Solvency II as a regulation favoring a more transparent risk management approach, will further drive reinsurance buying behaviour. Despite this, prices in some lines, most notably in some areas of US casualty, have declined to levels that do not support the required returns for shareholders.

At a recent media conference at the start of the Rendez-vous de Monte Carlo, the annual insurance conference, Jacques Aigrain, Chief Executive Officer of Swiss Re, said: “While the overall market conditions remain good and clients continue to place a premium on their relationships with Swiss Re, we will not hesitate to re-allocate our resources to those areas where we can earn the most attractive returns. We believe that our consistent underwriting approach, risk management expertise and capital market capabilities place us in a favourable position to offer attractive solutions to our existing and future clients.”

On 10 September 2007, Swiss Re hosted a media briefing at this year's annual "Les Rendez-vous de Septembre" in Monte Carlo. The event was transmitted via a conference call. ■

Swiss Life to sell Banca Del Gottardo

Switzerland's largest insurance company Swiss Life has announced it will sell Banca del Gottardo to Generali's banking unit BSI for SFr1.9 billion ($1.55 billion).

BSI and Gottardo will be merged to become one of the leading Swiss private banking institutions with SFr100 billion in assets under management.

The transaction is expected to be completed by the end of the first quarter of 2008, Swiss Life said in a statement recently. The headquarters of the new entity will remain in Lugano, Switzerland.

Because the sale will go through next year, Banca del Gottardo will be fully consolidated in Swiss Life's 2007 financial statements. In the first half of 2008, the transaction is expected to contribute SFr600 million to Swiss Life's post-tax profit.

The total consideration for the sale was SFr1.875 billion, comprising the purchase price plus Gottardo's 2007 dividend of SFr100 million, payable next year.

“We came to the conclusion that Swiss Life is not the best owner for the next stage of development, as we intend to focus our investments on our life and pensions business," Swiss Life chief executive Rolf Döring said in a statement.

Analysts have long been expecting Swiss Life to sell Gottardo with general estimates of a purchase price of around SFr1.7 billion.

"This move by Swiss Life is not surprising; over the last two to three years it became crystal clear that Banca del Gottardo was no longer a strategic asset for Swiss Life," said René Locher, insurance analyst with Bank Sal. Oppenheim.

"The price is definitely at the higher end of expectations," he added. Locher said the move was good news for Swiss Life, "because the insurer's business model works perfectly without Banca del Gottardo".

Swiss Life celebrates its 150th anniversary this year. The Zurich insurance company posted record results for 2006, with net profit up nine per cent to SFr954 million. ■

Exports post 14 pc Annual Growth

India, Now A Major Global Pharma Brand

- Exim Bank Study

Indian pharmaceutical industry, one of the fastest growing segments of the country's manufacturing sector, accounted for 4.0 percent of its total exports in 2006-07, according to an analytical study.

The Study, made by the Export Import Bank of India (Exim Bank), says that pharmaceuticals exports, which constitute around 50 percent of the industry's total production, have grown at a CAGR of 14 percent in the last decade.

Major export markets include highly regulated markets such as USA, Germany, United Kingdom and Canada. Top 10 destination countries for India's pharmaceutical exports amounted to over 40 percent of India's total pharmaceutical exports.

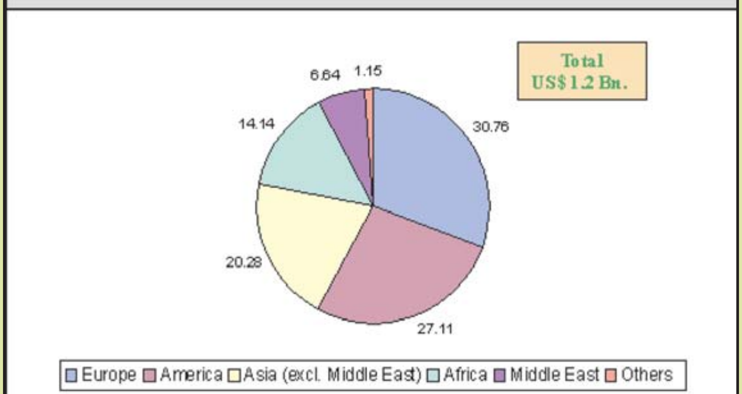
Europe, as a region, is the major export destination for Indian pharmaceuticals accounting for more than 30% of total pharmaceutical exports. The Americas come as next major region with a share of 25%. USA, as an individual country, alone accounts for 14% of India's total pharmaceutical exports. Among South American countries Brazil and Mexico are important destinations for Indian pharmaceuticals. A share of 21% goes to Asian countries excluding Middle East.

Major Destinations of India's Exports of Drugs and Pharmaceuticals (2006-07)

Sr. No	Importing Country	Value (US$ million	% Share
1	USA	887.07	16.10
2	Germany	227.93	5.05
3	Russia	270.90	4.92
4	UK	182.57	3.31
5	Brazil	164.60	2.99
6	China	144.03	2.61
7	Nigeria	130.48	2.37
8	Canada	117.48	2.13
9	Israel	115.23	2.09
10	Ukraine	105.67	1.92
	Total Above	2395.96	43.50
	World	5508.41	100.00

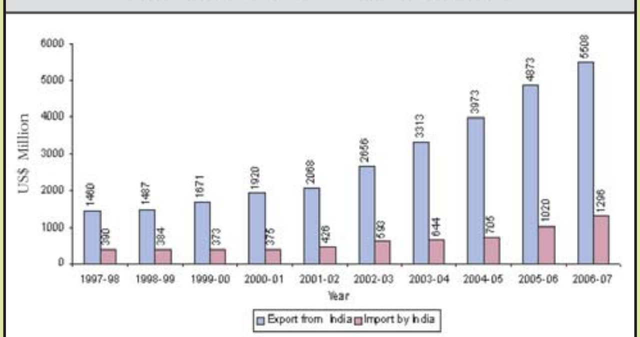
Source: Directorate General of Commercial Intelligence and Statistics

REGION WISE DESTINATION OF INDIA'S EXPORT OF DRUGS AND PHARMACEUTICALS (2006-07)



SOURCE: Directorate General of Commercial Intelligence and Statistics

EXPORT AND IMPORT OF DRUGS, PHARMACEUTICALS AND FINE CHEMICALS (1997-98 TO 2006-07) IN INDIA



SOURCE: Directorate General of Commercial Intelligence and Statistics

Exim Bank's Support To Indian Pharmaceutical Industry

Exim Bank has been closely associated with the evolution of Indian pharmaceutical industry. The Bank has been providing integrated financing for R&D activities of the pharmaceutical and bio-pharmaceutical companies. The financing will be in the form of either term loan / equity participation or hybrid product, and would facilitate R&D expenditure and approvals in regulated markets. This facility is primarily extended to pharmaceutical and bio-pharmaceutical companies.

The eligible R&D activities under this financing programme include:

• Development and commercialization of new product / process / application;
• Significant improvements in existing product / process / application/ design;
• Development of technology or design to satisfy domestic or international environment, technical requirements/ standards, specifications;
• Setting up, expansion of pilot plants;
• Research studies necessary for obtaining regulatory approvals, product registrations, cost of filing and maintaining international patents;

R&D Centers: The eligible R&D expenditures under this financing programme include:

• Acquisition of technology at the 'proof of concept' or design stage which will be used to develop new product/ process;
• Land and building, civil works for housing eligible R&D activities;
• Dies, tools, laboratory and other R&D equipment, mould, computer hardware, software, miscellaneous fixed assets;
• Salaries of R&D personnel, support staff during the R&D project phase including training costs;
• Cost of regulatory approvals, filing and maintenance of patent registration;
• Expenditure on external consultants for outsourcing a component of R&D project;
• Product documentation and allied costs during the R&D project phase;
• Costs of materials, surveys, technology demonstration studies, field trials.

The Bank has supported many pharmaceutical companies to invest in or acquire overseas ventures for manufacturing and marketing, under its Overseas Investment Finance Programmes. The bank has also provided loans to number of SME pharmaceutical exporters to expand and upgrade production facilities to effectively compete in the global market.

The Bank, in association with the Centre for Promotion of Imports from Developing Countries, The Netherlands, facilitated participation of Indian pharmaceutical firms in the Export Promotion Programme (EPP) in Europe. EPP provides combination of elements such as assistance on adhering to EU regulations and standards, marketing, organization of production and operational management and training in export marketing.

The pharmaceutical industry is one of the success stories of Indian manufacturing sector. Favorable Government policies along with industry/firm level initiatives have helped the industry to post high growth rates over the years. Many Indian pharmaceutical companies have not only shown good performance domestically but have also been able to establish their foothold in overseas markets. Despite challenges posed by the WTO regime, the growth momentum has continued in this sector. The strategies being adopted by the industry are however to be strengthened along with an appropriate policy framework for shaping the future of the Indian pharmaceutical industry.

The study says that the pharmaceutical industry has experienced a growth rate of 12 percent, with the annual turnover of the sector crossing US$ 11 billion, in 2005-06.

Globally, Indian pharmaceutical industry ranks 4th in terms of volume with a share of 8% in the world pharmaceuticals market. In terms of value, Indian pharmaceuticals industry ranks 14th. In the Asia-Pacific pharmaceuticals market, India holds a share of 6.6%. Japan is the biggest player in the Asia-Pacific region accounting for 67% of the total market value15. The sector has attained self-reliance in the production of formulations and produces almost 70% bulk drug requirements of the country.

The key therapeutic segments include anti-infective, gastrointestinal, cardiovascular segments. In India, acute therapies make up about 60% of the pharmaceutical market. However, it is expected that with the changing lifestyle and aging population, sales of medicines for chronic therapies (such as diabetes, cardiovascular) is growing rapidly. A study has estimated that by the year 2010, the Central Nervous System and Cardiovascular segment would have a market share of 33%. The industry is fragmented with more than 10,000 registered units, of which 300 units are large and medium Scale units.

In terms of value, however, top 20 players control more than 50 per cent of total market. Some of the top players are Ranbaxy, Cipla, Dr Reddy's Laboratorries, Lupin, GlaxoSmithKline, Aurobindo Pharma, Sun Pharmaceuticals, Cadila Healthcare, Wockhardt, and Nicolas Piramal. In the organized sector, Ranbaxy, one of the largest Indian pharmaceutical companies, holds nearly 9% of the market size, followed by Cipla (6%). It may be noted that these companies have increased their market share over the years. Besides Indian companies, MNCs such as Gloxosmithkline (market share 3.24%), Pfizer (1.17%) have strong presence in the Indian market. ■

Investing in Emerging Market SMEs

Geneva Meet Allays Doubts

Investing in small and medium-sized enterprises (SMEs) in emerging markets was the subject of a two-day symposium held recently in Geneva by CASIN (the Centre for Applied Studies in International Negotiations). As many as 50 experts from across the globe recalled their experiences and offered plenty of valuable advice.

"Investing in emerging market SMEs is the trend of the future - and it is going to be a very exciting segment in the years ahead. In Africa for instance, everyone needs shoes, as the saying goes - meaning that everyone needs everything. It's a continent that's about to take off." This forecast comes from no less a source than Alan Patricof, co-founder of Apax, which is one of the global leaders in private equity. This is a man with more than 30 years' experience in the investment sector who has amassed substantial wealth, so his comments ought to be reliable.

Growth Is Vital

The US investor is one of 57 experts who shared their investment strategies and experience in emerging markets. The Geneva symposium was staged by CASIN with Credit Suisse as one of the main sponsors of the event on September 24 and 25. Some 250 participants from across the world to learn more about the subject and to hear business leaders such as Hubertus van der Vaart, CEO of SEAF (Small Enterprise Assistance Funds), Colombia's Luc Gerard, President of Tribeca Partners, and Lars Thunell, Executive Vice President and CEO of IFC (International Finance Corporation), the World Bank Group's organization responsible for private-sector operations.

SMEs are often the key factor in the economic fabric, and their growth is vital in order to create jobs and to integrate these economies gradually at regional and global level. The name "SME" varies in meaning from one developing country to the next. The World Bank's definition is generally the reference: SMEs have between 11 and 300 employees, and annual revenues ranging from 3 to 15 million dollars.

The Long-Term Approach

Given the high risk involved with investments in emerging markets and the difficulties of obtaining accurate company figures and information, few private investors have taken the plunge and placed money in venture capital funds that target SMEs. However, emerging markets are in fact arousing more and more interest among private investors. This is how Robert E. Weissenstein, Managing Director at Credit Suisse in New York, views the situation.

"I've noticed a change over the past few years. An entirely new phenomenon has surfaced: people are certainly philanthropic and interested in funding development, but they want to see a return, both social and financial, on their investments. That way, you can do business that also brings benefits to others." The US executive compares the emerging market situation with the scenario in Europe during the 1980s. "Reporting standards were entirely different from those in the US back then. Today, it's very hard to get figures for these developing countries, as business and reporting rules as well as corporate governance can be very different and less structured than in the developed world." Patricof explains that these new-type investors take a long-term approach and have a "social conscience," and he stresses: "As far as they are concerned, it's not simply a matter of making money. Their goals go way beyond that."

Keeping One's Feet on the Ground

Even so, financiers haven't yet abandoned one of their major concerns: the rate of return. "Has anyone made money?" was the title of one of the sessions at the symposium. The answer was "yes," with charts and figures to back it up. To

quote Claude Barras, Managing Director of SIFEM (Swiss Investment Fund for Emerging Markets), the formula seems to be simple: "It's enough to have the right product, the right market and the right manager." This former advisor to the Swiss Executive Director of the World Bank cited some very "bad investments" between 1994 and 1998. "We made every possible mistake but we learned lessons from them." Some of these mistakes involved the choice of fund managers.

What's the winning combination? Claude Barras lists these factors: "Knowing the territory, the mentality and the local market. It's really difficult to invest, for instance, in Ghana without intermediaries or partners who are familiar with the realities of life on the ground. During the 1980s and 1990s, the tendency was to manage investments without involving local intermediaries, and that led to losses."

Barras also stresses that while some companies have the necessary knowledge, there are others that need coaching and an injection of know-how.

Several speakers affirmed that certain funds have been achieving returns of 30 percent over the past 10 years. Is 30 percent a realistic figure? A derogatory smile rose to Patricof's lips, but he quickly suppressed it in favour of a more diplomatic phrase: "That's not a realistic return on investment. Even if there are some examples that are the stuff of dreams, it's really a matter of keeping our feet on the ground."

Investing in SMEs in developing countries means taking a high risk, and this market is suitable only for "well-informed" investors who are aware of the risks that they run. The average net annual return from a venture capital portfolio in dollars runs at about 10 to 15 percent over a period of eight to 10 years. However, the most difficult stage is still "realizing" profits via an exit on the market.

One thing is certain: a few years ago, the financial agencies that invested in emerging countries were still regarded as adventurers or - at best - pioneers, but this is no longer the case today because financial circles now realize that this market segment has economic value. ■

Swiss Annual Inflation Rate up at 1.3 Pc in October

Switzerland's annual inflation rate has jumped to 1.3 per cent its highest level in 15 months following an unexpectedly sharp increase in October.

Inflation rose 0.9 per cent compared with September, driven by a rise in prices for clothes and shoes, recent figures from the Federal Statistics Office showed.

The Statistics Office said in a statement that it expected annual inflation, which was 0.7 per cent in September, to average out at 0.7 per cent this year, rising to about 1.5 per cent in 2008.

The increase in prices for October was mainly due to a 19.2 per cent increase in the clothes and shoes reference group, it said.

Looking ahead to December, it said it expected inflation to be running at between 1.5 and two per cent compared with a year ago.

But it said that its forecast figures could be upset by the high fluctuation of prices for petroleum products.

"We are surprised to see that the CPI [consumer price index] jumped up so sharply. Although we had anticipated the sharp jump in prices for clothes and footwear, we didn't expect such a sharp impact on the headline figure," said Katrina Attard at market analyst company 4CAST.

She said the sharp increase was in line with recent comments by members of the Swiss National Bank (SNB) clearly saying there were significant risks to inflation. ■

Nestle, Novartis & Skyguide Top Creditworthiness Ratings

Swiss Corporates Steady On A High

The creditworthiness of Swiss companies remains steady at a high level, said the bank's Head of Swiss Credit Research, John Feigl, at a presentation of the Swiss Corporate Credit Handbook.

Rating upgrades were mainly recorded among insurers and industrials, backed by favourable financial markets, debt cuts and restructuring.

The solid economic recovery recorded during the course of 2006, improved balance sheet structures and fewer acquisitions strengthened the creditworthiness of most of the 46 companies examined by Credit Suisse. But rising raw material prices, increased competition and shareholder friendly payout policies somewhat dampened the positive development of their creditworthiness, according to the bank's annual Swiss Corporate Credit Handbook.

The study examines the credit profile of 46 important corporate bond issuers, basing itself on their 2006 results and where available on their first quarter 2007 results.

Buoyant Issuance Activity

The Swiss bond market was characterized by a continued issuance activity during 2006 and the first half of the year. "During the first six months of 2007, Swiss corporate bond issuers issued bonds for more than 2 billion Swiss francs, the same amount as they issued during all of 2006," Feigl said.

"The healthy economic situation in Switzerland and across Europe, the historically low interest rates and the generally favourable financial markets created good underlying business conditions for Swiss companies," said Michael Gähler, an analyst at Credit Suisse.

"Some of the companies continued to implement restructuring programs which in turn led to cost cuts and in some cases also to higher profit margins." The credit ratings of the Swiss companies covered in the handbook therefore haven't changed much from a year ago. This means that 30 out of the 46 companies surveyed by the Credit Suisse hold credit ratings of low A's or higher, Gähler noted.

Insurers, Industrials Ratings Raised

The three insurance companies, Zurich Financial Services, Baloise and Swiss Life, had their credit ratings raised by a notch since June 2006, thanks to favourable financial markets, improved underwriting results and strengthened balance sheets.

The Swiss insurance sector is set to face softer non-life premium rates in 2007 and will have to focus on profitable underwriting and their cost structures. Industrials, ABB and Bucher Industries, also had their credit ratings raised by a notch, helped by a strong operating performance, restructuring and debt reduction.

The Swiss industrial sector will in 2007 be supported by an encouraging business outlook, though high raw material prices could prove challenging. Another factor which could have a negative impact is that the sector's acquisition activity is likely to increase. The fragrance maker Givaudan had its credit rating cut by two notches and its rating outlook cut to “Negative” from “Stable”, impacted by the acquisition of the ICI unit Quest International.

Three Swiss companies continue to enjoy the highest credit rating, AAA; Nestle, Novartis and Skyguide.

Rating Outlook Seen Stable

The rating outlook of the 46 companies surveyed is generally expected to remain stable over the next 12 months, thanks to the on-going supportive economic environment, Gähler said. Only the banking sector has a stable to negative 2007 rating outlook.

“The earnings momentum has peaked, there is limited scope for more cost cuts and asset quality is likely to deteriorate somewhat,” Gähler added, referring to the banking sector. All the other sectors examined, be it the construction, chemical, utility, food, industrial, insurance, pharma and retailing sectors, have a stable or even a positive 2007 rating outlook.

Due to a growing risk aversion, demand for higher rated issuers rated A or above is likely to increase compared with demand for issuers in the BBB region, Gähler said. Demand for corporate bonds is nevertheless set to remain higher than the supply available. But rising raw material prices, limited profitability gains, a pick up in acquisition activity and generous payouts to shareholders could nonetheless impact the credit ratings of Swiss companies negatively. ■

Nestlé Boss Brabeck Aims for Peak Performance

The world's largest food group, Nestlé, is marching on to a record 2007, with sales expected to top the SFr100-billion ($85.9 billion) mark for the first time.

Chief executive and chairman Peter Brabeck said that the company has high hopes for the future. He sees three main drivers of growth over the next ten years, which together present an opportunity valued at an estimated $240 billion until the year 2015.

Brabeck is to step down as chief executive of the Vevey-based group next April but will remain what he calls an "active chairman".

He listed the factors driving Nestlé's growth over the coming decade. “For us it's quite clear... The first is nutrition. The recent acquisitions (Gerber and Novartis Medical Nutrition) transform Nestlé into the pre-eminent nutrition company with turnover of more than SFr10 billion - double the size of our next competitor - and with huge growth rates in front of it.

The second pillar is the very fast development of the low-income classes in developing countries for which we have developed a concept of Popularly Positioned Products [providing products with high nutritional value to the less well-off]. This is a business opportunity, according to the estimates of the Organisation for Economic Cooperation and Development, of about $70 billion in the next ten years.

And the third is out-of-home consumption. Fifty-five per cent of food and beverage expenditure in the mature markets is out-of-home and therefore we have launched a new initiative, which is the creation of a globally managed Nestlé Professional business unit. ■

Swiss Ups '07 GDP Growth, Sees Slowdown in 2008

The government has raised its forecast for Swiss economic growth for this year but warns the outlook for 2008 has become uncertain as a result of the credit crisis.

The State Secretariat for Economic Affairs (Seco) forecast of 2.6 per cent for 2007 up from 2.3 per cent is slightly higher than that of the Credit Suisse bank, which also published its data recently.

Seco based its statement on the healthy growth of export-oriented industries and the financial sector, as well as robust domestic consumer demand in the first half of this year.

"For 2008, Seco continues to forecast a slowdown to 1.9 per cent, but the risks have increased," a statement by the government agency said.

It said unemployment would continue to drop to 2.7 percent by the end of the year and to 2.4 percent in 2008, while inflation is expected to average 0.6 percent this year and 1.2 percent in 2008.

Seco Chief Economist Aymo Brunetti said it remained difficult to gauge the impact of the credit crunch in the wake of the meltdown in the United States subprime mortgage market.

He said gross domestic product (GDP) in Switzerland was unlikely to be affected in the short term, but he pointed out that rising oil prices could dampen consumer spending.

Economic experts at Switzerland's second-largest bank, Credit Suisse, have revised upwards their GDP projection for 2007 to 2.5 per cent, from the earlier forecast 2.2 per cent.

They left the forecast for 2008 at 1.9 percent as a result of a further slackening of growth momentum. "This year's growth rate will not reach the peak level of last year. It nonetheless remains considerably above the country's potential growth of close to two percent," a statement said.

The bank expects the slowdown of the global economy, the credit market turmoil and the sharp rise in oil prices to have only a moderate effect on the Swiss economy.

"The slowdown should even be considered welcome in view of a number of indicators suggesting that the economy has been overheating."

Credit Suisse says the rapid production pace added to a shortage of highly qualified workers would stoke inflation in the medium term.

Recently the KOF Swiss Economic Institute was the first to reveal its autumn economic forecasts. It sees economic growth of 2.8 percent this year and 1.9 percent in 2008.

KOF Predicts Slow-down

The booming Swiss economy is likely to slow significantly next year, according to experts from the KOF Swiss Economic Institute.

Experts forecast the current growth rate will shrink gradually by the end of the year as a result of weaker exports, but they don't expect the turmoil on the financial markets to have a real impact on the Swiss economy.

"I think most of the financial crisis is over and I see only limited risks for the real economy in Europe and Switzerland," said

KOF head Jan-Egburt Sturm.

Central banks had reacted quickly and had cushioned most of the problems in the interbank market, he said, adding that the subprime crisis would hurt growth in the United States and dampen US demand, but the impact on Europe would be limited.

The institute said the Swiss GDP would increase 2.8 percent in 2007 this year but it cut its growth prediction for 2008 from 2.5 percent to 1.9 per cent. For 2009 KOF sees growth at 2.0 percent.

"The available indicators and surveys show sustained and broad-based economic growth. The rate of export growth, however, has slowed down lately and construction is stagnating at a high level," a statement said recently.

"The peak was probably reached around the middle of this year." Experts say domestic demand should continue into 2008. It has supported the economic upswing, which began after a brief recession in 2003 and was driven by export-oriented manufacturing industries and the financial sector.

The Zurich-based institute says there are hardly any signs of inflation on the horizon and the Swiss National Bank (SNB) is not likely to raise interest rates further.

"Neither tensions on the goods market nor the weakening of the Swiss franc have caused prices to rise any faster," the statement adds.

The central bank expects growth close to 2.5 percent this year and a slowdown to around two percent in 2008.

The unemployment rate currently at 2.7 percent - will continue dropping to 2.2 percent next year, according to KOF. But it says that the strong growth in employment will cause only a modest increase in productivity. ■

Foreigners earn highest & lowest wages in Swiss firms

Highly skilled foreign employees are paid more than top Swiss managers, but unqualified workers from abroad are among the country's lowest earners, wage statistics show.

But these findings do not support stereotypes of foreigners poaching top jobs or fuelling wage dumping, according to the head of the Swiss-American chamber of commerce, Martin Naville.

The number of foreigners coming to work in Switzerland is rising and they account for a large slice of executive staff. Top foreign managers earn an average SFr10,968 ($9,784) per month compared with the SFr10,335 raked in by their Swiss counterparts, Federal Statistics Office figures reveal.

Naville said that just considering the origin of a person was misleading. "You have to also look at the passport of the company these people are working for too," he said.

"A Swiss based multinational firm hires more foreigners than a domestic firm and will face more competition to find the right people. And there are more highly qualified and better paid jobs at, for example, the European headquarters of an international company."

In contrast to executives, foreigners in menial jobs are awarded around SFr350 a month less than Swiss carrying out similar tasks.

Unions have issued regular wage dumping warnings since Switzerland opened its borders to European Union workers in 2004, but Naville believes there is a different interpretation for the statistics.

"The Swiss do not want to do the dirtiest jobs and are happy to leave the worst paid work to foreigners," he said. "Swiss with low qualifications have a natural language advantage over foreigners that allows them to take the better paid work."

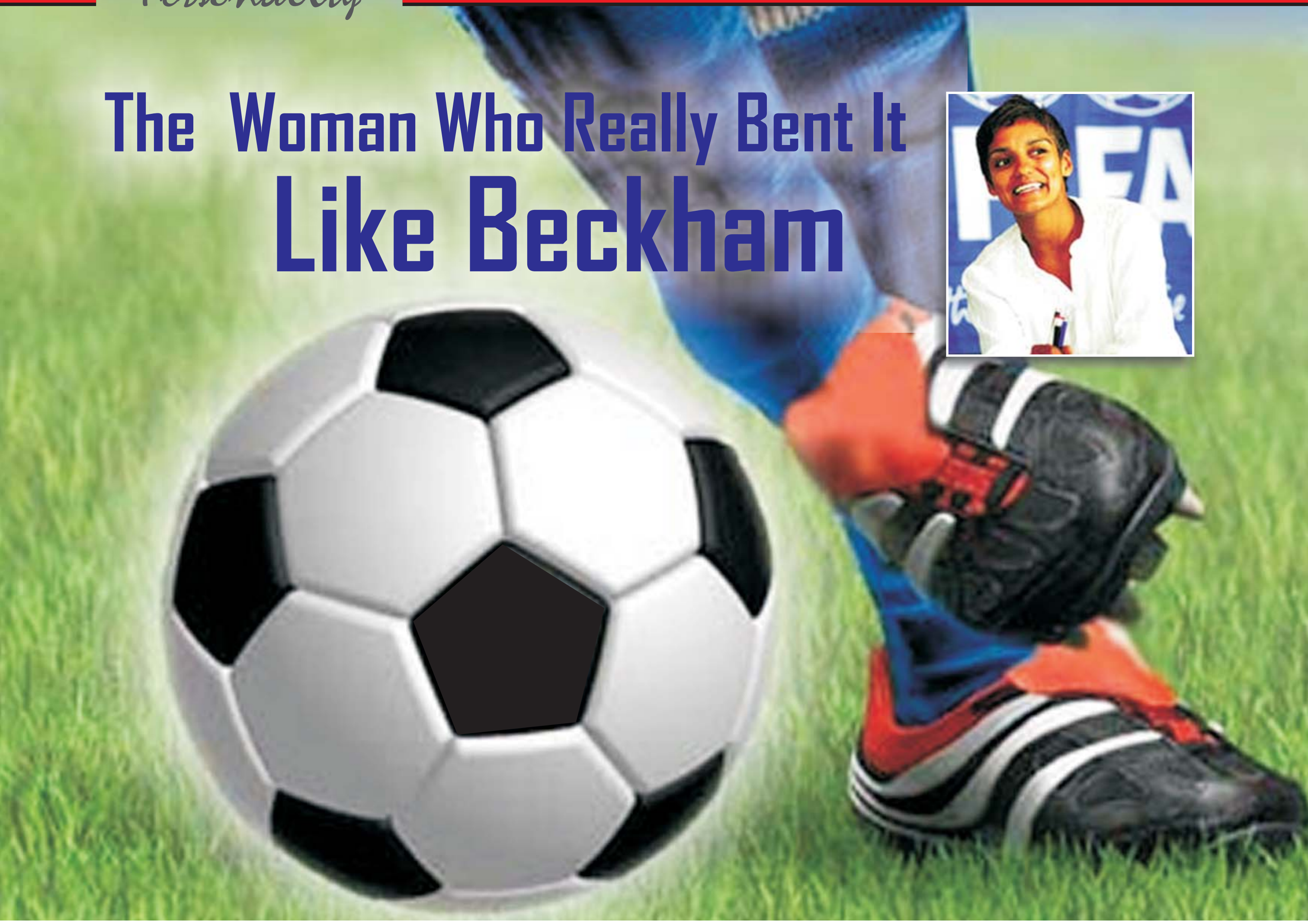
Thomas Daum, director of the Swiss Employers Association said the pay advantage foreign managers have over their Swiss counterparts proves that there is no overall wage discrimination against workers from abroad.

The biggest winners were top managers in the finance sector with a 20 per cent increase to SFr40,000 while those in the catering industry were among the worst paid (SFr3,902).

The number of people working for less than SFr3,500 a month fell from 284,000 in 2000 to 200,000 last year. But the gap between the highest and lowest 10 percent wage earners increased from a factor of 2.6 to 2.7.

Switzerland's biggest union, Unia, was particularly unhappy that the gap between men's and women's pay shrank only marginally to leave women 18.9 percent worse off. ■

The Woman Who Really Bent It Like Beckham



Millions of filmgoers know the story of the Indian girl who defied her parents to play football, but not many know that the film's inspiration lives in Switzerland.

As millions watched the Fifa 2007 Women's World Cup in China in September 2007, Permi Jhooti - the first Asian female professional in England and a Fifa Ambassador - welcomes the progress made in women's football. She now plays for Concordia Basel.

The 36-year-old has lived in Basel since 2005 when her husband started a job with pharmaceuticals giant Novartis and when she is not on the pitch she works at the university's heart research department as an IT specialist.

In Bend it Like Beckham, family tensions arise when the younger daughter becomes more interested in free kicks than the recipe for aloo gobi. Jhooti says this was the same in her house, although she admits that her parents, who emigrated from India to England, did let her attend training sessions.

“But it was hard work,” she said. “On the one hand they wanted to support me and help me realize my ambitions as many Indian immigrant families do.

“But on the other, they also wanted to protect me from the outside world, from possible racism and other dangers. It's still rare for Asian girls to take part in this 'men's sport'.”

Busted!

Jhooti stuck at it and became the first female Asian professional in England, playing for the women's teams of London clubs Fulham, Millwall and Chelsea.

When she was 29 years old she suffered a serious injury, but once recovered, she immediately wanted to continue playing.

“I felt top fit above all mentally. I then played the best game of my life for the club and ended up on television!”

However Jhooti hadn't told her mother that she had started playing again. "When she saw me on TV she was shocked but also proud." Nevertheless her mother wanted her to hang up her boots, believing a young woman must "marry and have children". But Jhooti chose football.

She did eventually get married albeit to a white Englishman, not an Indian. Jhooti said this was a bitter pill for her parents, who as immigrants in the 1960s had often been humiliated by the English. But she says her mother has since taken her son-in-law to her heart.

Challenges

Today Jhooti plays for Concordia Basel's women's team. But as an Ambassador for Fifa, world football's governing body, she travels around the world, helping to build women's clubs and leagues.

She is also planning to visit her parents' homeland. "In India there are also many young women who want to play football. But first of all the infrastructure must be created."

After the opening game of the 2007 Women's World Cup, Sepp Blatter, the Swiss president of Fifa, called for the tournament to be expanded from 16 teams to 24. "We have realized that in all countries of the world, women can play football. And they also play football where their culture will not permit them to play in public," he said.

But Jhooti says that despite progress, women's football remains a minority sport. "[Women] have a similar problem to that of Swiss men: the Italian, Spanish and English leagues are so strong that at a national level the Swiss clubs have hardly got a chance."

But she is optimistic, although she admits that "football is not for women" attitudes still exist. "When I started, there were few opportunities for women. Things are different now also in Switzerland. People previously said tennis was a man's sport nowadays men and women receive the same prize money at the big tournaments."

Integration

Jhooti also believes football can be a good means for foreigners to integrate in a new country although she acknowledges that racism in football exists. "Every immigrant has to make an effort to get to grips with their new homeland," she said, adding that they shouldn't simply wait until Switzerland offers them something.

"I'm learning German and French and I'm also trying to make personal contacts with Swiss people at work and at the football club." And so far she has had only positive experiences. "The people here are open and friendly there is a great sense of community." ■

Callebaut Targets Growth Of Chocolate Market

The world's largest chocolate maker, Switzerland's Barry Callebaut, has posted a 9.0 percent rise in its full-year profit to SFr207 million ($179.4 million). The group said in a recent statement that it was raising its mid-term goals despite high commodity prices.

Patrick De Maeseneire, Barry Callebaut's chief executive, said the company grew "more than twice as fast as the global chocolate market", and will continue to do so.

Because of a write-down on the sale of its United States Branch's Candy unit, profit actually fell by nearly a third to SFr124.1 million, well below analysts' expectations. The business is being sold to allow the company to focus on its core operations and should generate a one-off loss of SFr83 million.

Operating profit rose 9.8 percent to SFr324 million, despite a negative impact of approximately SFr30 million on the operating result of higher cocoa prices.

However, Barry Callebaut remains optimistic about the future. "Our cost environment will remain challenging amid high raw material prices, but we have responded to these pressures by optimizing our cost structure and increasing sales prices," the group said.

The company has raised its targets for the four-year period to 2010-2011. It is now aiming for annual top-line growth up to 11 per cent, operating income growth of between 11 and 14 per cent and a net profit increase of anywhere up to 16 per cent.

"Given commodity prices, the underlying result is solid. We like the long-term story but the financial targets might not be enough for some," Landsbanki Kepler analyst Jon Cox said.

Barry Callebaut has won contracts from Nestlé, Hershey and Cadbury this year, as companies outsource the production of chocolate amid soaring prices for ingredients such as cocoa and milk.

The group said it was facing accelerated growth, with the acquisition or construction of additional production capacities in western Europe, Russia, North America, China and Japan. ■

Oh! To See Switzerland In Autumn Moods

Go to Grindelwald

Swiss climate in autumn is fabulous. The falling leaves and the fantastic colours of the mountains. Throw in the lakes, and the clear cool air, Switzerland in Autumn is not to be missed.

If you want proof, go to Grindelwald in the Bernese Oberland. And see the real sights for yourselves!

Fairs, Fairs & More Fairs

October and November is the time when Switzerland goes crazy for fairs, or shows as they used to be known.

This week it's Basel's turn (you may have worked out I don't like to use English spellings, like Basle).

There is a fair at the Messe in Basel. This fair is marketed as representing seven different “worlds”: Wellness, Fashion, Sport, Living, Leisure, Household and Food & Drink.

If this was in any other country, the homeless would be queueing up to sample all of the free foods and wines on offer, but in Switzerland it'll be a civilised affair.

Plenty of sideshows for young and old alike: a table football championship (which translates marvelously as Töggeliturnier) plus remote controlled car races and who could possibly resist the exhibition of bakelite goods? Fun for all the faimly!

Walk, walk & walk

One of Switzerland's main attractions is of course, its mountains. And one of the best, if not the best, ways of seeing them is to put on a pair of stout shoes and go for a walk.

A good map is always recommended, but like most things in the country, walking is well organised.

Wherever you go, you'll find signposts giving you directions and guidelines for how long a walk will take. Not only that, the yellow signs also tell you if it'll be a simple path or a bit of a scramble.

And should you need to know, the signs also tell you what types of public transport (Cable cars, trains, buses, boats etc) will be available when you get there.

Where a sign has a white and red mark on the pointy bit, it means it's categorized as a mountain walk, and is likely to be stony and/or a bit steep. In this case those sensible shoes are even more advisable.

The times listed are quite achievable by a reasonably fit adult and it's quite easy to complete the walk faster if you wish.

One final word, which should be unnecessary, if you are walking in the mountains, be prepared for sudden changes in weather.

Clouds can descend rapidly restricting visibility and with an attendant drop in temperature. If you don't know what you're doing, make sure you go with someone who does, or stick to shorter easy walks.

When the Cows Come Home

You cannot resist it. You all seem to love cows so much, you would be dying to know about the next bovine event in the calendar.

Each year various towns and villages in Switzerland

celebrate the return of their much-loved cows from the rich, lush-green mountain pastures.

It gets a bit chilly up in the hills in winter, and the cows don't like snow that much, so in the autumn the cows and farmers come down to the huts in the villages. The event is invariable celebrated by dressing up; the farmers in traditional blue smocks, and the cows are decorated with bunches of mountain flowers. And ludicrously large bells.

Notable is the ceremony of choice that takes place at Küblis, near Landquart (which those of you who have skied at Davos or Klosters may recall is where you leave the motorway if you are driving to the resort).

But it's not just cows, oh no. There are family fun events, such as a market for alpine products (cheese, sausages and dried meat - a local speciality) a bob run, and lots of small animals for children to play with, all accompanied by the sound of alp horns.

And then there are the sheep, who also like to get in on the act. More cheese, and a shepherd's bar will delight, but the highlight will undoubtedly be the sheep shearing competition.

If that's not enough, then relish the selection of the Alpine King or Queen, determined by various competitions (obstacle course, juggling with walking sticks, whipping cream etc).

All this happens in October!

Some Cows do fight

The Spanish have their bullfights, but the Swiss prefer to let the females of the species work off their agression. Apparently, the Eringer breed of cow is a particularly combative one, so every year the folk of Martigny put on a show in the local Roman Amphitheater.

It's more of a social occasion than a celebration of violence. Some of the "fights" last over 40 minutes. Especially if the cows can't be bothered to push each other around. Which is how it works, the fight is won, or more precisely, lost, when one cow gets bored and no longer pushes against the other.

There was a major news story a couple of years ago, when the organisers decided to re-introduce the random drug testing of the competing cows. Apparently in the previous years (tests were conducted up to 2002) no animals had been caught cheating, but the judges thought it fairer to have the checks. Good to know that Swiss cows are generally honest competitors.

Zurich Film Festival

The Zurich Film festival is held in the last week of September and runs up to the end of October first week. There are opportunities for attending gala premieres of (mainly European) films, children's events and opportunities to meet and talk to directors, scriptwriters and pretty much everyone involved in film.

Keynote guest at this year's festival is Oliver Stone, and films relating to post 1989 Russia are being featured to give an understanding of the upheavals and conflicts in today's Russian society.

Zürich has a whole series of Arthouse cinemas, and this is the third time the festival has been used to promote and link them.

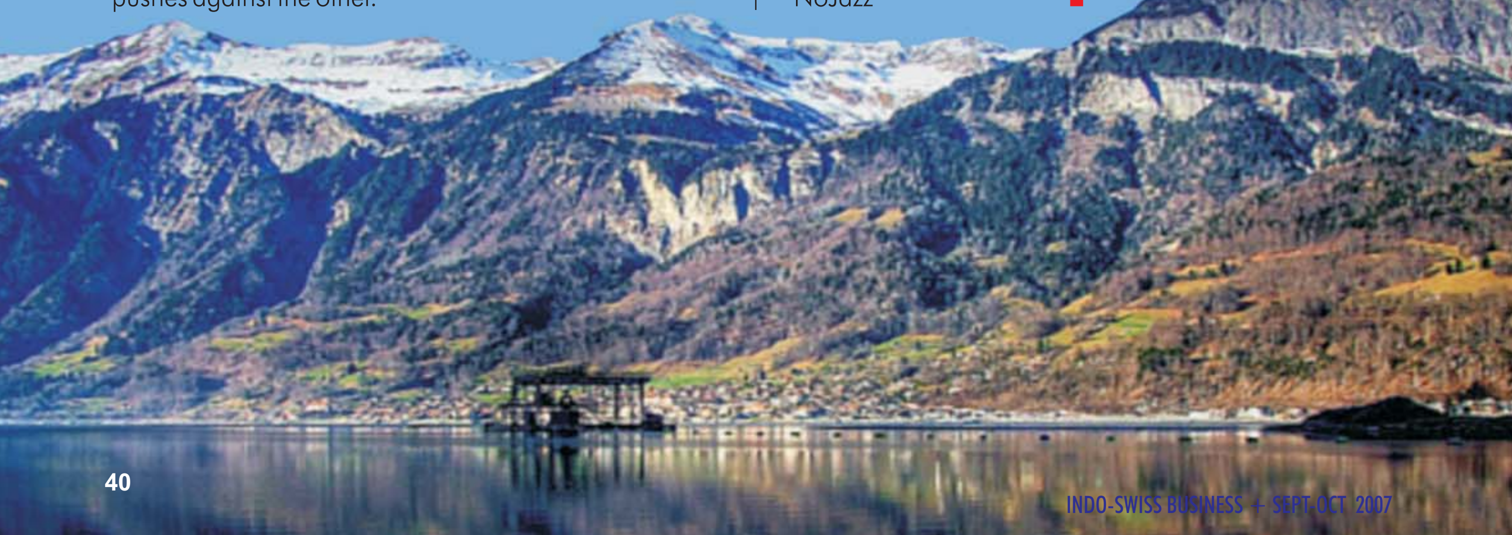
Jazz & NoJazz

Switzerland offers some surprising benefits. One of the most enjoyable is the possibility of attending great music events.

For example, the Abart club in Zurich this year featured the UK band The Rakes. The Kaiser Chiefs came to Winterthur.

In Zurich there is a four-day Jazz festival based around the Theaterhaus Gessnerallee and the EWZ Unterwerk at Selnau. The festival runs from 31 October until 3 November, 2007

The title of the festival is intended to convey the development in modern jazz, namely that other more diverse types of music are being integrated into mainstream jazz. Hence is is called "NoJazz" ■



Victoria-Jungfrau's Fabulous Four

Victoria-Jungfrau Collection of Switzerland, comprising four luxury hotels located at four breathtakingly exotic sites in that country is all set to entice Indian tourists.

Indiva Marketing is working closely with Victoria-Jungfrau Collection to establish brand recognition for the latter's four luxury hotels in India. These are: Victoria-Jungfrau Grand Hotel & Spa in Interlaken (Zurich), Bellevue Palace in Berne, Palace Luzern in Lucerne, Eden Au Lac in Zurich.

Victoria-Jungfrau Grand Hotel & Spa

Victoria-Jungfrau Grand Hotel & Spa located at Interlaken has the reputation of providing an international clientele with the highest standards of comfort. The sprawling, 5,500 sq m Spa, is a world of wellness by itself and is acclaimed as the finest in Europe. At the Spa, traditional oriental treatments are combined with select western therapies. India's ancient Aurvedic-inspired treatments with soothing ethereal oils revitalize the body and set the soul free.

Palace Luzern

Palace Luzern, which blends tradition with the state-of-the-art amenities is an architectural marvel nestling on the scenic shores of Lake Lucerne.

In Lucerne, the visitors are assured of a rich cultural experience of this famous city. Its annual calendar offers as many as 80 unforgettable cultural festivals, including the fun-filled Mardi Gras Carnival.

All these events take place on the cool banks of Lake Lucerne, watched over silently by the magnificent mountains.

Lucerne lies on Europe's main north-south axis and offers fast and frequent connections to the European railway network. An excellent motorway system provides Lucerne with direct links to other major Swiss resorts and neighbouring countries.

Eden Au Lac, Zurich

The small, but stylish city hotel Eden Au Lac in Zurich has been a famous landmark of Switzerland's largest city for more than a century. The hotel enjoys a unique location along the elegant Utoquai on Lake Zurich, yet is conveniently close to the city centre. The hotel's private and protective ambience is welcomed by its more prominent guests as well as by business travellers and culture lovers.

Zirich has everything that art enthusiasts, cosmopolites, gourmets and romantics love - top museums, exclusive galleries, trendy restaurants and cool bars. All this plus a wealth of old world charm, an Alpine panorama, and one of Switzerland's most beautiful lakes. It all adds up to the global city with the highest quality of life.

Bellevue Palace, Berne

Want to know the world's who's who? Just read the guest book of Bellevue Palace of Berne. Its guests include the European and Japanese Royalty, world's most famous statesmen, top stars of sports and the entertainment fields. Built in 1913, the only 5-Star hotel in the Swiss capital is located at the heart of the city, close to the Swiss Parliament house and prominent government buildings.