



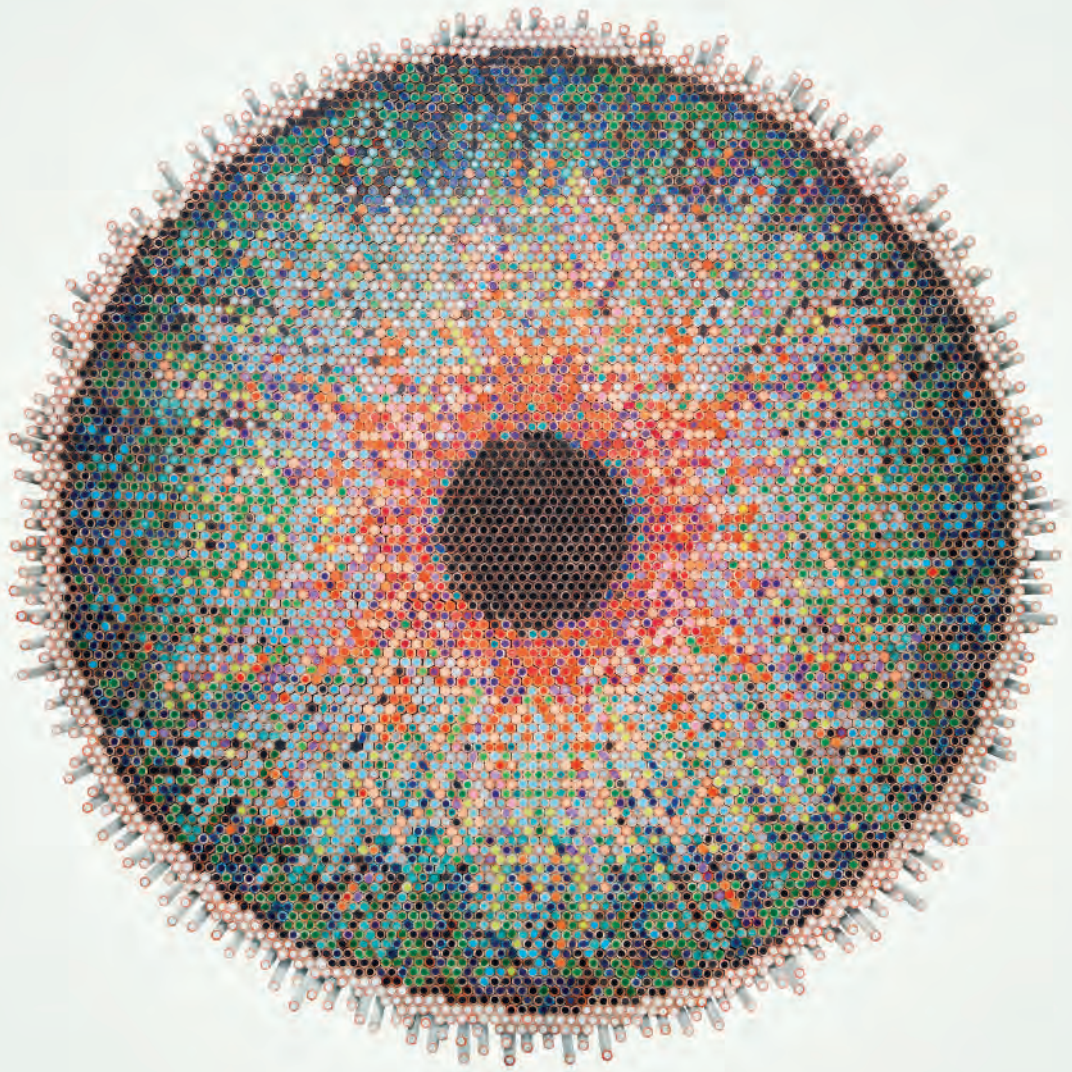
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EMPHASIZING SHARED VALUES: AN ECONOMIC SUCCESS STORY



ECONOMIC & BUSINESS GUIDE | 2014





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EMPHASIZING SHARED VALUES: AN ECONOMIC SUCCESS STORY





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EDITORIAL

Gruezi mitenand! I am honored to serve as the United States Ambassador to Switzerland and Liechtenstein, countries with whom the United States has so much in common and with whom the bilateral relationships are so strong.

One of my highest priorities is to strengthen the already robust economic ties that unite our countries and I will be a strong advocate, both here in Switzerland and in Washington, D.C. for Swiss and American investors and exporters. This economic relationship is already deep and diverse. No country has invested more in Switzerland than the United States, and Switzerland – despite a population of less than eight million – is one of the ten largest foreign direct investors into the United States. We are also top trading partners, in both goods and services, to the benefit of both of our economies.

President Obama told the more than 1,300 attendees at the inaugural SelectUSA Investment Summit in October 2013 that the United States is “open for business,” and we at the U.S. Embassy in Bern are here to help demonstrate this commitment to our business partners in Switzerland and Liechtenstein. The United States warmly welcomes investments from, and the jobs supported by, the many companies from Switzerland and Liechtenstein that have chosen to operate there. Swiss companies employ more than 460,000 people in the United States and Liechtenstein companies employ an additional 3,500. These companies benefit handsomely from the assets of the U.S. economy, including a well-educated, productive, innovative, and mobile American workforce. They also enjoy access to a large domestic market, excellent protection of intellectual property, and low energy costs. These companies take advantage of the world’s best university system, and have spent billions on research and development there.

Of course, the relationship between our countries goes beyond business ties. Our democracies share respect for the same core values: the rule of law, human rights, and the importance of free enterprise. Our governments therefore work well together on a variety of political and economic issues of mutual interest, promoting bilateral trade, peace and security, and scien-

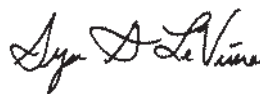
tific cooperation. Swiss President and Federal Councilor Burkhalter’s meetings with Vice President Biden in Washington and Secretary of State Kerry in Davos and Montreux were definite highlights of this relationship in 2014, and our officials continue to work together across the board to promote joint interests and explore new areas of cooperation.

The United States has attracted more foreign direct investment than any other economy in the world. Foreign companies employ five percent of the U.S. workforce – and 13 percent of the workforce in the manufacturing sector. The United States has a lucrative and open consumer market of over 310 million Americans, as well as access via free trade agreements to some 415 million more customers for goods and services produced in the United States. Many Swiss and Liechtenstein companies have profited handsomely from access to these immense markets by investing in America, and I encourage your company to consider the advantages, too.

To this end, I am pleased to announce that the second SelectUSA Investment Summit will take place in Washington on March 23-24, 2015. We had a strong Swiss contingent at the inaugural event in 2013, and I hope to see even more Swiss and Liechtenstein participation at the second Investment Summit, which promises to be even bigger. Please contact us at business-bern@state.gov for additional information on how to register.

I hope you enjoy this publication and find it useful. Please do not hesitate to contact us if we can be of assistance to you and your company. We are always looking for new ideas to promote our relationships with our Swiss and Liechtenstein partners, and I look forward to hearing from you.

All the best,



Suzan G. LeVine
Ambassador of the United States of
America to Switzerland and Liechtenstein





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DIPLOMACY

Interview with Manuel Sager, Ambassador of Switzerland in the United States.



How would you describe the economic & commercial relationships between Switzerland and the United States today?

Our bilateral economic relationships are excellent, the two economies are closely interlinked and trade and investment are thriving. Switzerland is one of the most significant foreign investors in the U.S. - the sixth most important one last year. The two countries both share a common belief in entrepreneurship, innovation and a free-market economy.

Last year Switzerland and the U.S. have agreed to a solution in the tax dispute. The solution enables Swiss banks not already involved in a criminal investigation in the U.S. to finally resolve past issues in a clearly defined framework. The agreement respects the Swiss legal

system, does not create any retroactive regulations and does not involve emergency legislation. Those were core issues for the Swiss government. Banks which cooperate with the U.S. authorities have to deliver information about their business relationships concerning U.S. persons and details on people involved in the U.S. business of the respective banks. However, client data (name and account number) can only be provided to the U.S. authorities within the scope of administrative assistance procedures based on a valid double taxation agreement.

In the medium to long term, the ongoing negotiations between the European Union and U.S. regarding a Transatlantic Trade and Investment Partnership could pose a challenge to the Swiss-U.S. economic relationship. A transatlantic free

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trade zone could lead to discrimination of Swiss companies on the U.S. market. We are therefore following the negotiations closely.

When looking at the bilateral trade statistics the first time what was your reaction?

What strikes me first is the sheer volume of trade between the two countries and the fact that both export the same category of products to each other. Despite geographic distance, the U.S. are the second most important destination for Swiss exports after Germany - more important than all other neighboring countries. Bilateral trade is balanced and characterized by intra-industry-trade: The U.S.'s main exports to Switzerland - pharmaceuticals, precision instruments and machinery - are also Switzerland's main categories of exports to the U.S. This is a sign of a mature trading relationship among strong economies and reflects deeply rooted economic ties. Such a relationship can also foster competition and innovation to the benefit of both countries. The World Economic Forum ranks both among the most competitive countries, the U.S. ranking fifth, and Switzerland first.

What are the key priorities of your Embassy when it comes to the fostering of bilateral trade relations? Have these priorities evolved over the almost four years you have been in the current position?

The Embassy of Switzerland's main role is to closely follow the developments in U.S. trade and economic policy and keep the authorities in Bern informed about any issues which could have a positive or negative impact on the trade and investment relationship between our two countries. The Embassy is also often directly involved in negotiations or talks on bilateral trade and economic issues. Embassy and Swiss company representatives engage in occasional meetings to exchange their views on the current state of the trade and economic relations. Furthermore, the Embassy helps to facilitate and enhance relations between Swiss companies and local authorities. All these activities aim at achieving the overarching goal of establishing favorable conditions for the bilateral trade and investment relationship that foster economic progress and development.

Swiss companies have invested in the U.S. for a long time and continue to have a positive

impact on the U.S. economy. Switzerland is among the leading direct investors in the U.S. The approximately 550 Swiss-owned affiliates directly support more than 460,000 jobs throughout the country, paying their employees an average annual salary of \$100,000 U.S. affiliates of Swiss companies are also ranking at the top in terms of R&D performed by foreign companies in the U.S.

Were trade relations one of the topics raised in the bilateral meeting in February 2014 between Swiss President Burkhalter and U.S. Vice-President Biden?



President Burkhalter and Vice-President Biden during a meeting on February 25, 2014

With respect to our economies, President Burkhalter and Vice-President Biden put a particular focus on the issue of Vocational and Professional Education and Training (VET/PET). They are interchangeably known in the U.S. as Skills Development, Workforce Development, Continuing Education or Apprenticeship. The importance of VET/PET in the U.S. is on the rise; President Obama has made manufacturing jobs – and the apprenticeship programs he wishes would accompany them – a high priority for his agenda, since youth unemployment is more than double the national rate. Above all, the President has called for “high-paying” jobs in the manufacturing fields, and he believes that a consortium of business, educators and politi-



The Swiss delegation meets the U.S. one during President's Burkhalters trip to the U.S. in February 2014

cians will create a basis for advanced apprenticeships which are both broader and more developed – particularly like those offered to young people in Switzerland, Germany and Austria.

What are the most noticeable types of requests from Swiss companies to the embassy when they announce their intention to enter the U.S. market and how do you support them?

The agency mandated with export promotion is the Swiss Business Hub USA (SBH), headquartered in New York. Swiss companies contact the SBH when they are in need of a U.S. business partner and they have questions regarding legal and regulatory environment. A major concern for most Swiss companies pertains to potential liability issues and how to avoid them.

Both the Embassy and the Swiss Business Hub support Swiss companies in their plans to enter (or expand in) the U.S. market. First of all, we have to understand the needs of the company, then we can provide them with in-house support or connect them with our network of business consultants and lawyers as well as established Swiss companies for peer to peer advice.

How do you describe the different responsibilities of the different Swiss entities (Embassy, Swiss Business Hub and swissnex) present in the U.S. when it comes to fostering trade?

They complement each other. swissnex is engaged at the very first steps of a new business, when an idea is transitioning in a business that is ready to seek investors and enter the marketplace. In other words swissnex scouts trade relationships, rather than amplifying existing ones. SBH and the Embassy step in later on, when the business is entering the market and when it is expanding. swissnex is a network with nodes in the world's most innovative hubs, where the future is being shaped – such as Boston and San Francisco. They take an active role in strengthening Switzerland's leadership as a world-class location for science, education, and innovation. swissnex scouts trade relationships, rather than amplifying existing ones. swissnex contributes at a very early stage of business development and is focusing on a broad community of stakeholders – of which a significant part is the Swiss universities. The majority of swissnexes' budget originates from their own fundraising efforts.

What does “Swiss Made” stand for in general and for Americans in particular?

“Swiss-Made” stands for quality, precision and trustworthiness. It contributes to Switzerland’s excellent overall image. Of course, Swiss chocolate, the Swiss army knife and fine watches come up frequently when Americans are asked this question. Fewer of them recognize pharmaceutical giants, such as Novartis or Roche as originally Swiss companies. Being placed at the top of international rankings in recent years, “Swiss-Made” has advanced and fostered the recognition of our country as being innovative and having great entrepreneurial spirit.

Where do you see the challenges and opportunities for Swiss entrepreneurs when considering increasing their footprint in the U.S.?

The promising U.S. GDP growth projected for 2014/2015, combined with the U.S. market’s significant purchasing power, is likely to result in additional export (growth) opportunities across sectors. The U.S. marketplace has clearly recognized Switzerland as a source of high quality products and reliable services. Swiss exports to the U.S. increased by 4.4% in 2013 vs 2012, led by pharmaceuticals, chemicals, ICT, machinery, and precision instruments. Swiss entrepreneurs

wishing to enter the U.S. market should carefully consider both the opportunity this presents and the challenges they will face.

The high perception of “Swiss-Made” products, aligned with the values of trust, quality, and innovation, presents a strong opportunity across the board. Now is a good time to capitalize on these attributes, while the U.S. is enjoying a renewed growth in its economy, as well as a related increase in the availability of investor funding. Recent trends in the U.S. manufacturing sector toward re-shoring, driven by low energy costs, present interesting opportunities for Switzerland’s most important industry sectors.

Expanding to the U.S., however, doesn’t come without challenges. For Swiss SME entrepreneurs, the most common of these is a lack of planning a go-to-market approach – a necessity in light of the size of the U.S. market. This approach requires a certain understanding of the competitive landscape and barriers to entry, as well as cultural differences in business. Swiss entrepreneurs must also be willing to take a less conservative approach to risk, and not let themselves be held back by fear of product or regulatory liabilities.



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THE BILATERAL RELATIONS



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THE SWISS-AMERICAN CHAMBER OF COMMERCE

Interview with Martin Naville, CEO of the Swiss-American Chamber of Commerce.

What are the key objectives of the Swiss-American Chamber of Commerce?

The Swiss-American Chamber of Commerce plays a vital and active role in strengthening the business relationship between Switzerland and

the United States of America. The Chamber, among other things, provides essential information about doing business in these markets; brings business leaders together to facilitate contacts and provide platforms for networking

in both countries; represents the mutual interests of members and takes action to further their interests; facilitates the mobility of member firms and their employees in both countries; promotes both countries as advantageous places to do business; and fosters good corporate citizenship to benefit the communities in which members do business. As the largest association of multinational companies in Switzerland (Swiss and foreign, large and small) the Chamber will address all issues of concern to this very important sector of the Swiss economy.

How would you describe the two markets Switzerland and the United States?

For good reasons, Switzerland and the U.S. rank on the top of all rankings in global competitiveness and innovation strength. Both markets are highly developed, technologically leading edge and very open to foreign competition. Apart from the obvious difference in size (the U.S. economy is roughly 30x larger), the global outlook is different. While the U.S. economy is one of the most domestic economy in the world (measured by imports plus exports in % of GDP), the Swiss markets is heavily dependent on exports and foreign direct investments. A good proxy is the number of Global Fortune 500 companies per capita: According to that measure, the Swiss economy is five times more globalized than the U.S.

What are the differences between the two cultures in doing business when comparing Switzerland and the United States?

The Swiss management culture is much more consensus-oriented where teams come to a solution and then implement along the agreed-upon lines of action. This can be a very lengthy process. In the U.S., management culture is much more competitive, sometimes resulting in management battles to arrive at a good solution. It will then be implemented fast and ruthlessly.

How do Swiss companies successfully increase their footprint in the U.S.?

Swiss companies are the fifth largest national group of foreign direct investors in the U.S. The Swiss Embassy in Washington D.C. and the Swiss-American Chamber of Commerce have released an interesting study on this massive Swiss investment in the U.S. Due to these current investments, many companies can increase their footprint based on existing investments. Many have learned the hard lessons in this very competitive market where strategic advantages and hard work count more than in other markets. Switzerland Global Enterprise (formerly OSEC) is a very valuable support for first-comers.

What are the current challenges for Swiss companies in the U.S. and U.S. companies in Switzerland?

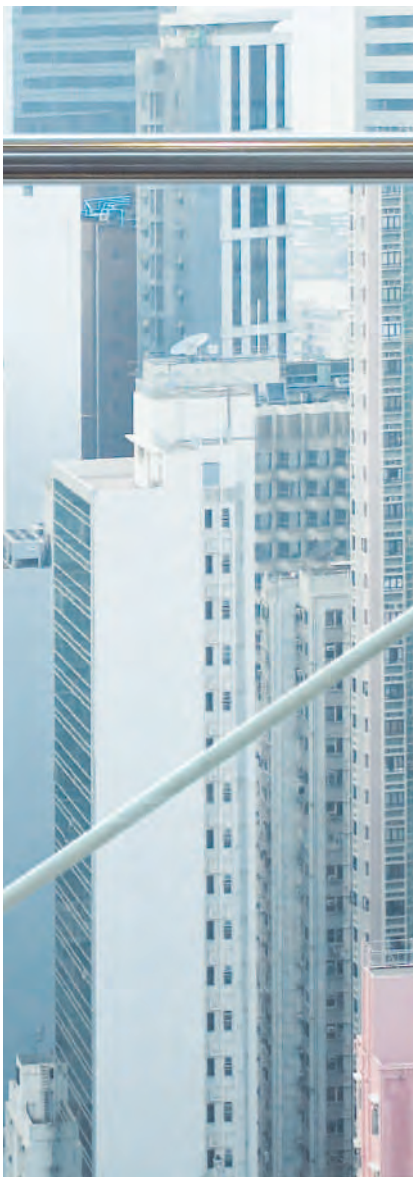
For both types of companies, the biggest challenge is to understand the strong differences in strategy and market approach necessary. English is prevalent and structure are seemingly similar, but the differences are still much bigger than taken at first sight.

Which topics will your association focus on during 2014 and early 2015?

The Chamber will focus on three main topics:

1. Ensure that the current difficulties between the U.S. government and some Swiss banks regarding the legacy of tax compliance does not endanger a very successful economic cooperation.
2. Fight for positive business conditions for multinational companies based in Switzerland (Swiss and U.S. companies) in view of massive political shifts regarding business friendliness (tax reform, immigration, bilateral relationship with European Union).
3. Enable the process for Switzerland to be included in a possible transatlantic free trade area (TTIP, Transatlantic Trade and Investment Partnership).





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The Transatlantic Trade and Investment Partnership (TTIP)

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Cover: President Burkhalter and Vice-President Biden during a meeting on February 25, 2014 © Courtesy of the Federal Department of Foreign Affairs

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THE SISTERS REPUBLICS:
CLOSE LINKS, INNOVATIVE
AND OPEN FOR BUSINESS



Switzerland

The Parliamentary Association Switzerland-USA

Interview with member of the Lower House Christa Markwalder, President of the Parliamentary Association Switzerland-USA.

Members of the Swiss-USA Parliamentary Association on their annual visit to Washington D.C. (from left to right, MP Roland Fischer, MP Thomas Aeschi, Sen Pirmin Bischof, MP Thomas Hurter, MP Katbrin Bertschy, MP Christa Markwalder - Chair of the Swiss-USA Parliamentary Association, Sen Markus Stadler, MP Martin Naef)



© Courtesy of Christa Markwalder

How would you describe the Parliamentary Association Switzerland-USA?

The Parliamentary Association Switzerland-USA is our parliamentary friendship group between the Swiss parliament and the U.S. Congress founded more than 12 years ago when we realized that there was no direct link between the two parliamentary bodies. We intend to foster our bilateral relationship between the two parliaments and the two countries and also of course to learn from each other, to discuss common international and bilateral challenges and we are convinced that the established contacts are very valuable for both countries.

What are the association's main activities?

Our main activities consist of direct contacts and mutual exchange. Obviously, the U.S. member of Congress do not travel to Switzerland as often as we do to the United States. That is why we organize an annual trip to Washington D.C. to meet our colleagues. Once a year, we organize a cocktail in Davos during the World Economic Forum for all those parliamentarians coming to Switzerland. We also host staffers' dinners because Presence Switzerland organizes at least one trip per year for the Congressional staffers to visit Switzerland and one program item is to meet members of Swiss Parliament in order to discuss bilateral and international issues. We also have a close contact with the American Chamber of Commerce and with the Swiss American Foundation. Thus, we try to bring together as well all the associations working for establishing good relations between Switzerland and the United States of America.

The association reunites members from all different parties. How do you explain the common interest of your Swiss colleagues in matters related to the U.S.?

The United States of America are the most important global player. The members of our friendship group are all interested in having good relations with the U.S. independent from our political background. Switzerland and the U.S. are called the Sisters Republics and share a lot of common values. We also have very intense business relations and collaborate within the international organizations. In for-

eign policy, our countries play different roles, but Switzerland i.e. represents the U.S. interests in Iran and Cuba.

In what areas were your Swiss colleagues mostly interested in when discussing about the U.S. and vice versa what seemed to be the main issue U.S. congress was interested in about Switzerland?

From a Swiss perspective, there are ongoing topics such as good political or trade relations. We still face a still unsolved banking/tax dispute even though the Swiss Parliament has ratified FATCA and a revised double tax treaty, which is still not yet ratified by the U.S. Congress. However, in topics such as human rights both our countries work closely together and are very active *via* international organizations. This is appreciated and often addressed by congresspersons in our common conversations.

We are currently very much interested in the Transatlantic Trade and Investment Partnership (TTIP) because the European Union (EU) and the U.S. are our most important trade partners. If both conclude a free trade agreement and we continue to have one only one with the EU we may face some backlashes and difficulties concerning market access for Swiss businesses. Switzerland is an important investor the United States. Sometimes congresspersons take an interest in the question of direct investments as international Swiss companies operating in the U.S. create a lot of jobs in their constituencies, which brings their interest back to Switzerland.

What are your specific plans with the Association for 2014?

We travelled to Washington D.C. in April 2014 and met with our counterparts from the House of Representatives and the Senate. We had also meetings with representatives of the State Department and with Think Tanks. It is always an educational trip. In October, we will host a staffers' dinner and we organize a lunch during the Young Leaders conference of the American Swiss foundation where the Young Leaders of both countries can meet with Swiss Members of Parliaments. And last but not least we prepare the next Cocktail at the World Economic Forum.

Solar Impulse

PRESENCE SWITZERLAND

Discussion with Ambassador Nicolas Bideau, head of Presence Switzerland, Federal Department of Foreign Affairs.



© Courtesy of the Federal Department of Foreign Affairs

What are the key objectives of Presence Switzerland?

Presence Switzerland promotes Switzerland's interests abroad through the use of a range of public relations tools. The strategic thrusts of Switzerland's communication abroad are regularly reviewed and decided by the Federal Council on the basis of the Federal Act on the promotion of Switzerland's image abroad. On 1 June 2012, the Federal Council adopted the Strategy 2012-2015 which, for the first time, is based on the premise of a thematic prioritization from which geographic priorities are derived. Furthermore, the current Strategy 2012-2015 focuses on the following four objectives:

1. To provide specific information as required about Switzerland's concerns and positions regarding sensitive issues (challenges).
2. To use communication to shift Switzerland's strengths into perspective.
3. To further convey communication abroad with new communication tools.
4. To reinforce the coherence of international communication efforts at federal level and to use the potential of private actors (both domestic and abroad) more intensively for measures

pertaining to Switzerland's communication abroad.

Switzerland's participation in large international events – e.g. World Expos and Olympic Games – contributes to its positive image abroad in great measure since a broad section of the public can be reached through such events. During the period of the 2012-2015 Strategy, Presence Switzerland has set up the House of Switzerland at the Summer Olympic Games in London in 2012, the Swiss Pavilion at the World Expo in Yeosu in 2012, the House of Switzerland at the Winter Olympic Games in Sochi in 2014, and it will present the Swiss Pavilion at Expo Milano 2015.

If you are comparing Switzerland's image today to the one twenty years ago, what has changed?

For decades, Switzerland's generally excellent image has not undergone any fundamental changes. However, twenty years ago, Switzerland had to deal with the problem of dormant bank accounts and the massive echo it triggered in the media in the U.S., the United Kingdom and Israel. Around that time, interest in image questions within the Swiss Confederation grew sharply and, in 2001, Presence Switzerland was created as a unit within the Federal Department of Foreign Affairs (FDFA).

Currently, Switzerland's image in the general public abroad is generally positive. This is confirmed in various image studies and reputation indices such as the Nation Brands Index (NBI) 2013, where Switzerland ranks eighth out of a total of 50 countries. Traditional aspects such as Swiss countryside and quality products have a positive and lasting impact on the perception of Switzerland among the general public abroad. Well-known stereotypes such as the Alps, watches and chocolate are positive factors too.

In contrast to Switzerland's positive image in the general public, a more critical picture is to be found in the foreign media. Various events concerning the Swiss financial center continue to be

perceived critically abroad. This media reporting, which restricts itself to financial crime and “banking secrecy”, is impacting Switzerland’s overall image. Positive developments in the area of finance and taxation, such as freezing and repatriating the illicit assets of politically exposed persons, the too-big-to-fail principle, international cooperation, white money strategy, etc., are only mentioned peripherally. Furthermore, Switzerland’s perception among EU officials in Brussels is insufficiently differentiated and tends to be critical. Recently, the Swiss referendum on immigration provoked critical responses abroad. Communication abroad does not aim to justify the content of such referenda, but to explain areas of tension and help ensure that these referenda are understood against the backdrop of the Swiss direct democracy and its particular characteristics and strengths.

How does a project like Solar Impulse serve as a “vehicle” for Switzerland’s image?

Switzerland is an industrious and creative nation where education, research, business, politics and society join forces to develop solutions for the benefit of both current and future generations.

It is no coincidence that Solar Impulse came into being in Switzerland. Our country’s most notable strengths are indeed related to innovation, technological preparedness, and labor-market efficiency, relying on an excellent education system with a dual system of Vocational Education and Training (VET) at its core.

By financially supporting Solar Impulse, the Swiss Confederation wants to contribute to the success of the project and to reap its share of the benefits in terms of brand image and reputation. The Swiss Confederation is supporting the project with the aim of better communicating its “Swissness” and highlighting the contribution of Swiss know-how to the project. Presence Switzerland sees the project as an opportunity to raise Switzerland’s profile abroad, especially in those countries that will be involved in the round-the-world flight.

While Solar Impulse’s international team reflects the project’s global endeavor, the plane flies the Swiss flag and incorporates a lot of Swiss know-how and technology. Solar Impulse’s round-the-world flight is expected to enhance Switzerland’s image (both domestic and abroad) as an innovative, creative and technologically advanced country that supports the development and use of sustainable and clean energies.

How do you describe the partnership between the Swiss Confederation and Solar Impulse?

The Federal Council has been following the Solar Impulse project since its inception, and several administrative units have been in close contact with the project initiators for years. The Federal Council recognizes the global significance of the project and, in its decision on 6 February 2013, the Federal Council stated that exchanges between the different administrative units and the initiators of Solar Impulse should be coordinated centrally on a formal basis.

To this end, it mandated the FDFA to consolidate cooperation with Solar Impulse SA by working closely together with participating departments and federal offices; the Federal Department of Defence, Civil Protection and Sport (DDPS), the Federal Office for Buildings and Logistics (FOBL), the Federal Office of Meteorology and Climatology (MeteoSwiss) and the Swiss Federal Office of Energy (SFOE). Presence Switzerland, an entity within the FDFA, is in charge of coordinating all activities of the participating departments and offices with the partner.

To regulate collaboration between the Swiss Confederation and Solar Impulse in the context of the planned round-the-world flight, a framework agreement was signed by the President of the Swiss Confederation, Didier Burkhalter, setting out the rights and obligations of the contracting parties. To this end, the FDFA agreed to activate its political network with the aim of supporting the partner in the preparation and implementation of the project. The FOBL and the DDPS are providing Solar Impulse with the use of hangars in Payerne and Dübendorf. Further services are to be provided by MeteoSwiss and the SFOE. Solar Impulse agreed to give Switzerland the title of “institutional partner” of the project in its advertising and communication materials in order to promote Switzerland’s visibility abroad. The slogan created for this purpose is “an idea born in Switzerland”.

The Swiss Confederation is proud to be a partner of the project and is determined to see Solar Impulse succeed. The Confederation’s role is consistent with its belief that its obligations are not just towards itself but to the wellbeing of all. Switzerland intends to be a leading force in promoting sustainable development, building on a strong economy, while reducing its impact on the environment.



Bertrand Piccard



André Borschberg

TWO PILOTS ACROSS AMERICA

Solar Impulse – a revolutionary innovative project leveraging technological prowess and the spirit of adventure by means of an airplane – has completed the historic crossing of the United States, west to east, over a 2-month period in the summer of 2013. On the footsteps of aviation pioneers like the Wright brothers and Charles Lindbergh, Bertrand Piccard and André Borschberg underwent the coast-to-coast challenge to spread a message. By flying from San Francisco to New York powered solely by the sun, the two pilots were on a mission to demonstrate what can be done with the spirit of innovation and with clean technologies.

What are your aims and aspiration behind the project Solar Impulse?

Bertrand Piccard: The Solar Impulse program started off with the aim of building an airplane capable of flying night and day without fuel, propelled solely by solar energy. The aim of Solar Impulse is to develop a symbol which will attractively promote a pioneering and innovative spirit, particularly in the field of energy saving and renewable energy. Renewable energies are still too often associated in our society with a threat to mobility and comfort. However, we want to prove exactly the opposite. With renewable energies, we can accomplish things that were originally thought to be impossible, like flying day and night without a single drop of fuel.

Do what extent is the Solar Impulse project different from your previous experiences related to the tradition of exploration, adventure and scientific development?

Bertrand Piccard: They both write pages in the history books of exploration and adventure, but the balloon flight around the world was a personal dream to achieve something that had never been done before. Solar Impulse is more useful in terms of demonstrating how to achieve incredible goals with renewable energies and clean technologies.

How do you attract the necessary technical expertise for a project like Solar Impulse and can you have an impact on the market for clean technologies?

Bertrand Piccard: It's interesting to see that the support comes from industries which are outside of the world of aviation. The special-

ists believed that flying an airplane so large and so light, day and night, without fuel, would be impossible. But the industries that produce clean technologies saw the opportunity to promote their products. Solar airplane will not fly soon with 200 passengers on board, but all the clean technologies that we use on board Solar Impulse can already today be used on the ground to reduce the energy consumption of our world, create jobs, make profit and sustain growth.

How will flying the Solar Impulse 2 be different from the aircrafts you have flown before?

André Borschberg: What is extraordinary about a solar-powered plane is that the more you fly it, the more you see its energy reserves increase!

What do you expect to experience during the planned around the world trip with Solar Impulse 2?

André Borschberg: Firstly, we will discover during the long duration flight how to make the pilot as sustainable as the aircraft. Secondly, we will be able to fly an airplane during five days nonstop without the pressure of the fuel gauge going down to zero.



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*Across America
Golden Gate flight*

ACROSS AMERICA 2013: MISSION OVERVIEW

Across America to promote clean technologies

The journey across America, that led Solar Impulse from San Francisco to New York City, has successfully come to an end concluding a new chapter in aviation history. The world's first solar airplane able to fly day and night powered solely by the sun has flown San Francisco (CA)–Phoenix (AZ)–Dallas (TX)–St. Louis (MO)–Cincinnati (OH)–Washington D.C. (District of Columbia)–New York City over a period of two months.

Numerous events were organized along the way including visits of key political, business and opinion leaders, partner and educational events as well as public days allowing project Co-Founders Bertrand and André to promote the adoption of clean technologies and prove what can be done with renewable energies.

The solar airplane arrived in New York in time for the pre-scheduled week of events despite numerous challenges faced along the way. Difficult weather conditions, particularly strong winds, made the landing in Dallas difficult while a violent storm destroyed the roof of the hanger in St. Louis, forcing the team to operate its inflatable mobile structure for the first time during a mission. Finally, during the flight to New York, an 8 ft./2.5 m tear on the fabric on the underside of the left wing, that could have jeopardized the final leg, forced the plane to land earlier than planned.

The challenges and obstacles along the way not only show the team's resourcefulness and flexibility but was also the perfect school for what lies ahead for the circumnavigation of the globe, scheduled for 2015.

Fun Facts:

- World distance record in the solar aviation category of the FAI (936 miles/1,506 km), flight Phoenix to Dallas
- 3,511 miles/5,650 km flown across the United States
- 105 h 41 min of flight time
- 75,000 people visiting the plane and/or meeting the pilots
- 50 promotional and educational events organized
- 5 million people following the flight live
- 50 million hits on the website
- 19 million page views on the website
- 8.1 billion media impressions

The mission at a glance



3-4 May 2013: First leg San Francisco/Moffett Airfield–Phoenix/Sky Harbor

Pilot Bertrand Piccard flew the solar airplane, HB-SIA, safely from NASA's Moffett Airfield at the Ames Research Center bringing it 19 hours later, on Saturday May 4 at 00:30 MST (UTC-7), to Phoenix's Sky Harbor International Airport.

Three public visits were organized during Solar Impulse's stay in Phoenix. Out of the first two that were officially planned, the third was setup because of high demand. It was a wonderful

sight and it gave the chance to more than 2,250 people to view the plane.

Pilots and Solar Impulse Co-Founders, Bertrand Piccard and André Borschberg were invited to give inspirational speeches to Arizona State University's graduation ceremony in front of a stadium full of students. They also had the opportunity to offer the Clean Generation flag to Governor Jan Brewer as a token of their appreciation for Arizona's outstanding hospitality.



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22-23 May 2013: Second leg Phoenix/Sky Harbor–Dallas/Fort Worth

The flight from Phoenix to Dallas, piloted by André Borschberg, amounted to 936 miles (1,506 km), breaking the world distance record in the solar aviation category of the FAI. The solar airplane landed at Dallas Fort Worth International Airport on Thursday May 23 at 01:08 AM CDT (UTC-5).

Solar Impulse's Clean Generation initiative continued to grow during the third leg across America and with it the interest in the project, its message and the solar airplane. Four public visits were organized – and quickly sold out – and the Solar Impulse team was moved by the sincere welcome of the public and local authorities at Dallas Fort Worth.

*Across America
First flight*



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*Across America
Event at the
Phoenix University*

3-4 June 2013: Third leg Dallas/Fort Worth–St. Louis/Lambert Airport

Solar Impulse landed at Lambert-St. Louis International on Thursday June 4 at 1:28 AM CDT (UTC-5). The completion of the third

leg of the 2013 Across America mission also inaugurated the use of the inflatable mobile hangar, deployed for the first time during a mission.

Flight

This was Bertrand Piccard's longest flight, lasting 21 h 22 min. It was the first time the solar aircraft flew below cirrus clouds, constituted of ice crystals. To everybody's surprise, the batteries continued to charge at 30%-50% despite the cloud formations.



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Mobile hangar

St. Louis was struck a devastating storm on Friday May 31, including flash floods and tornadoes that caused large-scale power outages and serious infrastructure damage. The ferocity of the storms seriously affected Lambert-St. Louis and the hangar that was supposed to house the

solar airplane. Solar Impulse therefore decided to deploy its own inflatable hangar for the first time during a mission. It's a revolutionary ultra-light, very versatile structure especially intended for the flight around the world, scheduled for 2015.

*Across America
Flight from Dallas to
St. Louis – Landing*



© Solar Impulse | Revillard / Rezo

*Across America
St. Louis mobile hangar*

14-15 June 2013: Fourth leg St. Louis/Lambert Airport–Washington D.C./Dulles via Cincinnati

André Borschberg and Bertrand Piccard alternated roles during the flight to Washington D.C. (with a pit stop in Cincinnati) successfully bringing the solar airplane to Dulles International Airport (VA) on Sunday June 16 at 00:15 AM EDT (UTC-4). André flew the first segment from St. Louis (MO) to Cincinnati (OH) while Bertrand continued the following day to

Washington D.C. This was Bertrand's last mission flight in HB-SIA's cockpit as the final leg of the Across America journey was undertaken by André Borschberg, connecting Washington D.C. to New York City. The final leg was also the solar airplane's last adventure – even though it will be kept flight-ready in Switzerland – as its role will be taken over by Solar Impulse's second generation aircraft, HB-SIB: the airplane that's also meant to circumnavigate the globe in 2015.

Pit Stop in Cincinnati

The flight from Lambert-St. Louis to Dulles was characterized by an unprecedented flight scheme. The fourth leg of the Across America flight was split into two segments to train the team for potential around-the-world flight tactics and also to allow Solar Impulse to arrive in nation's capital on time for the event week. André Borschberg completed the first segment from St. Louis to Cincinnati while Bertrand Piccard completed the second segment, landing the solar airplane in Washington D.C.

Meeting political figures

Co-Founders Bertrand and André had the honor to promote the adoption of renewable energies through their "Clean Generation" initiative in the U.S. capital. U.S. Secretary of Energy Ernest Moniz gave an inspirational speech demonstrating how Solar Impulse aligns with four Department of Energy priorities, including solar, energy storage, energy efficiency and advanced materials. Solar Impulse was also invited to the U.S. Congress, where André and Bertrand talked about the incredible potential of clean technologies to create profit while protecting the environment in the presence of U.S. Representatives of Illinois, Randy Hultgren, of Arizona, David Schweikert and of Missouri, Sam Graves. And finally, André and Bertrand had the chance to go to the White House upon invitation by John P. Holdren, Assistant to the President for Science and Technology and Director of the Office of Science and Technology Policy.

*Across America
Washington Capitol
Hill – Meeting with
Congressmen*



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6 July 2013: Fifth and last leg Washington D.C./Dulles–New York/JFK

The solar airplane of Bertrand Piccard and André Borschberg successfully landed at New York John F. Kennedy International Airport at 11:09 PM EDT (UTC-4), July 6 2013. This symbolic touchdown in the “City that Never Sleeps” marks the end of Solar Impulse’s adventure across America and concludes a mythical milestone in aviation history. Solar Impulse is the first airplane, capable of flying day and night, which has crossed the United States without a drop of fuel.

Piloted by André Borschberg, this final leg from Washington D.C. to New York was almost jeopardized by a tear in the fabric on the under-

side of the left wing. As André Borschberg was already preparing himself for the worst, the Flight Director gave orders to continue the flight and the Solar Impulse team negotiated an early landing at New York’s JFK International Airport. Check out the flight graph here below to relive the flight.

The week of events in New York was action-packed. Project Co-Founders Bertrand Piccard and André Borschberg were invited to NASDAQ’s opening bell ceremony on Times’ Square. They also presented the project and its message at the United Nations in the presence of Secretary General Ban Ki-moon not to mention numerous partner events and public visits.

*Across America
Final flight from
Washington D.C. to
New York – Take off*





Carl Lutz: The story of a Swiss Diplomat

Swiss diplomat saves 62,000 Hungarian Jews

Issuing tens of thousands of “protective letters” Carl Lutz rescued Jews in Budapest from deportation to Nazi death camps during World War II. His story is now making the way to Hollywood.

As the fascist Arrow Cross militiamen fired on a group of Jewish people, a woman survived. The bullet did not kill her, but she felt, wounded, in the freezing Danube waters. The men advanced on the dock to observe her drown slowly. Instead, they saw a distinguished tall man jump into the river. With water up to the chest and covering his suit, he swam back to the bank with her and asked to speak to the Hungarian officer in charge of the firing squad. Quoting international covenants, he declared the wounded woman a foreign citizen protected by Switzerland, a neutral country. In front of stunned fascists, he brought her back to his car and left quietly. He seemed so important and spoke so eloquently that no one would dare to stop him.

Vice-Consul Carl Lutz arrived in Budapest in early 1942. As chief of the Swiss Legation’s Department of Foreign Interests, he was in charge of the interests of 14 nations at war, among them the United States and Great Britain. He launched the largest rescue operation of WWII, issuing Swiss safe-conduct documents

that enabled almost 10,000 Hungarian Jewish children to emigrate.

When deportations to Auschwitz began, Carl Lutz placed the staff of the Jewish Council for Palestine under his diplomatic protection. He negotiated a special deal with the Hungarian government and the Nazis, gaining permission to issue protective letters to 8,000 Hungarian Jews for emigration. He deliberately used his permission as applying to families rather than individuals.

He also set up some 76 “safe houses” around Budapest, declaring them annexes of the Swiss Legation and thus off-limits to Hungarian forces or Nazi soldiers.

Carl Lutz was nominated three times for the Nobel Peace Prize and named Righteous among the Nations by Yad Vashem. In Switzerland, an exhibition at his native town of Walzenhausen (AR) as well as a social media page are launched to pay tribute to one of the most notorious civil servants in Swiss history. In Los Angeles, a tree will be dedicated to the Consul in the Garden of the Righteous.

His story will be told in the upcoming Hollywood movie “Walking with the Enemy”. The trailer is available at <http://www.youtube.com/watch?v=GEuVeVPVkc4>.

*(This article is a courtesy of the Swiss Embassy in Washington
<http://www.swissemb.org/news/september2013.html>)*

CREATING INNOVATIVE CYBER SECURITY SOLUTIONS FOR A SAFER TOMORROW

United States

swissnex Boston

Interview with Dr. Felix Moesner, CEO of swissnex Boston and the Consul of the Consulate of Switzerland.



© Courtesy of swissnex Boston

What does swissnex Boston offer to Swiss startups?

swissnex Boston supports Swiss-based startups with their transition into the US market through customized services, targeted introductions and access to local infrastructure. Two programs are available for Swiss-based startups:

1. The venture leaders program

For the past 13 years, the Swiss national startup team traveled to the Greater Boston Area to discover the innovative entrepreneurial ecosystem. For the first time, the 20 entrepreneurs will also be exploring the New York startup scene, extending the program's exposure in a rising entrepreneurial hub. By interacting with peers and discussing their experience, the participants benefit from a group-learning environment. The startups learn how to pitch, raise funds and take extra risks – all very American attributes. The entrepreneurs share their challenges, develop ideas and motivate each other, returning to Switzerland with a strong drive to succeed.

2. CTI Startup U.S. Market Entry CAMP

The CTI CAMP originated from swissnex San Francisco six years ago and is now executed in Boston, New York, Shanghai, India and London. An initiative by the Innovation Agency CTI, the CTI U.S. Market Entry Camp is an individualized acceleration program for the most promising Swiss tech startups with global ambitions. The CAMP offers an intense 1-month stay for early stage startups to get market validation for their product and business models; and a 2-3 month stay for more advanced startups looking to expand into the U.S. The program is open to all Swiss-based startups in the CTI Startup coaching program (pre- or post-label). In tandem with the CAMP, swissnex Boston invites local experts in innovation and entrepreneurship to share their knowhow in Boston and New York. The result is a series of webinars and short reports to help Swiss tech entrepreneurs decode the start-up ecosystem, discover

How would you describe swissnex Boston? And what is its mandate?

The mission of swissnex Boston is to promote Swiss excellence in science, education, art and innovation and support the international activities of Swiss institutions of higher learning, research institutes, as well as high-tech startups and entrepreneurs in North America.

Established as the world's first "Science Consulate" in 2000, swissnex Boston is part of a global swissnex network of six knowledge outposts: San Francisco (2003), Singapore (2004), China (2007), India (2009) and Brazil (2013). In 2013, swissnex Boston launched the New York Outpost in Manhattan, creating an extension of its services in the Silicon Alley.

swissnex is an initiative of the Swiss Government; each office runs off of a public-private business model to promote ventures with a diverse set of constituents. Additionally, the swissnex network works closely with science and technology counselors based in Swiss Embassies around the world, creating a seamless collaboration among Swiss entities.

the latest local trends in their industry and get ready to navigate the U.S. market.

What are your main partners in Switzerland and abroad?

Whether with the business or with the public sector, we believe that collaboration is key. We strive to work together with targeted stakeholders in innovation and entrepreneurship and to expand our network of partners. Next to the universities and academic institutions, swissnex Boston's main entrepreneurial partners in Switzerland are the funding Innovation Agency CTI and VentureLab, which support the Market Entry CAMPs and Venture Leaders program, respectively. On the Boston side, main partners include the Cambridge Innovation Center and entrepreneurial platforms such as MassChallenge, GreentownLabs and LabCentral. For the office in New York, we work closely with the Consulate General of Switzerland and with the main economic development agencies such as the New York City Economic Development Corporation. Most activities wouldn't be possible without the strong link to Swiss and U.S. academic and entrepreneurial institutions.

Are there particular areas of research in Swiss Academia that are particularly strong compared to its global competitors?

Life sciences and medical research are among the strongest sectors in Switzerland. Switzerland's top-notch scientific research institutions make the country a top innovator. A strength is the high internalization of its academic workforce with 57% of its research population coming from abroad. With more than a third of Swiss researchers abroad, Switzerland can also be seen as a platform for the circulation of researchers. Swiss business schools with strong alumni networks in the U.S. are well ranked internationally, especially programs at IMD or the University of St. Gallen. Another strength is the highly developed vocational and professional education and training system of Switzerland, which prevented a dip during the financial crisis.

How would you describe the entrepreneurial spirit of a U.S. startup and a Swiss one?

Innovation is the ability to see change as an opportunity - not a threat, thus thinking outside the box takes great ideas further. These fundamental attitudes are common for the

entrepreneurial spirit of Swiss and U.S. startups, but there are culturally rooted differences such as risk taking and the ability to pitch an idea in one minute. I would mention these characteristics as the main differences.

In addition, various programs foster the entrepreneurial spirit among young scientists at Swiss universities and institutions. Those supporting schemes allow students to test the commercial potential of their innovative ideas resulting in the creation of new technologies and knowhow transfer to the commercial world. The spirit is to create and push new business ideas, which are crucial to the economy in both countries.

What is the key to bringing innovation to the market in the U.S. and elsewhere?

The key to successfully bring innovation to the market is to recognize the potential at an early stage. Three different support mechanisms cushion the risk:

1. Recognize the potential early; The Innovation Lab of Harvard University encourages entrepreneurship and innovation across the whole university, bringing together many cross-curricular interests, especially students with brilliant business ideas. ETH Zurich does it similarly at their two iELabs.

2. Nurture the potential early; chosen from over 100 applicants, 20 Swiss top startups have the opportunity of following an intensive ten-day business development course (the venture leaders program), and meet successful American startups and venture capitalists in Boston and New York.

3. Fund the potential early; High-impact, early-stage startups join MassChallenge, the world's largest startup accelerator and competition. The nonprofit organization selects 128 startup companies annually to participate in its four-month accelerator program, competing for over \$1 million in prizes.

Generally for startups, the access to finance has become increasingly challenging in early stages as VCs shift to later stages. This leads to waste of time in finding financing, thus prolonging time to market, losing competitive edge and reducing attractiveness for financing. A vicious circle!

What do you tell Swiss startup companies when they ask you whether the U.S. should be of potential interest to them?

The main reason, why Swiss startups are interested in the U.S. is the expansion of their mar-

ket as well as the prospect to find additional venture funding. Swiss startups usually have an established home base in Switzerland. As the Swiss market might be limited, it is an understandable wish to extend the market as a next step. Again, the U.S. is seen as an interesting market with high-tech innovation hubs in Boston, New York and San Francisco. The exploration phase is an essential one, which needs to be prepared carefully. There are different offers that range from boot camps, validation camps or accelerator programs. swissnex Boston offers advice based on needs with help from competent local partners or back in Switzerland.

Does “Swissness” facilitate the entry into the U.S. market?

Yes, I strongly believe so. “Swissness” is a contemporary trendy brand and marketing tool that companies are using to sell products. The attributes are concepts of naturalness, multicultural, fairness, neutrality and reliability. Overall, Switzerland is well perceived for the values such as democracy, punctuality, efficiency, first class service and precision.

How do you evaluate whether a young startup has the potential to excel in a particular location?

There must be an advantageous and strong impact between the product or service of the startup and the chosen location. Often life science companies choose Boston because of its worldwide reputation in this field, which can leverage the competitive edge of the startup. Financial services, media and fashion startups will certainly choose the ecosystem of New York City. The first thing we encourage our entrepreneurs to do is to collect feedback from key opinion leaders locally. Both Boston and New York offer Swiss entrepreneurs the possibility to test their products in another dimension, with a real critical mass of potential customers, industry experts, investors or fellow entrepreneurs to validate their strategy.

What does a Swiss startup need to do in order to successfully apply for venture capital?

U.S. venture capital and angel investments are most likely tied to a mandatory registration of the Swiss startup in the U.S., since investors will play a role in the governance of the company. Often a startup is headquartered in Switzerland, but has set up a subsidiary in the U.S.

that qualifies for U.S. venture funding. For that reason, it's often a dilemma for Swiss startups to raise significant amount of money in the U.S. Incorporating in the U.S. and running operations is often critical for a startup with limited resources, that's why it's important to use all instruments available. The CTI and swissnex offices offer to Swiss CTI coached startups the U.S. Market Entry CAMP, which has been designed to support the startups in tackling these initial expansion challenges.

What are the do's and don'ts a Swiss startup needs to know about when intending to enter the U.S. market?

There are clear cultural differences that will be faced. A clear message in form of a pitch is a must, as people tend to listen only the first minute. This goes hand in hand with the development of sales skills, something that is encoded in Americans' DNA. Each high-tech sector has its own do's and don'ts, which make the valuation period so important. On the technology side, Swiss entrepreneurs are highly competitive; what they can improve is their global mindset. Investors in the U.S. think globally and want to see a potential for scalability, way beyond the initial traction on the Swiss market.

How many companies has swissnex helped to successfully start business activities in Boston?

Since 2000, 253 startups came to Boston with the venture leaders program. 5-10 startups per year are hosted through the CAMP or other programs. In 2013, a total of 45 startups were hosted in Boston and New York. This year alone, 20 Swiss startups have registered to MassChallenge accelerator program. At the end of the day, we are convinced that if a Swiss entrepreneur succeeds in the U.S., it will eventually create value to the Swiss economy - today's startups need to go global!

Dr. Felix Moesner is the CEO of swissnex Boston and the Consul of the Consulate of Switzerland. Established as the world's first “Science Consulate” in 2000, swissnex Boston is part of a global network of five knowledge outposts including San Francisco (2003), Singapore (2004), China (2007), India (2009) and Brazil (2013). The mission of swissnex Boston is to promote knowledge exchanges between Switzerland and North America in higher education, technology, innovation, science and the arts.

GOOGLE

Interview with Oliver Heckmann, VP Engineering Google/YouTube.



© Courtesy of Google

How do you describe your company?

Google's mission is to organize the world's information and make it universally accessible and useful. Since Google was founded in 1998, we've grown to serve millions of people around the world and grown to offer products beyond search - from Gmail to Chrome to Android to Youtube. And the spirit remains the same with all our technologies, our goal is to make it as easy as possible for our users to find the information they need in order to get things done.

What is your presence in the U.S. and Switzerland?

The headquarters in Mountain View in the Silicon Valley is our most important office, but very early in the history of our company, we were internationalizing. In 2004 we opened our first office in Zurich at Limmatquai, which grew into Google's largest engineering center outside

the U.S. Now we have over 1,300 employees working in Zurich to develop Google products for users around the world. Our engineers work on Google Maps, Search, Ads, Gmail, Calendar and YouTube, as well as on core infrastructure. Google Zurich brings Googlers together from 75 countries to work on some of the most challenging engineering problems in information technology and developing innovative products that serve hundreds of millions of people around the globe.

What are the key developments one needs to be aware of to understand your company and its services?

The Internet, probably more than any other technology before, has brought the world closer together. We have moved from the industrial age into the information age, and the Internet is the new trading route of the 21st century. Let me explain this with a little example from my field of work: Over video platforms artists can connect, inspire and entertain all over the planet. Take the Swiss make-up artist Julia Graf. She is using YouTube to promote her make-up skills. And so far over 150 mio people have watched Julia's videos, content creation for her YouTube channel now being the main occupation to make a living. A huge success for a single-person company which would be impossible without the possibilities of the Internet. This example shows what Google does: Harness the potential of technology to create great user experiences and to provide tools that help businesses of all kinds to succeed on and offline.

What are the driving factors which ensure innovation for a company like Google?

To understand our company and how we drive innovation, it is helpful to understand some of our core principles at Google, one of which being 'speed matters'. We are working hard to make our services such as search, maps, etc. permanently faster. Also fast decision-making and implementation is important. As an illustration, every week we launch one or more new versions of YouTube, that means a new

feature is implemented within days and used by hundred of millions of users. In order to allow swift decision-making and implementation, we rely on flat hierarchies and small teams with a great freedom of choice, which is a second core principle. Good ideas are not coming from top-down, but from across the company and are thus not necessarily being created when sitting in front of the computer. We built our Zurich Office on Zurich Hürlimannareal accordingly, with a lot of spaces to relax, discuss and brainstorm. We want our work environment to support great ideas and favour the well-being. In general I think, that if you give people freedom, they will amaze you! You can't give someone an instruction manual to change the world, but you have them let build, lead, create, improve, ship, and even shoot for the moon.

How would you describe the spirit of innovation when it comes to engineering in the U.S. and Switzerland?

Both Switzerland and the U.S. have a strong and long engineering tradition and know-how to develop and produce high quality products and services. And both produce great engineering talents, our Founders Larry and Sergey met at Stanford while doing their PhD, and here in Zurich we are having great talent thanks to leading universities such as ETHZ. One of our big advantages in Switzerland is the great diversity - engineers from 75 countries here work at our engineering center in Zurich. This is less a difference in the engineering culture compared to the U.S., but more of a strategic advantage in terms of diversity of cultures. As Google has its largest markets outside the U.S., we aim to provide our applications and products in as many languages and accessible formats as possible. As an illustration our search interface is available in more than 130 languages. Switzerland as an international, diverse and multilingual country has some key advantages. Let's hope that this stays the same in the future.

What can a small innovative company in the field of Information technology (IT) expect when it expands to the U.S.?

In general, the risk-taking in the U.S. is greater than elsewhere and the awareness that failure can be a part of a learning process towards a better solution is more present in the U.S. You

have a series of entrepreneurs who failed several times and in the end built amazing companies! It may also be easier to find investors, so that you can fully focus on customer needs and the development of new services. But having said that, we think that there are numerous centers of excellence for innovation, not only in the U.S. The startup scene in Switzerland is growing stronger and we are actively promoting such activities, as such an innovation and business-friendly environment is where also Google wants to grow!

What innovation in the field of IT is you still looking forward to as it would enable to revolutionize the way people would use the Internet?

I believe the already amazing speed of innovation in IT will rather increase in the next years rather than decrease. The last years we have seen the mobile revolution move the Internet from the desktops and laptops into the hands and pockets of our users. The current trend towards wearables - be it smart watches, fitness trackers or devices like Google Glass - is a natural continuation of that trend. With those devices, users will increasingly see useful context-aware suggestions without having to state them in the form of a search query, giving them the benefit of Internet services while allowing them to focus more on their other (real-world) activities. That means the technology is increasingly getting out of their way and thus enables each and everyone to harness the astoundingly growing potential of the web in their very own way.

Oliver Heckmann is VP, Engineering of YouTube based in Zurich/Switzerland. He is leading a team of approximately 200 engineers in Zurich, San Bruno, Mountain View and Paris, and is responsible for all uploader and partner facing features of YouTube. Before working on YouTube, Oliver was a manager on the Gmail team. And, before joining Google in 2006, he was leading a research team at the Multimedia Communications Lab in Darmstadt/Germany. In 2004, he won an award for the best German Computer Science Dissertation.

White Lighthouse Investment Management

Interview with Jonathan Lachowitz, Founder of White Lighthouse Investment Management Sarl.

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*Jonathan Lachowitz,
Founder of White
Lighthouse Investment
Management Sarl*

What does your company do?

My company, White Lighthouse Investment Management, provides investment management and personal financial planning services to individuals and families in the United States and Switzerland. We specialize in working with international families, especially overseas Americans and Swiss nationals living in the U.S., who hold dual nationality and/or are married to American citizens. Our financial planning for families includes retirement, taxes, investments, estate planning and dealing with cross border (especially U.S. tax planning) issues. We address our clients' challenges together and, as needed, search out other professionals with singular expertise. Over the last eight years, White Lighthouse has been blessed with average quarterly growth of about 15%.

To what extent is the U.S. market different from the Swiss market?

Switzerland has a small domestic market compared to the U.S. which is the world's largest. Due to size differential the U.S. market generally offers more competitive pricing and more choices for services and products; though many U.S. businesses are not as focused on the challenges and opportunities presented by cross border businesses. These differences present both challenges and opportunities to companies that are more accustomed to the Swiss market. Another big difference in the U.S., compared to Switzerland is the tax code for businesses and individuals are terribly complex in the United States and the penalties for even simple mistakes can be severe. Here, foreign companies coming to the U.S. and U.S. companies expanding overseas face a steep challenge; and in many instances multiple professional advisors here would give greatly varying advice to a company entering the U.S. market.

What are the do's and don'ts a Swiss company needs to consider when increasing its footprint in the U.S.?

Despite the very strong historical ties between the U.S. and Switzerland, a company trying to grow needs to manage cultural differences. In the U.S., a strong command of English and an understanding of local and national issues are appreciated. Effective business and professional communication are vital for a Swiss company entering the U.S. market. A good understanding of and compliance with the regulations for each industry (including taxes for the business and its employees) can make the difference between success and failure.

In Switzerland, with its relatively small population, four national languages, more than 20% of residents coming from another country and many countries on the border, businesses are accustomed to cultural diversity. It would be a mistake, however, for a Swiss company to look at the U.S. as a homogenous market. In the U.S., there are distinct differences based on geography, proximity to major cities, cultural

background and political and religious beliefs. When locating your business, targeting and segmenting your customer base and choosing which business partners to work with are keys to success.

Many U.S. States (like Cantons in Switzerland) actively assist foreign companies which set-up in the U.S. Switzerland's diplomatic network in the U.S. (especially swissnex in Boston and San Francisco) provides high concentrations of Swiss specific resources in the U.S. - Boston, New York, San Francisco and Washington are centers for Swiss businesses entering the U.S. markets.

What are the key success factors for success in the U.S.?

Some of the most important factors for business success in the U.S. revolve around marketing, communications and ultimately customer services. In many industries, the U.S. market has a lot more competition: for a new business, getting potential customers to notice your value proposition can take considerable time and effort.

Once a business starts establishing itself, the challenges turn to consumers. In my experience, U.S. consumers expect (demand) a higher level of customer service than Swiss consumers. Businesses in many U.S. industries are very good with customer service issues and work hard (and spend considerable resources) to retain customers. In Switzerland, established businesses seem to have more relative power than consumers, and this shows in the way they deal with consumers. In recent years, however, I have noticed positive changes in the Swiss market: Nespresso, a superb brand, comes to mind. The consumer experience at Nespresso's boutiques and cafes is world class.

How does a young innovative company succeed in getting Venture capital?

For good ideas and a well-organized young company, the U.S. provides ample venture capital. A clear, realistic path to profitability, excellent communications, and a well-presented business plan are key success factors. However, in trying to secure venture capital, a young company can set itself apart from its competitors through the "attitude" it presents to its audiences. Attitude will be a combination of work ethic, presentation, modesty, the ability to take advice, criticism and praise equally as well.

Vital are long-term persistence towards business success both operationally and in securing business partners. When I advise people starting a business, I remind them that the word "Network" has "work" in it for a reason. No individual or company is successful on its own. Actively deepening your business network is often a critical and time-consuming element not only to securing venture capital but also in many elements of business success. Every new business will benefit from successful networking; it may be the introduction to business partners, financial assistance, business service providers or just someone to share experiences and learn from. It is not always evident from an on-line profile or a first meeting who will be the most valuable people in your network; face to face meetings continue to be very important.

What are today's and the future challenges of Swiss SMEs when opening a branch in the U.S. and how can they address these challenges?

The U.S. market can overwhelm anyone starting or expanding a business. It has been said that most overnight successes take at least a decade. The U.S. has a deep, dynamic economy with unlimited business opportunities. Some of the biggest challenges for a Swiss SME setting up in the U.S. are related not to the business itself but to administrative challenges. These include residence - or work permits for key overseas employees, tax and legal compliance issues at the state and federal level, industry specific regulatory hurdles and the challenge of importing products into the U.S. from overseas. Recently, companies with a strong on-line presence have faced the added concerns of malicious hacking and data privacy.

For many of these challenges, awareness is half the battle. It can be useful to plan for delayed business operations and unexpected expenses. However, perhaps the best way to address these challenges is to network with other SMEs who have recently dealt with similar issues. Networking can save time and locate business advisors with the appropriate international skills and all kinds of other resources. Many people working at SMEs are happy to share stories of how they overcame business challenges. Their advice can be invaluable.

Management: Factors of success in the U.S.

FLATEV

Interview with Carlos Ruiz, CEO & Founder of Flatev.



© Courtesy of Flatev

What does your company do?

Flatev is revolutionizing the way people eat tortillas at home. We provide homemade flatbread, cooked in seconds, at the touch of a button. Our vision is to make it easy for anyone in the world to eat fresh, healthy bread.

Could you briefly elaborate on the history of your company?

When I left home Mexico, I missed my mom's home-made tortillas. When I tried to make them by myself, all I made was a mess. I realized then why people don't make them by themselves anymore and buy tortillas of the supermarkets and restaurants, which are not fresh and tasty.

By using my Nespresso coffee maker I came then to the idea why not having a Nespresso but for tortillas? High quality, a wide variety of doughs and very easy to use.

After this moment I started researching on

Internet to find out if such a product already exists. Then I conducted an IP study and decided to focus on it. In 2011, I found my two Co-Founders Jonas Müller and Louis Frachon and we incorporated Flatev in March 2012. At the same time Jonas constructed the first prototype and we applied for a patent. Since then we have conducted market research in the U.S. and we have been improving the prototype. Until today we have raised in total \$1 million including 130 k of awards and we are reaching the industrialization of the machines and pods.

How does your tortilla maker work?

The user inserts a pod with fresh dough inside, touch a button and in 30 seconds you obtain a fresh home-made tortilla. The machine separates the dough from the pod. It presses the dough and cooks it in seconds. Finally it delivers the fresh tortilla in a warm keeping container.

When did you think of expanding to other markets like the U.S.?

From the beginning we knew Switzerland was not the main market for tortillas. I knew the U.S. after Mexico consumes a lot of tortillas. Then I found that there is a Tortilla Industry Association (TIA) and I got the first information there. Then we decide that we have to start straight away in the U.S.

How did you get the relevant information you needed to take your business decisions?

From the TIA, bank reports and other sources online. The courses provided by the VentureLab helped us to from the beginig to develop Flatev.

Why did you consider the U.S. to be a target market and established a branch in Boston?

1. The U.S. is the second biggest market for tortillas after Mexico.
2. The U.S. has the largest corn flour providers.
3. The U.S. is very interesting for venture capital.

Could you describe the different programs targeted for the needs of Swiss startups you participated in and what you learnt from them?

1. VentureLab (Venture challenge, Venture plan and Venture training): I learned the most important things an entrepreneur must know: Strategy, bootstrapping, competition and customer analysis, business model generation, financial plans and how to pitch to investors.

2. CTI U.S. Market Entry Camp and Venture Leaders 2013: Cultural differences between the U.S. and Switzerland for business, legal issues in the U.S., marketing, etc.

How did you learn about acquiring Business Angels capital?

On the one hand the course of VentureLab gave me the know-how how to approach Business Angels. On the other hand we found some capital through networking.

And how did you proceed to find the right partners?

Through recommendations and evaluations.

What were the most important do's and don'ts you learnt during your career when it comes to expanding to other markets?

Do's:

1. Get well informed through consulates, embassies, universities, startup programs and industry reports.

2. Visit the market and talk to people and experts from your industry as much as you can about the industry and your project.

Don'ts:

1. Don't wait that long to visit the target market.



© Courtesy of Flarev

Tortilla making machine

Foreign Investment Decisions STILL DRIVEN BY ACCESS AND SCALE

In February, Toray Industries, Inc., a Tokyo-based manufacturer of fibers and textiles, plastic resins, films, and carbon fiber composite materials, selected Spartanburg County, South Carolina, for its next global facility. The \$1 billion investment over the next decade is expected to create 500 new jobs and represents one of the largest initial capital investments in the state's history.

Toray's acquisition of approximately 400 acres in South Carolina is part of the company's strategic business expansion in growth fields and growth regions, which include North America and Latin America, in addition to Asia. The company views the U.S. as a key expansion market due to the revival in manufacturing that is pushing demand for advanced materials, particularly those used in the Aerospace and energy-related industries. According to Toray Industries President Akihiro Nikkaku, "South Carolina offers Toray Industries an ideal location for our next North American manufacturing facility. Here we will have proximity to major customers, both in the U.S. and in Latin American markets."

Toray was planning to actively invest its resources to meet demand for its advanced material business base. The company had already been considering a plan to locate a new, high-performance carbon fiber production facility to serve as a major supplier to the aerospace industry. Aerospace in South Carolina is a burgeoning industry, with more than 200 aerospace companies employing around 20,000 South Carolinians so it made sense for Toray to choose to locate there to access that market.

Key Requirements

What can we learn from this and similar location strategy decisions by corporate investors who literally have the world to consider? According to Gene DePrez, Managing Partner at Global Innovation Partners, who has spent 25+ years advising global companies on location strategy and site selection, most often the decision is driven primarily by a single concept, albeit with many evaluation factors. That concept is access.

According to DePrez, companies large and small are succeeding in the global markets by operating as globally integrated enterprises, meaning they are constantly looking for competitive advantage by optimizing each of their operating functions, and often this means placing or moving each specialized activity in a location that will have the best combination or tradeoff of qualitative, cost, and risk factors.

To be clear, says DePrez, this goes beyond the decline of the so-called vertical business model over the last decade or two with its international strategy emphasis on simply replicating most of its business operations on a smaller scale in other geographies. Even with supply chain variations involving global outsourcing (mitigated by recent tactical U-turns of near-sourcing and in-sourcing), these traditional business models remained essentially hub-and-spoke in character.

In contrast, today's most successful globally integrated companies have a far more sophisticated and dispersed networked business model and operate as truly globally based businesses, DePrez explains. They will carefully analyze where each operational unit would be most productive based on location, then efficiently networked with other units, each placed in the best geographies for optimal performance.

In some versions they may have multiple "headquarters" with production, business, financial, and other functions spread across the world and located where each unit can be most productive and provide the greatest benefit to the company's investors and customers. For example, if the greatest share of production is going to be in Asia to meet fast growing demand there, procurement may ideally be focused in that region to better understand and manage supply chains and work with partners. At the same time, R&D or engineering units may be relocated to leverage regions with strong related intellectual capital and innovation, while financial management may need to be close to major investment markets.

Whether a manufacturing function or a procurement, research, financial operations, marketing, or a myriad of other corporation oper-

ating units, DePrez says cost will always be a concern; but with today's focus on innovation in business models, processes, products, customer relations management, and other predictors of success, critical factors such as talent and proximity to markets and intellectual capital often overshadow short-term financial savings.

Competitive positioning requires constant re-evaluation, typically every few years, to assure that each defined business unit is located or relocated to achieve its optimal performance - assessing the trade-offs between improved performance compared to costs and risks. Investing organizations are not reluctant to make radical changes on a regular basis, if the ROI justifies the disruption and other risks involved.

Access in all its forms

The key qualitative factors that drive these decisions can be summarized as access. They are weighted differently depending on the specific operation and business strategy, but almost always evaluating:

1. Access to markets - proximity and direct interaction with customers, clients, and prospects in existing or untapped developed economies, as well as cultivating emerging and potential high-growth markets; marketing initiatives may include B2B, B2C, strategic alliances, and joint ventures. Even with the rapid rise of economies like China and India, the United States still remains the largest market with a diverse set of sub-markets and overall scale to support added ROI.

2. Access to intellectual capital - innovation, industry sector knowledge, specialized creative/engineering/production talent, university and other research, networks of trade and professional association thought leaders, and large-scale innovation ecosystems.

3. Access to suppliers - supply-chain partners, sophisticated and efficient logistics systems, strategic/joint venture partners, value-added logistics infrastructure, economies of scale.

4. Access to a skilled cost-effective work force - geographically well positioned for advantage, specialized industry training, and sensitivity to industry needs, who themselves are consumers.

5. Access to a refined work and cultural environment - to improve productivity, leadership style, or change perspectives and values of management, work force, or community stakeholders.

6. Access and proximity to regulators - for example, in the life sciences, in aerospace and automotive, and in other regulated sectors, and to industry licensors, self-regulators, and standards-setters.

7. Access to a favourable business and/or tax environment - alignment or sensitivity to ethical and cultural issues, business friendly government, incentive and community support.

8. Access to financial markets and professional services - the news media and communications channels.

9. Access to a new national or regional brand platform - to establish a new identity for attracting/retaining investors, customers, work force. Other points of access may apply to particular industry sectors or business functions.

Investing in the USA

So what makes the United States so attractive in this climate of access-driven location strategy decision-makers? DePrez says that for many global investors considering growth or expansion, the United States cannot be ignored because objective analysis will typically spotlight unrivaled access to many of the factors that together drive these decisions. And the United States provides a unique combination of access with scale that is unlikely to be matched anywhere else in the world. America - even with all of its size and diversity - operates as a single economy, still the largest in the world. Yet compared with other market regions, the United States offers minimal regulatory, trade, and monetary differences among its states and metro business centers.

This favourable intersection of size and access often reveals the United States as having unparalleled opportunities for foreign direct investment, offering operating options and choice of locations within a single sophisticated and massive market.

If a company, large or small, wants access to the world's largest and most sophisticated, and yet diverse market, then the United States is where to invest.

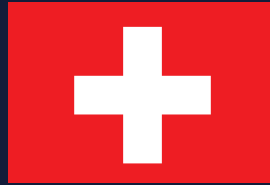
(Reprinted from LocationUSA 2014, published Area Development Magazine, www.locationusa.com)



Innovating for better medicines

At Novartis, we want to discover, develop and provide high-quality healthcare solutions to address the evolving needs of patients and societies worldwide. We believe that our diverse healthcare portfolio, our dedication to innovation, and our responsible approach will enable us to fulfill our mission to care and to cure.

TRADE AND INVESTMENT PRIORITIES



United States

SelectUSA

RENEWED CONFIDENCE & COMMITMENT in the World's Largest Market

By Keida Ackerman, International Investment Specialist, SelectUSA, U.S. Department of Commerce

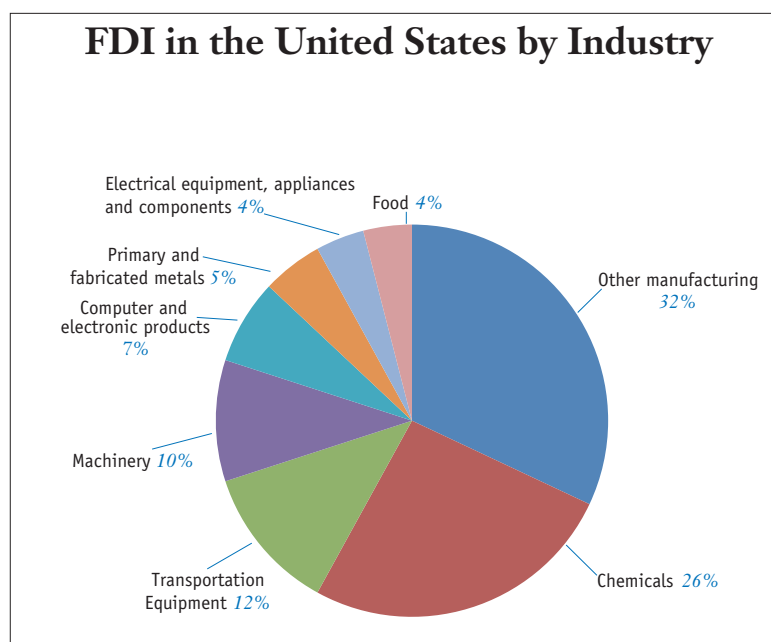
The United States remains the largest recipient of FDI in the world because firms recognize that the U.S. is an innovative and stable market, and the world's largest economy. There has been a renewed confidence in the United States for two key reasons: First, the comparative costs of manufacturing have decreased, in part as a result of new energy technologies and sources. Second, there have been groundbreaking steps toward increasing the U.S. advantage in advanced manufacturing processes. These factors and the high-profile commitment to attracting FDI through the SelectUSA program confirm that the United States is open for business.

Investment introduces new capital, as well as new products and new ideas. It creates jobs and strengthens the economy by driving innovation through investments in research and development and helping connect our economy with global markets. Direct investment supports trade; in fact, many companies choose to locate in the United States for improved access to a global marketplace, and U.S. subsidiaries of foreign companies accounted for one-fifth of total U.S. exports in 2012.ⁱ The United States has doubled its market access through strategic trade agreements that connect businesses with

nearly 735 million consumers worldwide. With the ongoing Trans Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) negotiations, businesses can look forward to improved access to more markets and millions more consumers.

The United States is both the largest recipient of FDI and the world's largest source of direct investment. In 2012, the stock of direct investment into the United States was valued at nearly \$2.7 trillion, equivalent to nearly 15.4 percent of all foreign-owned assets in the United States.ⁱⁱ At the same time, U.S.-based firms were the source of approximately \$4.5 trillion in direct investment in foreign countries. Foreign direct investment plays an important - and valued - rôle in the U.S. economy, employing nearly 5.6 million U.S. workers. Business investments have led to the creation of jobs, an increase in wealth and living standards, and overall growth and innovation that drive U.S. economic competitiveness. From the federal to the state and local level, there is clear recognition of the importance of FDI, and both President Barack Obama and Commerce Secretary Penny Pritzker have made it a priority to encourage business investment in the United States.

A favorable legal and regulatory environment, improved access to global markets, and talent-driven innovation are among the reasons the U.S. continues to attract the lion's share of foreign direct investment.



Investment Inflows

U.S. subsidiaries of multinational companies are owned by firms headquartered around the world. According to the U.S. Bureau of Economic Analysis (BEA), the latest estimates of FDI stock in the United States by ultimate beneficial owner (UBO) reveal that the United Kingdom, Japan, Germany, Canada, and France are the five largest country sources of FDI in the United States. Together, these five economies alone accounted for nearly 61.5 percent of total FDI stock in 2012.

In addition, markets across Asia, Latin America, and Europe have substantially increased their FDI position in the United States in recent years. Among the countries for which data is provided by the Bureau of Economic Analysis (BEA), FDI into the United States from China grew at an average annual rate of nearly 71 percent between 2008 and 2012, making it the fastest-growing country source of FDI in the United States (followed by Hungary, Indonesia, Norway, and Malaysia). Uruguay emerged as the fastest-growing Latin American economy for FDI in the United States, with compound average growth of FDI at nearly 21 percent since 2008. While these markets cumulatively represent a small percentage of direct investment stock in the United States today, their growth is poised to continue.ⁱⁱⁱ

Direct investment in the U.S. economy flour-

ishes across industry sectors, most notably in manufacturing, Professional and financial services,^{iv} and other industries, such as non-bank holding companies, agriculture, mining, and utilities. According to BEA estimates, more than one third of FDI into the United States is in the manufacturing sector; international companies maintain operations in chemical, primary and fabricated metals, transportation components ranging from Aerospace to motor vehicle manufacturing, textiles and more. Because of technological advances and the boom in the production of shale gas, the U.S. Energy Information Administration (EIA) estimates that the United States could be close to self sufficient in energy by 2035.^v This ultimately will result in lowering the U.S. trade deficit and enhancing our manufacturing competitiveness, particularly for manufacturing companies in energy-intensive sectors.

Manufacturing accounted for nearly 20 percent of U.S. gross domestic product (GDP) in 2011.^{vi} According to Deloitte's Manufacturing Competitiveness Index, the United States ranked among the top-five most competitive countries in 2013. The United States is poised to maintain its competitiveness over the next five years, largely propelled by talent-driven innovation and a favorable legal and regulatory environment.^{vii}

The United States is also increasing investments

in its talented, innovative, and productive work force to stay competitive in manufacturing. In 2012, President Obama created the National Additive Manufacturing Innovation Institute (NAMII) to bolster the U.S. competitive advantage in 3D printing technologies. Branded as “America Makes,” this initiative brings together public and private sector partners to accelerate the development of advanced manufacturing technologies. By utilizing advanced materials and digital production techniques in the

United States, manufacturers can reduce the time needed to move a product from design to the U.S. market - a clear advantage in today’s fast-paced marketing cycle. All of these factors contribute to the recent reshoring trend seen with companies ranging from large firms like Ford and NCR, to smaller U.S. manufactures of durable goods such as kitchenware, plastic coolers, and headphones, moving production to the United States.^{viii}

FDI in the United States

LARGEST COUNTRY SOURCES OF FDI IN THE UNITED STATES BY 2012 STOCK POSITION

Rank	Market	% of Total Stock	Million USD
1	United Kingdom	21,30%	564 714
2	Japan	11,67%	309 383
3	Germany	10,27%	272 262
4	Canada	9,85%	261 133
5	France	8,36%	221 724
6	Netherlands	4,91%	130 075
7	Ireland	4,82%	127 674
8	Switzerland	4,75%	126 007
9	Spain	1,96%	51 894
10	Australia	1,93%	51 051
11	Belgium	1,80%	47 728
12	Sweden	1,56%	41 449
13	Italy	1,12%	33 194
14	Norway	1,16%	30 814
15	Mexico	1,10%	29 175

(Source: Department of Commerce, Bureau of Economic Analysis - FDI Position by Ultimate Beneficial Owner)

Business Confidence

Overall confidence in the U.S. business environment is on the rise, reflected in independent rankings. The World Economic Forum’s (WEF) Global Competitiveness Index recognizes the United States among the top-10 economies based on its strengths in innovation, education, and its overall size, citing renewed macroeconomic stability and expected steady economic growth in 2014.^{ix} Recently, The

Economist reported that the conditions that underlie a general resurgence of optimism around the U.S. economy might have started in 2013, with booming exports and investment in business equipment.^x The United States is likely to have achieved economic growth of 2.7 percent in 2013, further boosting confidence. According to the IBM Institute for Business Value, the United States is the top destination for direct investment as measured by the esti-

mated number of jobs created by FDI in 2012. Further, the United States has begun to show signs of economic recovery, confirming corporate confidence in the country as a key market.^{xi} In its June 2013 FDI Confidence Index, A.T. Kearney awarded the United States the top spot.^{xii} Business executives believe that U.S. workers are becoming more competitive, and investors are optimistic about solid fundamentals. As the United States maintains an open investment policy, investors recognize that the free movement of capital across international borders, along with global trade, is essential to growth in the global economy.

This confidence is reflected as President Obama recently emphasized his commitment to attracting FDI at the SelectUSA 2013 Investment Summit in Washington, D.C. The summit welcomed approximately 1,300 participants, including a mix of global investors, U.S. companies, business associations, and representatives from more than 200 U.S. economic development organizations (EDOs) from 48 states, the District of Columbia, and four U.S. territories. More than 650 company representatives came from 450 companies in 60 countries. Seventy federal employees from 14 government agencies were on site to answer investor questions. The President made it clear that foreign investment attraction is a core priority, with responsive, global teams actively working together. Hand-in-hand with the U.S. Department of State, the Department of Commerce through SelectUSA is providing the training, resources, and access necessary to ensure that investors and economic development organizations receive world-class services.

Cross-border investment is a fundamental component of U.S. economic competitiveness. As the single point of contact for investors looking to create jobs and establish production in the United States, SelectUSA serves as an information source for the global investment community, an ombudsman for investors, and an advocate for U.S. cities, states, and regions. SelectUSA works in partnership with U.S. economic development organizations that are looking to attract business investment, and coordinates investment-related resources across U.S. federal agencies, foreign embassies, other economic development stakeholders, and industry trade associations.

(Reprinted from LocationUSA 2014, published Area Development Magazine, <http://www.locationusa.com>)

Keida Ackerman is an International Investment Specialist with SelectUSA. SelectUSA exercises geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location. To learn more about SelectUSA services for investors and U.S. economic development organizations, visit www.SelectUSA.gov. <http://www.SelectUSA.gov>

i In 2011, the U.S. Department of Commerce reported that the U.S. trade in goods on a total census basis was \$1.48 trillion, and that majority-owned U.S. affiliates of foreign firms contributed \$303.7 billion to U.S. exports of goods.

ii U.S. Bureau of Economic Analysis, "International Economic Accounts, International Investment Position," <http://www.bea.gov/international/index.htm> (accessed Dec. 31, 2013)

iii U.S. Bureau of Economic Analysis, "International Economic Accounts, International Investment Position," <http://www.bea.gov/international/index.htm> (accessed Dec. 31, 2013)

iv Includes depository institution (banking); finance (except depository institutions) and insurance; real estate and rental and leasing; professional, scientific, and technical services

v U.S. Energy Information Administration, "AEO2014 Early Release Overview," http://www.eia.gov/forecasts/aeo/er/early_production.cfm (accessed Jan. 12, 2014)

vi U.S. Bureau of Economic Analysis, "Industry Data, Gross Output by Industry," <http://www.bea.gov/iTable/iTable.cfm?ReqID=5&step=1#reqid=5&step=4&isuri=1&402=1&403=1> (accessed Jan. 12, 2014)

vii Deloitte Touche Tohmatsu Limited and the U.S. Council on Competitiveness, "2013 Global Manufacturing Competitiveness Index," http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_pip_GMCI_11292012.pdf (accessed Jan. 12, 2014)

viii Boston Consulting Group, "The U.S. as One of the Developed World's Lowest-Cost Manufacturers," https://www.bcgperspectives.com/content/articles/lean_manufacturing_sourcing_procurement_behind_american_export_surge/?chapter=2#chapter2 (accessed Jan. 12, 2014)

ix Klaus, Schwab, The Global Competitiveness Report 2013–2014, Insight Report (Geneva: World Economic Forum, 2012), http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

x The Economist. "Is this the year growth takes off?" <http://www.economist.com/news/united-states/21593423-janet-yellen-prepares-take-over-fed-omens-are-good-year> (accessed Jan. 12, 2014)

xi Dencik, Jacob and Spee, Roel, "Global Location Trends 2013 Annual Report," <http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03582usen/GBE03582USEN.pdf> (accessed Jan. 12, 2014)

xii This annual index is based on a survey of more than 300 executives from 28 countries, which ranks countries on how political, economic, and regulatory changes will affect FDI

THE SELECTUSA 2013 INVESTMENT SUMMIT

Washington, D.C. – October 31-November 1, 2013

The Summit sold out, with more than 1,300 participants, including a diverse mix of global investors, U.S. economic development organizations, government officials, U.S. companies, and business associations.

Facts:

1. 654 international participants from 60 different markets, representing 456 foreign or multinational firms.

2. More than 200 representatives of economic development organizations (EDOs) from 48 states, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, American Samoa and the District of Columbia.

3. Many more joined virtually: 7,216 unique visitors from 109 countries watched online live.

4. More than 70 U.S. government officials and staff from 16 different agencies were there to answer questions from investors and EDOs.

5. Hundreds of meetings were scheduled in advance through the Summit's online match-making platform, and hundreds more took place on the tradeshow floor.

The Summit featured high-level speakers from business and government:

6. President Obama and five Cabinet Members: Secretary of Commerce Penny Pritzker, Secretary of State John Kerry, Secretary of the Treasury Jack Lew, Secretary of Labor Thomas Perez and U.S. Trade Representative Michael Froman.

7. Governors Bill Haslam of Tennessee and Jack Markell of Delaware, Senior Advisor to

the President Valerie Jarrett, Director of the National Economic Council Gene Sperling.

8. Corporate leaders such as Laurence Fink of BlackRock, Daniel Doctoroff of Bloomberg L.P., Douglas Oberhelman of Caterpillar, Inc., Andrew Liveris of Dow Chemical Company, Eric Spiegel of Siemens Corporation, and William (Bill) Simon of Walmart U.S., among others.

Secretary Pritzker Declares America is Open for Business, October 31, 2013

U.S. Secretary of Commerce Penny Pritzker today launched the inaugural SelectUSA 2013 Investment Summit, telling the more than 1,200 attendees from nearly 60 countries, 47 states, the District of Columbia and three U.S. territories that the United States is open for business. The first-ever event is connecting foreign and domestic investors with local, state and regional economic development organizations to promote investment and job creation in the United States.

"The SelectUSA Summit is all about business. It's all about connecting investors with communities," Commerce Secretary Pritzker told the audience. "We want to open that first door to making an investment here in the United States. Clearly, our investment climate is strong. America is open for business."

For centuries, the U.S. has welcomed investment into the country and the domestic market has provided long-term stability and unmatched returns for investors. Today, the U.S. is the largest recipient of FDI in the world. Last year



© Courtesy of the Department of Commerce

alone, foreign direct investment was more than \$160 billion dollars and the total foreign stock and assets are measured not in billions, but in the trillions of dollars.

Also at the Summit, the Department of Commerce and the President's Council of Economic Advisers released a report outlining the reasons businesses consider the U.S. a top choice for investment, as well as the economic benefits of foreign direct investment. Significantly, the report points out that the United States is the largest recipient of FDI in the world, with stock of more than \$2.6 trillion dollars – including \$166 billion that flowed into the country in 2012. The report recommends that the U.S. should continue to “nurture and build upon the underlying strengths of the U.S. economy that make firms want to invest here; including an open investment regime, a large economy, a skilled labor force, community colleges, world-class research universities, predictable and stable regulatory regime, adequately capacitated infrastructure, and new energy sources.”

President Barack Obama delivers remarks at the SelectUSA Investment Summit in Washington, D.C., October 31, 2013

“There’s no substitute for those three proud words: ‘Made in America.’”

President Obama has been emphatic that the United States remains the best place in the world to do business. Today at the SelectUSA Investment Summit, he reiterated that message to 1,000 business leaders from nearly 60 countries.

“When you bet on America, that bet pays off,” the President said as he closed his keynote address.

Your country is your product when you’re attracting foreign direct investment. At the Summit today, we showed the world that the United States is the absolute best product on the market.

“America is open for business,” said Commerce Secretary Penny Pritzker. “Our market has provided long-term stability and unmatched returns for investors.”

Attendees began making connections as soon as the doors opened. Representatives from 47 states, three territories, and Washington, D.C., showed off investment opportunities around the country.

Treasury Secretary Jack Lew highlighted many advantages a company has when it invests in America – including robust infrastructure and low barriers for entrepreneurs. CEOs from major national and international companies echoed those messages throughout the day.

“We have the most resilient capital markets in the world,” said Larry Fink, CEO of Black-Rock.

Andrew Liveris said that when it comes to investment in research and development, “the U.S. is number one.”

We are showing the world that when you invest in the United States, you’re making a tactical decision to help your company grow. There are numerous advantages to bringing your business here:

1.You’re gaining access to a reliable system of infrastructure for transporting goods.

2.American workers remain among the most skilled and productive in the world.

3.This is an enormous market of consumers.

4.U.S. regulatory systems protect innovation and support business growth; and

5.Local and state governments want to work with you.

Walmart can’t provide low prices to consumers without getting quality products at a low cost. So the SelectUSA Summit was the perfect platform for Bill Simon, President and CEO of Walmart U.S., to announce the company’s initiative to buy more products from American manufacturers.

“Today’s announcement... highlights opportunities that exist for manufacturers to invest in the USA by re-shoring or expanding their manufacturing in America,” Simon said at the Summit.

Businesses, investors, and economic development organizations also took to social media to discuss the Summit, and we’re glad that we’ve been able to share information from this event with people around the world who have an interest in FDI.





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SelectUSA Investment Summit Concludes with a Focus on Forging Stronger Global Business Alliances, November 1, 2013

Secretary of Commerce Penny Pritzker wrapped up the inaugural SelectUSA 2013 Investment Summit this afternoon, following two high-impact days of meetings and discussions among senior government officials, major business executives, global economic experts and U.S. economic development officials about strategies to increase foreign direct investment (FDI) in the United States.

Secretary Pritzker also opened the final day of the Summit, where she announced changes to the eligibility requirements for the Manufacturing Council that will allow representatives from U.S. subsidiaries of foreign-owned or controlled firms to become members. The expanded eligibility rules will add new perspectives to the Council, which advises the Commerce Secretary on policies and initiatives to increase FDI in the U.S. manufacturing sector, including SelectUSA.

U.S. Secretary of State John Kerry delivered remarks focused on deepening U.S. economic alliances around the world. Following his address, U.S. Trade Representative Michael Froman moderated a panel with Tennessee Governor Bill Haslam, BMW North America

CEO Ludwig Willisch, and Caterpillar CEO Doug Oberhelman on how global companies can use their U.S. operations as an export platform by taking advantage of free trade agreements and bilateral investment treaties.

Throughout the day, speakers from businesses, professional services firms, academia, and trade associations helped to demystify aspects of the U.S. economic and regulatory system. The discussions covered the implications of U.S. leadership in the energy sector, advice on effective global talent development, understanding U.S. investment export controls and foreign investment security reviews, and accessing U.S.-based sources of investment and working capital.

The Summit is a key component of SelectUSA's mission to promote FDI and to help achieve the Obama administration's goals of creating jobs, spurring economic growth and promoting American business competitiveness. Approximately 1,200 business and government leaders from nearly 60 countries and economic development organizations from 47 states, the District of Columbia and three territories met at the SelectUSA Investment Summit to learn about the advantages of doing business in the U.S. and to explore investment opportunities.

(Source: SelectUSA)

Event 2015

The second SelectUSA Investment Summit will take place March 23-24, 2015, at the Gaylord National Resort and Convention Center in National Harbor, Maryland near Washington, D.C.

INTERVIEW

Discussion with Aaron Brickman, Deputy Executive Director of SelectUSA.



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What is SelectUSA and what are its key goals?

SelectUSA is the U.S. Federal Government's single point of contact for businesses seeking to invest in the United States. We can assist investors in several ways: Answer questions, share data, make connections with state and local economic development organizations (EDOs), and bring the right people from any federal agency to the table when needed. SelectUSA works across the national government with more than 20 agencies to address issues related to federal rules and regulations.

We also organize events through which investors can learn about the diverse opportunities available in the United States and meet directly with the state and local EDOs. We've hosted a range of road shows, seminars and trade-show pavilions, and we're also working to organize the second SelectUSA Investment Summit in Washington, D.C. to be held in 2015.

Will there be another SelectUSA Investment Summit coming up soon?

We are thrilled to announce that our next Investment Summit will take place in March 2015. Investors can visit our website at www.SelectUSA.gov

and subscribe for updates to be the first to be notified when registration begins.

How would you describe the SelectUSA Investment Summit that took place in 2013 to a company that has not attended?

The SelectUSA 2013 Investment Summit was a tremendous success - in fact, we were quite surprised to sell out much earlier than we anticipated. President Obama hosted the Summit, and was joined by five Members of his Cabinet, including Secretary of Commerce Penny Pritzker, Secretary of State John Kerry, Secretary of the Treasury Jack Lew, Secretary of Labor Thomas Perez and U.S. Trade Representative Michael Froman. They sent a clear signal that the United States warmly welcomes foreign investors, and that we are open for business.

We had some great corporate speakers as well - CEOs of major companies like Walmart, Caterpillar and Siemens. But we also know that investors don't attend conferences just to hear speeches - networking is essential. Investors are looking to meet the right people to find real opportunities.

The Summit brought investors from 60 countries together with economic development organizations from nearly every U.S. state and territory. There were matchmaking meetings and a trade show where states and cities presented their best opportunities. People from every corner of the nation were available all in one building - an unparalleled convenience for investors. Simply put, it was the first time there has ever been such a comprehensive gathering in the United States to serve the investor community.

The 2013 Summit was marked by the participation of President Obama, Secretary Lew, Secretary Pritzker and Secretary Kerry. What was their message to the attendees?

The United States is open for business. The U.S. investment climate is increasingly strong, and the size and diversity of our market means

that there are opportunities for nearly any company.

Why is the United States such a good place to do business? We have the world's largest market and the most productive workforce, invention and innovation thrive, and the economics of manufacturing are changing. Low-cost energy and the need to react quickly to changes in demand are changing the cost equation in favor of U.S.-based production.

And the U.S. Department of Commerce is committed to providing services at the speed of business. The federal government is now better aligned to help investors get answers when they need them.

What kinds of companies ask for recommendations from SelectUSA when it comes to their size or industry?

We serve as wide a range of businesses as one can imagine. We can assist everyone from start-ups to small and medium-sized companies to Fortune 500 multinationals. We've worked with service providers and a variety of manufacturers - some invest billions and create thousands of jobs, and some employ just a handful. Regardless of size and industry, we're here to serve!

How would you counsel a company that wants to increase its footprint in the United States but has not yet an idea where to go? There are fifty states and several territories - how does an investor sort through that?

It is important to note that we are geographically neutral - SelectUSA cannot recommend one state or city over another. But that also means we provide impartial advice and data, which investors can consider in the context of their business needs.

We assist companies to find the data they need, make connections to people who can provide further assistance, and provide information on the process, as well as key regulations. Once the company narrows down potential locations, we can make introductions to the right people at the state and local level.

There are 317 million people in the United States spread across nearly 10 million square kilometers. That can seem daunting, but it doesn't have to be. The United States has consistently been ranked among the easiest places to do business by the World Bank because we have a stable, predictable environment. For

example, many companies have found that the United States is an excellent base for exporting because we require the least amount of time to comply with all related procedures among 185 countries surveyed by the World Bank.

The size of the United States means that there are opportunities for everyone, and SelectUSA is here to help you find them!

Aaron Brickman is the senior civil servant and lead expert on foreign direct investment in the United States at the U.S. Department of Commerce. As a successful entrepreneur within government, Mr. Brickman designed, established, and now helps lead SelectUSA.

PRIMEQUAL

Interview with David Weill, CEO of Primequal, a Swiss participant of the Summit.



Please could you describe your company?

Primequal is medical device company specialized in pre-filled syringes (PFS), injection devices and dispensers for pharmaceutical drug delivery. Based on an innovative, patented, sophisticated Swiss mechanical system, our syringes are allowing a painless, safer and faster injection to the patient. Primequal technology has received an outstanding number of awards that makes it one of the most awarded technologies available in the pharmaceutical domain. Primequal can combine a design that alleviates patient anxiety with SmoothJect™, a technology that enables a truly painless injection. This combination received an award for painless injection to children which has been considered as a significant step in medical practice.

Primequal is currently focused on its new “game changer” named Talent BT: “Talent” because we wanted all our clients to be talented and “BT” for Botulinum Toxin (such as Botox form Allergan Inc). Talent BT was created in collaboration with practitioners, opinion leaders, universities and government regulatory

departments to significantly ameliorate the way we inject the drug. The goal was to avoid most mistakes surrounding the injection of Botulinum Toxin and the bad treatments that we see on a regular basis in the media. Talent BT is a real market success and we are now in the process of creating a spin-off specialized in aesthetics and anti-aging that will address the 360 distributors in 68 countries requesting the device. We are also looking into a U.S. manufacturing plant and distribution platform for Talent BT and other upcoming product such as Talent HA for Hyaluronic Acid (dermal filler).

When did you think of expanding to the U.S. and why?

Expanding in the U.S. was mandatory to Primequal as it is the n°1 market in the world for aesthetics and anti-aging treatments, a billion dollar market size. But to be honest, it would have taken us a while, in years, if we were not pushed forward by the U.S. Embassy in Bern. They successfully created a situation where Primequal was surrounded by all the resources needed to bring Primequal to the U.S., create a brand new manufacturing plant, create an international sales platform and finally create hundreds of employments on U.S. soil.

What was your experience with Venture capital and what would you advise companies on how to approach potential investors?

Primequal has always kept aside from Venture capital for the very simple reason that their obligation of “financial optimization” would have always lead our manufacturing in low cost labor countries, killing from the start any chances of industrial employment in the U.S. At Primequal, in a very old fashion way, we always believed that it was possible to manufacture locally to supply a geographical region, to contribute to local employment to supply the locals and avoid pollution with useless transports across the world! It is harder work, it takes more time and it requires being a little less profitable. But this is something we can afford when we have an innovative product

with a strong value proposition such as Talent BT. At the end of the day we strongly believe it is our responsible and ethical position that is required for a long term, sustainable future. Approaching investors with such a model is a nightmare simply because you are truly out of the trend. But investors have a great quality, as soon as they see they can make a lot of money with you they come back to you whatever your business model looks like! It took us a while but we received some financing in ways such as accumulating debt with different kind of premiums to share the success of the product. There is no single path to get some finance. The most important is to share the team skills, how you are going to make money, how you address risks and what return on investment you will fight for!

What were your expectations when signing up for the SelectUSA Summit 2013 and what were your key questions you had in mind prior to the summit? How did the summit address your needs and what is the current status of your project in the U.S.?

At Primequal we have seriously considered that SelectUSA was our gate to jump into the U.S. With the help of the U.S. Embassy in Bern we contacted state government's agencies telling them who we were and what we were able to do. The important thing for us was to look into what each party could bring to the table, increasing the size of the pie and make things possible for both. We rapidly came to the fact that "Primequal traditional industry model" was highly relevant for a State to bring long term industry and employment. Not that common in this period of crisis!

Focusing on the creation of value that could be generated by a local medical device manufacturing plant, we started to expand our contacts and meeting requests for the SelectUSA summit. We ended up having talked to 122 persons in 34 states plus 12 regional agencies.

SelectUSA turned into an absolute success for Primequal: We had 28 fruitful meetings allowing us to dig into the aspects of such a project in these 28 locations. But SelectUSA brought us much more. First of all, we could feel esteemed of being selected as one of the 1,200 "business leader of the world" which is quite huge in our industry. Second, it gave us the outstanding opportunity to assist to President Barack

Obama unplanned speech at a ten meter distance from the President. What an experience! Not only was it impressive and unique, but it also gave us the confirmation that what we were doing here was the right thing and that the President, in a way, is backing us up! Not everyone can say that! Not to mention it, but after the speech we all had, on both sides, like the mission to make it happen ... because the President said so! We are currently in process with 24 states to enhance industry and employment on U.S. soil, looking for the right location with the right financing partners.

There is no doubt that putting all stakeholders into the same location and lock the doors for 48 hours is an efficient process. There is a lot you can do during a 30 minute meeting that was well prepared before.

In your opinion, who should attend such a summit?

Any company that has a product with strong market potential in the U.S. but does not have the requested resources to do it on its own. Understand it as a fact and not as a weakness, the idea is just to save six years of organic growth to do the same jump to the U.S. Time is money so if you can save time just do it, it is good and creates wealth for everyone! This is especially true if the product is registering solid progress (breakthrough) within its field, then it is important to allow people to use it as soon as possible... even if the motivation is nowadays driven by financial interests, it is also about ameliorating patient life, never forget this!

The Founders



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JOHNSON & JOHNSON IN SWITZERLAND

Johnson and Johnson's presence in Switzerland dates back to 1959 when Cilag AG in Schaffhausen was acquired. Today, the Johnson & Johnson Family of Companies in Switzerland represents the largest American employer in this country.

Approximately 6400 employees work in the three sectors of Consumer Health Care, Medical Devices & Diagnostics and Pharmaceuticals at various sites across Switzerland:

- At Cilag in Schaffhausen, some of the most important pharmaceutical products of Johnson & Johnson are being developed and manufactured.
- Crucell Switzerland is based in Bern and Thörishaus and focuses on vaccines and antibodies against infectious diseases worldwide.
- Medos International Sàrl in Le Locle/Neuchâtel manages the development, production, and commercialization of medical implants and accessories.
- The EMEA headquarters of DePuy Synthes is based in Solothurn. DePuy Synthes Companies offer products and services through eight businesses that focus on joint reconstruction, trauma, spinal surgery, sports medicine, neurological, craniomaxillo-facial, biomaterials and power tools.
- Zug is a major global strategic hub for Johnson & Johnson and represents one of the company's most important global finance and logistics centers. More than 100 markets are being served from Zug.

Employees of the Johnson & Johnson Family of Companies work with partners in health care to touch the lives of over a billion people every day, throughout the world.



LANDSCAPE INFO

Cilag AG Schaffhausen, **(Pharmaceuticals/Medical Devices & Diagnostics)**, **Crucell Switzerland AG** Bern, **(Pharmaceuticals)**
Johnson & Johnson dans le Canton de Neuchâtel Le Locle, Neuchâtel, **(Medical Devices & Diagnostics)** **Janssen-Cilag AG**,
Johnson & Johnson AG Medical, **Johnson & Johnson Family of Companies in Switzerland** Zug, **(Consumer Health Care/**
Medical Devices & Diagnostics/Pharmaceuticals), **DePuy Synthes**, **Companies of Johnson & Johnson** Solothurn, Mezzovico,
Raron, **(Medical Devices & Diagnostics)**



CONSUMER HEALTH CARE

The products from the areas of Body Care, Cosmetics or OTC medications accompany people from birth to old age. Among them are brands as famous as Johnson's Baby, Compeed, Penaten or Nicorette.

MEDICAL DEVICES & DIAGNOSTICS

The objective of this highly specialized sector is the continuous development of innovative products for patients and physicians. With its technologies for demanding medical procedures, it is an international leader in almost all fields of activity. That is the case, for example, in surgical wound sutures, needles and implants, in the field of minimally invasive, vascular or neurosurgery or with products for the diagnosis and treatment of cardiovascular diseases.

PHARMACEUTICALS

The medications from Janssen Pharmaceuticals help patients throughout the world in the most important therapeutic fields such as cardiovascular and metabolic diseases, neurology and pain, immunology, infectious diseases and vaccines as well as oncology.

Johnson & Johnson

FAMILY OF COMPANIES IN SWITZERLAND

THE IMPACT OF VISAS ON ECONOMIC COOPERATION: A look back and a glimpse into the future

Interview with Mike Greer, head of the Visa section at U.S. Embassy Bern on investor's visa.



What mechanisms are in place to facilitate the access for the Swiss business community willing to invest in the U.S.?

There are a variety of visas in place which help to promote trade between the U.S. and Switzerland. These visas typically waive a number of requirements which are applied to other travelers and facilitate access to the U.S. while reducing bureaucratic hurdles. Attracting investments and creating new jobs has become a priority of the U.S. government and the below mentioned visa categories are examples of this spirit. To be able to obtain these visas the applicant needs to fulfill a certain number of criteria which are outlined in: <http://travel.state.gov>.

1. Treaty Trader Visa (E-1): Just like the Treaty Investor Visa (E2) this visa is based on a bilateral treaty between the U.S. and Switzerland which was signed in 1855 and is still in force. A visa applicant must work for a Swiss entity, must be a Swiss citizen, and must intend to perform a substantial amount of trade between Switzerland and the United States, just to mention a few conditions.

2. Treaty Investor Visas (E-2): This visa is tailored for investors who would like to invest in companies in the U.S. There are several requirements for this visa. Among them are that the applicant intends to undertake a substantial investment with funds that are irrevocably committed, the entity must be a real and operating enterprise, and the investment must be more than marginal, i.e. it must be capable of sustaining more than just the investor and his/her family. The two E-visas are non-immigrant visas, are valid for four years and are renewable. U.S. Embassy Bern has a specialist dedicated to evaluate these cases and in 2013 we issued 236 such visas.

3. L-1 visa: The United States L-1 visa is a non-immigrant visa which allows companies operating both in the U.S. and abroad to transfer certain classes of employees from foreign operations to the U.S. branches and subsidiaries for a period of up to seven years. The visa applicant's objective is to develop a subsidiary or a branch in the U.S. of the company represented.

4. Potential foreign investors in the United States also have the possibility to obtain a Green Card through the EB-5 visa program. The applicant would invest a sum of at least \$500,000 in a qualifying investment project, often a shopping center or other real estate development, and for that investment would receive an immigrant visa for him/herself and immediate family members.

5. A further aspect of travel to the United States that is worth noting is the visa waiver program, a program administered by our Customs and Border Protection service which allows travel to the United States for citizens of 38 countries. Almost 500,000 Swiss travelers enter the U.S. without a visa each year. The travellers only need to register through the Electronic System for Travel Authorization and as long as the requirements are met, they receive an approval, which allows them to save time and efforts otherwise needed to get a visa.

What is the economic impact of a member of the Swiss business community willing to travel to the U.S.?

Every Swiss travelling with an "E-2 visa" invests on average between \$100,000 and \$500,000 in the U.S. Hence, we can estimate that we facilitated between \$23 million and \$120 million of new investment into the U.S. every year! Not just new investments are created, but potentially also new jobs for Americans.

What other mechanisms facilitating doing business in the U.S. can we expect in the future?

The Swiss authorities have signaled interest in the Global Entry Program. The Global Entry Program is a Trusted Traveler Program of U. S. Customs and Border Protection, and allows travelers to skip the lines for the passport control in certain locations such as Washington-Dulles International Airport (IAD), John F. Kennedy International Airport in New York and many others. Hence, the traveler is able to get through the passport control more quickly, thus saving a considerable amount of time upon arrival in the United States.



LOCATION WITH PROSPECTS

Nidwalden's exclusive locational advantages make it a highly attractive proposition as a place to live and work. The canton is also noted for its mild tax climate, its central location with international connections and the population's high standard of education and training.

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Switzerland

Switzerland Global Enterprise

Interview with Daniel Küng, CEO of Switzerland Global Enterprise (SGE).



© Courtesy of Switzerland Global Enterprise

What are the key objectives of Switzerland Global Enterprise?

Switzerland Global Enterprise has three key mandates. The first one is export promotion; we help small- and medium-sized companies to manage selling their products to foreign markets. We deliver them information on target markets, opportunities, the do's and don'ts of the different markets, we offer consulting and give them the necessary contact information in the targeted markets and provide them with access to our networks. In short, we provide information, from initial consulting to the establishment of contacts until they have found their way to enter the market.

Our second major mandate is investment promotion. That means that we promote Switzerland as a business location abroad. We do this in addition to the cantonal efforts since the promotion as a business location lies within cantonal sovereignty. However, the cantons may only promote themselves; we promote the whole of Switzerland. In order to do so we have received an additional mandate from the State Secretariat for Economic Affairs. Within this additional mandate, we identify potential foreign companies which could be interested to open a branch in Switzerland and explain

to them the advantages and benefits of Switzerland by passing them on to the cantonal authorities who encourage the actual opening of new investments. Furthermore we increase the awareness about the business location Switzerland amongst potential investors.

The third mandate is within the context of development cooperation and thrives to support certain target countries in their efforts to build up an export industry. These are basically countries which are in an early stage of their economic development. We support them to build up certain economic sectors in a sustainable manner and to get access to the European markets.

Why should a successful Swiss company consider expanding its activities to foreign markets?

The first reason for a Swiss company to expand its activities to a foreign market is the limited size of the Swiss market. Companies that wish to benefit from economies of scale often find there is not enough demand from Swiss consumers alone. Secondly, Swiss products benefit from the reputation of Switzerland as a quality location that allows easier access to foreign markets. Thirdly, many Swiss companies have realized that they can increase their productivity once they have faced the tough challenge of global competition. This increased productivity helps them to handle a more difficult economic environment. Such companies are better diversified, have better access to talent and better know-how than those companies active only in Switzerland.

How do you describe the strengths of Switzerland's exporting companies compared to the ones from other countries? Which are the fields they are particularly strong in?

Generally speaking, I believe that in many industries our firms use many strengths to their advantage. First of all, there is the high level of quality combined with a high level of innovation since Switzerland is known to be the most

innovative country in Europe. There is no other country that spends as much money for research and development. We have top universities here. We have firms present that know to transfer the know-how from the universities into products. We have a well-functioning financial infrastructure that supports the companies in selling their products to the customers. Thus, the entire gamut of innovation is a key factor for the strength of Swiss companies. A second strength is the country's brand. One could call it "swissness" and everything that is linked to it. There is the image that we create and sell high quality products. Also important is that we do so in a sustainable manner that results in reliable products, too. The combination of all these characteristics leads to the fact that if a product is made in Switzerland it is even more attractive than products produced elsewhere.

The third element is the high capacity of the Swiss economy to adapt. This is linked to the fact that we, as a small player, are rarely in the position to determine the rules of the game. Most of the time we need to adapt. For instance, an American that travels to Switzerland does not speak Swiss German but English, but the Swiss travelling to the U.S. is expected to have a good command of English. We also have learned to adapt quickly. We are an economy marked by small- and medium-sized companies very often led by agile and mobile entrepreneurs. They can adapt quickly as witnessed by their reaction to the strength of the Swiss Franc and the problems which arose with this new situation. This capacity to remain flexible helps the Swiss to be able to find a solution when it comes to dealing with any particular situation.

Fourthly, the well-developed linkages between the Swiss economy and the global economy are noteworthy. On a *per capita* basis, Switzerland is among the top five export nations worldwide, and even on an absolute basis Switzerland belongs to the top seven investors worldwide although it counts only 8 million inhabitants.

How would you describe the role of Free Trade Agreements for Switzerland?

They are very important for Switzerland because it is not part of any bloc of states and these bilateral agreements can ensure access to large economic areas. Free trade agreements with the EU were later extended to become bilateral agreements. We have also free trade agreements with Asian countries such as Japan

and China; the latter enters into force on July 1, 2014. The FTA with the Golf States also enters into force then.

We are in negotiations with India, and just started negotiations with Indonesia. Switzerland has Free Trade Agreements with almost 40 countries. I understand that only Chile has more Free Trade Agreements than Switzerland. These agreements are important so that Swiss products can be exported to foreign markets.

How has the Swiss economy dealt with the strength of the Swiss Franc?

I think that Switzerland has dealt well with the strong Swiss Franc. The economy was actually the victim of a process during which the Swiss Franc became a safe haven currency when the euro crisis started. The economy then had to carry the burden as the exports became more expensive but the imports did not get any cheaper. Lower costs for imports due to exchange-rate shifts were not passed on to Swiss companies but were kept by the producers in the foreign markets. In other words, profit margins declined for exported products destined - and exports comprise about half of the value of our GDP. These margins, in particular products exported to the EU, declined radically and forced the companies to do everything possible to increase productivity. Hence, they needed to analyze all the possibilities to advance productivity wherever possible in order to survive. They did so exceptionally well, I believe. Some companies have disappeared; others have opened branches elsewhere. This is inevitable, but we saw much less of this than one would have believed originally.

What markets are particularly attractive for Swiss companies? And which sectors benefit the most from expanding to other markets?

Generally speaking, when it comes to defining particular markets, one can really say that Swiss companies target all markets worldwide. We still export 55% of our products to the EU, hence, the EU remains the most important trading partner followed by the U.S. which receives 10% of our exports. Asian markets have become more important, taking about 20% of our exports. The Middle East is also increasing in importance. Countries like Saudi Arabia and Turkey have registered high growth rates. We also have to mention South America. So far only 3% to 4% of our exports go to these mar-

kets. We know that in South America, notably in Colombia and Peru, the demand for investment in infrastructure is high. Thus, we try to sell our know-how in the field of road construction, tunneling and construction of bridges to these countries. We also know that there is a substantial need to replace medical equipment in Russia and Saudi Arabia and hence, new hospitals are being built in these countries. Thus, we offer them our precision instruments, our know-how in the field of med-tech and medical installations. **One needs to examine opportunities in these markets flexibly.**

What are the typical difficulties Swiss companies can encounter when trying to expand to other markets?

They underestimate the market and they believe that everything works similarly as in Switzerland. Then they do not emphasize enough the need to understand the differences of the new markets, also from the cultural aspect. They start planning too optimistically and expect to reach break-even rather sooner than later. The necessary capital may then be in short supply when things develop slower in particular in markets which are more difficult to access and lack transparency. For example, in countries like Indonesia, China or India one may not clearly see from the beginning what difficulties could arise. These challenges certainly arise quite often.

One additional difficulty is the challenge of building up a local network. Often not enough resources are spent in doing so. Or perhaps the projects for achieving market entry are delegated too low down the company hierarchy. Hence, the CEO, COO or Chief Development Officer do not steer these projects, but rather a lower-level employee may be responsible for these kind of projects. In a nutshell, these are the kind of problems we see.

Why is the U.S. market attractive for Swiss companies and what are the particular challenges Swiss companies face when starting to increase their footprints in the U.S.?

The U.S. remains the largest market in the world. It is also a market that has again generated more traction and a market that recognizes quality and is prepared to pay a certain price for it. Not every market is like that. Such a market needs to have a certain standard in order to do so, and the U.S. attains this standard.

It is also a very large market and we feel that we are related to the U.S. market. We have the necessary information on the U.S., how the country works, and we believe we understand how the people think, which is not always the case in countries such as India, Pakistan or Nigeria.

We sense that we are relatively close to this market. But it remains a difficult market as it is challenging to enter it due to the necessary investment in the early stage. Hence, hurdles remain high in entering this market. Those who have successfully entered the market uniformly argue that the price was worth it, and these companies rarely ever turn away from the U.S., but remain in the market and generally make a good living there.

If you could change one parameter for Swiss businesses to increase exporting activities which one would it be?

One thing that I believe could be improved is access to finance for the smallest companies, for instance, Venture capital as we know it in the United States. In Switzerland the philosophical and sociological preconditions are different; the Swiss are rather risk averse and not as tolerant as in the U.S. We certainly need more seed financing.

Secondly, I would like to strengthen the liberal elements of the Swiss economy. Hence, I tend to do the opposite of what the Swiss voters decided on February 9, 2014 [opting for stopping the free movements of persons]. I would rather try to open and integrate us more into the world economy instead of shielding Switzerland off. These are, I believe, the most important aspects.

Is there anything else you would like to add for our readers?

I think it is important for our U.S. readers to know that Switzerland is a partner that remains more international than any other country within Europe as far as languages are concerned, but also concerning the schools and communities present here. I also believe that Switzerland has a strong affinity with the U.S. and thus remains a much-loved destination for establishing regional headquarters of American firms. This will not really change with the vote on February 9. In other words, I believe there is no other country that remains so close to the United States in Europe.

Swiss Business Hub

Interview with Fabian Stiefvater, Head of Swiss Business Hub USA.



© Courtesy of Switzerland Global Enterprise

What is the Swiss Business Hub and what are its main objectives?

The Swiss Business Hubs are the global network of Switzerland Global Enterprise. They are positioned in major export markets on four continents at this point in time. As for the U.S. the Swiss Business Hub has its headquarter in New York with branch offices in Chicago, Atlanta, Houston, Boston and Los Angeles. Swiss Business Hubs are typically integrated into the offices of the Swiss Consulates or Embassies and enjoy an extensive network of contacts within their respective regions on account of their official status. Our primary role in export promotion is to provide Swiss SMEs with services that include market intelligence and regulatory information, identification and pre-qualification of prospective business partners, as well as assistance in helping to resolve any issues or challenges they face upon

entering (or expanding in) the U.S. market. In addition, we are also responsible for promoting Switzerland as a business location and assist U.S. companies who are in the process of evaluating a direct investment abroad by providing relevant information and connecting them with cantonal and regional economic development agencies (as part of our investment facilitation services).

How do you describe the U.S. market to a Swiss company that requires more information about it?

The U.S. market is the world's biggest single national economy (still twice the size of China's GDP). It has abundant natural resources, a well-developed infrastructure and high productivity. It is one of the most sought after and homogeneous markets in the world. Its economy is based on consumption, its official language is English and it offers a relatively business friendly legal framework, although highly legalistic when it comes to contracts, product liability and compliance with certain industry standards and norms. Not to be underestimated is the fact that the U.S. has its own traditions and culture, both business and social, which differs from Switzerland and Europe. American consumers or business people do not always have the same interests or perceptions as consumers in Switzerland or other parts of the world do. This is a key factor to be taken into consideration when entering the U.S. market and evaluating a company's chance of success. The U.S. market continues to be the second largest export market for Switzerland with a share of 11.6% (of total Swiss exports). High growth of Swiss exports to the U.S. in 2013 (with plus CHF 981 million and growth rate of 4.4%) and promising U.S. GDP growth projection for 2014/2015 are likely to result in additional export opportunities across sectors (in particular with respect to pharmaceutical products, chemicals, hardware/software, elec-

tronics, machinery and precision instruments). The U.S. is a major target of Swiss direct investments. While Switzerland was the largest respectively second largest direct investor in the U.S. in 2010 and 2011, it still ranked among the top 6 investors in 2012 (as one of the largest R&D spender) and supported over 400,000 jobs across the U.S. Interestingly, Swiss companies were the only ones among other major foreign investors which added jobs during the economic downturn. Also, U.S. direct investments to Switzerland play a significant role in the knowledge economy and the international cluster that make the Swiss economy so successful.

***How can a Swiss company get ready for export?
How do you help Swiss companies to enter the U.S. market?***

Switzerland Global Enterprise has an excellent tool called “WarmUp2Export”. It tests a company’s export fitness, by guiding it through a series of topics; Preparation, Target Market, Market Knowledge, Sales, Law/Contract and financing which based on a company’s answers can determine their readiness level for exporting and how they and the Swiss Business Hubs can potentially assist them in the areas where they have little, no or limited knowledge or experience. The consultants at Switzerland Global Enterprise and the Trade Commissioners at the Swiss Business Hub meet with more than 200 Swiss companies per year (both in Switzerland and the U.S.) to discuss with them their goals for the U.S. market. Based on the discussion, it is determined how we can best assist them in attaining their goals for their planned market entry. Some points of discussion include: Have they marketed their product in other countries. Do they have a concrete business plan, sufficient financial and human resources, flexibility in adapting products in technical design and pricing, unique selling points (USPs) which will work in the U.S. market, website and promotional materials in English, knowledge of U.S. market and costs, key customers, regulatory and custom’s issues, pricing structures, common business practices, requirements for a distribution partner, information on product liability issues, contractual compliance, protection of intellectual property, usual payment terms, etc. Their answers will provide the parameter

for the next step such as providing an offer for market research, business partner identification and/or verification, regulatory and standards/norms compliance services or legal or financial consultancy services *via* local experts.

What are your major partners when supporting Swiss companies?

We have a vast array of different local experts and contacts in various regions and cities across the U.S. They have been forged over the years, from lawyers with different expertise, CPAs, regulatory agencies which handle the evaluation of U.S. product approvals or norms, order fulfillment companies, service providers of different sorts, industry experts to private consultants and local chamber of commerce as well as industry association. These partners are often members of Switzerland Global Enterprise’s “Expert Directory” which consists of experts in different sectors from all over the world.

What are the do’s and don’ts of a company that envisions to increase its footprint in the U.S.?

Do your homework. It is important to do extensive market research and gather market intelligence on the desired market to understand the playing field and get to know the major players, i.e. know the market, who are the competitors - and how the distribution channel and marketing work for your particular product. Do a test market approach, start off having industry experts or prospective end users/partners use and/or evaluate your product and provide feedback. Ensure that the product is in compliance with all import requirements and product approvals/standards/norms where applicable. Evaluate pricing vs. the competitors’. Have all communication, brochures, documents and packaging in “American” English and first reviewed locally for correctness and compliance. Make a trip or several to the U.S. to meet personally with prospective partners and get a sense of the “playing field” before committing to anything. Engage an “American” lawyer to draft any legal documents or contracts and a CPA to make sure that all financial and tax matters are handled properly. Respond quickly to correspondence or requests from business people, as business moves a lot faster in the U.S. and a slow response can be perceived as a lack of serious interest.

Advertorial



RUAG Aviation

RUAG Aviation is one of five divisions of the Swiss technology group RUAG. It is a leading independent life cycle solution provider for selected civil and military aircraft, specializing in maximizing aircraft and fleet availability and reliability. The company's portfolio includes maintenance, repair and overhaul (MRO), upgrades and modifications, manufacturing, the integration of subsystems and components, as well as supply chain management.

In the United States, RUAG Aviation is represented by its subsidiary, Mecanex USA, which is specialized in innovative spare part sourcing and management. Mecanex USA is partner to many of the world's leading and largest US-based civil and military aviation OEMs. The company's solutions reduce inventory and overhead costs through just-in-time (JIT) programs, kitting and on-site procurement of custom parts, hazardous regulated and non-regulated material as well as hard-to-find, obsolete and discontinued parts. Mecanex USA is registered with the US Department of State on behalf of RUAG Aviation, and provides ITAR and EAR handling services. It is licensed to handle all export compliance procedures, issue documentation such as LOI, DSP-83 and retransfers, and to arrange for permanent or temporary export licenses, general and specific licenses and various other licenses.

Mecanex USA's parent organization, RUAG Aviation, possesses extensive experience supporting both civilian aircraft as well as air forces worldwide. RUAG Aviation's competence centers have for decades been life cycle support partners of the Swiss and the German Air Forces, supporting their aircraft with tip-to-tail solutions, including for the current F-5 Tiger and F/A-18 Hornet jets as well as Bell and Airbus Helicopter rotorcraft fleets. RUAG Aviation and its subsidiaries are thus ideally positioned to support the fleets of its international clientele, particularly in cooperation with trusted industry partners in the US and elsewhere.

Headquartered in Emmen, Switzerland, RUAG Aviation benefits from Switzerland's historically stable economic and political environment, as well as from a pool of top talent drawn from the leading universities and technical institutes in Europe. The company employs approximately 2,200 people at facilities across Switzerland, as well as in Germany, Australia, Malaysia, Brazil and the United States.

**Together
ahead. RUAG**



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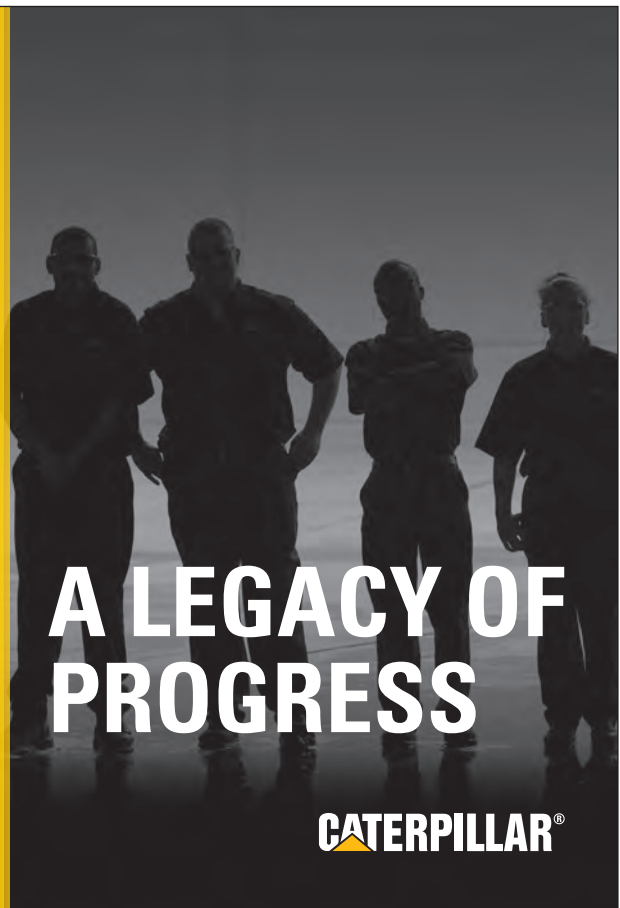
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**A LEGACY OF
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A challenge for Swiss entrepreneurs and common misunderstanding is to think that their “Swiss Made” product is of such high quality and uniqueness that it will sell automatically in the U.S. market on their terms. This might work in certain industry sectors depending on the products USP but is rather an exception. Cost/benefit considerations are always foremost in the mind of U.S. consumers. Another challenge Swiss companies often encounter is a lack of understanding for the size of the U.S. market, the required financial means and the most fruitful “go to market” approach for sustainable success (e.g. such as the illusion that they can cover the whole U.S. market with one single distribution partner). Many Swiss companies mistakenly feel that the U.S. is closer in terms of culture compatibility compared to other (European) export markets and underestimate compliance efforts deriving from the legalistic and regulatory U.S. landscape.

What kind of Swiss companies are predestined to export to the U.S. or to open a branch there? How do Swiss companies choose their geographical location in the U.S. when they physically open a presence there and where are their favorite spots to go to?

Swiss companies that export to the U.S. come from all different industry sectors, are primarily those that can provide certain (USPs) of their product/service or fall into a specialty niche market, have adequate financial and personal resources, have done their homework thoroughly, can communicate in English along with having their website and documentation in English, have already had experience selling and exporting their products/services in another country, have addressed all necessary legal, regulatory and financial requirements for entering the U.S. For companies wanting to open up a branch office in the U.S., have a critical mass and experience with already exporting their products to the U.S. over a number of years, necessity to be closer to customer base for time to market and/or for sales, marketing and servicing/repair reasons, take advantage of the strong “Swiss Franc” to source local components.

Swiss companies choose their geographical location based on different factors; ease of logistics relative to their home market, avail-

ability of industry clusters and talent, proximity to customer or supplier base of their industry in the U.S., state incentives, costs of doing business, corporate tax considerations, location of personally made contact who will run the U.S. branch office, proximity/access to other neighboring foreign markets, i.e. South/Latin America, proximity to research or educational institutions, or just because the principal of the company likes the location or was treated well when visiting there.

Some favorite places for Swiss companies to locate in are - states in the Southern/Southeastern U.S. where labor is cheaper, little or no unions and cost of doing business and cost of living is more economical. Of importance is also the proximity to hubs of certain industries, e.g. textiles in North and South Carolina, foreign car production and supply chain in the states of Georgia, Alabama, South Carolina and Tennessee. Florida is of interest due to its warm climate, beaches, lifestyle, low wages and no state income tax. The mid-Western states of Ohio, Indiana, Illinois and Michigan are key locations for machinery and machine tool manufacturers. The region around Boston on the East coast and San Francisco on the West are important locations for high tech and R&D companies such as the biotech industry.

The Canton of Bern: The home of quality

The Canton of Bern offers all the benefits that make Switzerland stand out as a location for international companies. It also has unique qualities that make it especially attractive for manufacturing companies and headquarters in the services, medtech, precision, IT and telecoms industries. Interview with Denis Grisel, President Bern Economic Development Agency.



© Bern Economic Development Agency

So what are your strengths?

First off, we are centrally located and we have excellent transport links. Four airports are within quick and easy reach. Our multilingual workforce and our high quality of life are also very much appreciated. On top of that, we boast some outstanding universities. And, of course, Bern is the capital of Switzerland, which makes for a very international environment.

Have any U.S. companies come to Bern recently?

Yes. In April 2013 3M established 3M EMEA GmbH Switzerland in Burgdorf as its Supply

Chain Center of Expertise, employing more than 250 people from different countries. And in 2012 we welcomed Walgreens-Boots Alliance Development GmbH, a joint venture between Alliance Boots (UK) and Walgreens (USA). The new company is going from strength to strength and is already employing more than 30 people.

What was it that made these companies choose the Canton of Bern?

From the feedback we have received we know that the key issues were the good transport links, the pleasant environment and the expert support they receive. One company representative recently told me: 'Every day we get the impression that as a globally active company we are welcome here; we are supported and appreciated.'

How do you support interested companies?

The Bern Economic Development Agency helps companies to find locations and premises and establish their new branches. We provide information on work and residence permits, financial support, tax breaks and company formation. We also help them establish contacts and give them access to our extensive network.



Focus: Swiss mechanical engineering

SWISSMEM

Interview with Hans Hess, President of Swissmem.

What is Swissmem?

Swissmem is an association encompassing about half of the Swiss industries, our half being the machine, electro and metal industry and the other half being the pharmaceutical industry, we call in brief “MEM industry” and the chemical industry each of them contribute to about 9 % or 10% of GDP. Swissmem has four main tasks:

1. The most important one is to represent the interests of the MEM industry *vis-à-vis* Swiss politics and administration.
2. The second one is to offer specific services to our member companies.
3. The third one is being an umbrella for certain sub-groups let us say the textile-machine industry or others that have specific interests they would like to have talked about together and represented *vis-à-vis* the government.
4. The last but not least, is to be actively involved in the professional dual education system in Switzerland. We are responsible for eight of these types of educations that are truly important for companies, and the quality and the innovation and the efficiency of these companies.

How would you describe the importance of the engineering, electrical and metal industry to Switzerland's compared to the overall industry and service sectors in Switzerland?

I think economically our contribution amounts a bit more than 9% of GDP, so that is important. Our contribution is one third of the Swiss exports so that is also quite significant. Our member companies employ about 330,000 people that is important, too. One of the hidden secrets is that these companies employ not only 330,000 within the borders of Switzerland but also more than 500,000 people outside of Switzerland. This is a kind of demonstration of the international footprint of Swiss companies. The MEM industry companies export about 80% of their production manufactured in Switzerland in different kinds of foreign markets.



© Courtesy of Swissmem

The most important market is Germany which amounts about to 25% of the total exports, and the second most important one is the United States with 11% of our exports, followed by other countries like France 6% and China and Italy with each of them 5%.

What does “Swiss Made” for your represented industries mean?

“Made in Switzerland” for most of our customers is not really that important. However, “Swissness” has many other attributes of which I would say “Made in Switzerland” is the least important for our industry. More important are things like reliability, being a reliable business partner, having reliable products and reliable excellent services and good customer support. Those are important attributes. The Swiss

quality of our products is something that has traditionally been well known in the world and I think that is still an image that we have. Customers who buy products from Swiss industrial companies have a certain guarantee that they are buying high level products. These companies are really reliable companies.

Where do you see your companies' strengths when it comes to exporting to other markets or increase their physical footprint in other markets? How can you and your partners support them in doing so?

I think one should be aware that many companies of the MEM industry are really producers of special niche products. So they offer really innovative and relatively high tech solutions to their customers worldwide and many of them have very strong market positions on an international scale. Many Swissmem companies also have the ability to customize the products for specific needs this is also something that differentiate our companies versus let us say Chinese companies that are mass producers. So we are able to customize and produce low quantity in an efficient manner. As a consequence of this I would say many of the companies have to be very innovative and are leaders and their technologies are recognized for that worldwide.

So Swissmem needs to help these companies first of all to maintain their capacity to innovate, to create framework conditions where they can be successful. Swissmem wants along with other organizations to access these global markets, on one hand as supplier to these markets but on the other hand from a procurement angle as well. Swissmem may also help with other framework conditions such as international free trade agreements and other issues which are truly important.

What does the U.S. mean for your industry?

I believe that the U.S. is a particularly interesting market for Swissmem companies. The U.S. customers appreciate the productivity and the quality we can offer. I would dare to say that doing business with the U.S. is relatively straight forward unlike other markets like China. So therefore we have encouraged member companies particularly in the course of 2013 with the organization of certain work-

shops to look very closely into the opportunities that the U.S. market has to offer. The risk of the set up but also the cost of the set up and also the risk of doing business are significantly lower than compared to other markets. I would say that the reindustrialization that the current administration is envisioning for the U.S. offers very interesting market opportunities for the next decade or even the next several decades. I have seen a lot of companies running after the BRICS and emerging markets for the last five years or ten years and I think rightly so. But I think the U.S. may offers even more interesting opportunities for those who are not afraid to be exposed to a very competitive environment.

What kind of Swiss companies should expand to other markets and open a physical presence in markets such as the U.S.?

I would say all companies in the MEM industries must explore the opportunities outside Switzerland since the Swiss market is simply too small. Many of these niche producers really need the global market. They invest a lot in innovation and automation and in order to generate the necessary returns on these investments they must access the global market.

The export model is changing. Traditionally these companies have all been exporting. Many companies have understood that it is really mandatory or at least a strong competitive advantage to be closer to their customer base. So they need a physical presence in these international markets to be closer to their customers on the one hand, and on the other hand Switzerland has become too expensive for many producers. Therefore, many companies actually also need these international markets to ensure competitive costs through a corresponding procurement or international production. So most of the medium sized companies have a very international foot print and have their subsidiaries in the key areas in proximity of their customers but also in those areas with low production costs.

What do you think of Free Trade Agreements?

Free Trade Agreements are truly important for our export oriented industry and SMEs do not have a local presence like the multinational

companies as Roche, Novartis, ABB or Nestlé. The multinational companies do not need Free Trade Agreements, however, the SME industrial companies do really depend on these Free Trade Agreements in order to be on an equal footing with their local competitors or at least at a reasonably equal footing and not to be burdened with higher import costs. Free Trade Agreements are also always give-and-take so we have never been totally satisfied with the outcome but we have been very grateful that we ultimately have been able to reach such agreements. We have recently been able to sign such an agreement with China which will lower our import costs very radically. The treaty entered into force on July 1, 2014. We were not able to sign an agreement with India so far due to the intellectual property rights issue and other issues as well. Swissmem would be extremely eager to have a FTA with the U.S. We need find right way of participating or paralleling the discussions between the European Union (EU) and the United States. I think it is a major opportunity for us if we can participate and it would be a major disadvantage if we could not have a FTA in parallel.

What are the future challenges for your industry?

I think the Swiss Franc is an important element as we need to have a currency that fluctuates within the range of plus 10% or minus 10% and around purchasing parity power. Today, we are in these 10% and we are doing ok. The Swiss Franc is probably still too expensive but not to the degree of about three or four years ago.

I think the Swissmem industries need to keep up their capacity to innovate and they need access to a workforce that is innovative and creative. To find these talents is a challenge because Switzerland is so small. As a consequence, we could not find many of these talents that we need to be innovative; we were looking for specialists from outside and particularly from the EU but also from other places like the United States. I think this is a key issue. Now Switzerland has decided to limit the migration and this will create enormous challenges because our companies cannot find the necessary specialized qualified workforce here due to the restrictions of the immigration laws they

may go elsewhere. This would likely enhance their global footprint of the company but I do not think it would be positive for Switzerland. So if we lose the bilateral agreements with the EU and as about half the MEM industry products go to Europe this would be a major challenge for many companies. Those are maybe the key areas one can highlight.

Competition from Asia and other issues we have become used to find a solution and to fight successfully against and hence, I am not so concerned about them. Like everyone else we depend on the economically cycles and conditions. Because we export so much it is almost irrelevant how the economy develops in Switzerland but it is much more important how the economy develops in Europe or the United States. The picture is not as bright as we see all kinds of issues that could come up. Again, I believe the United States have probably the brightest economic outlook if they do things right with their lower cost of energy and with their regained competitiveness in certain areas I think they have the potential to really be a stable economic development going forward. These would be again great opportunities for Swissmem companies for accessing this market in many dimensions not only sales.

Discussion with members of Swissmem

BERNINA

Interview with Hanspeter Ueltschi, fourth-generation owner of BERNINA and chairman of the BERNINA Textile Group.



What does your company do?

BERNINA is a family-owned company that has been manufacturing sewing and embroidery machines for ambitious home-users since 1893. In addition, we produce accessories such as presser feet for different applications, sell our own software as well as fabric, notions and embroidery designs through specialized subsidiaries. Our goal is to fully satisfy the needs of people for whom textile design is a hobby and passion.

How do you distinguish your sewing machines from the ones from other manufacturers?

BERNINA is a manufacturer of high quality, extremely durable and robust products. We can proudly say that Swiss precision goes into every single BERNINA sewing machine. This results in products that allow us to focus on the abso-

lute premium segment in the international market. The strengths of BERNINA also include innovative capacity. One example of this is our product DesignWorks, which teaches the sewing machine cutting and drawing.

What does the U.S. market mean to you and how are you present there?

The U.S. market is extremely important for the business success of BERNINA. We generate more than 60 percent of our group turnover in the U.S. Sales are made through our subsidiary BERNINA of America, headquartered in Aurora, Illinois, to a national network of 450 independent sewing machine specialty dealers. We continuously train these business partners. They are our competent and enthusiastic ambassadors in the U.S. Thanks to them and thanks to our reliable products, we have managed to acquire an excellent reputation in the U.S. market. BERNINA is considered a cult brand among American quilters.

How did you experience first entering the U.S. market? How did you learn how to get started there and what were your experiences?

After we had previously carried out our business in the U.S. *via* an importer, my mother took a major step in 1969 and founded a subsidiary. We were thus able to compete more directly in the marketplace. We placed greater focus on the sales organization and the training of the specialized dealers. The BERNINA dealers were not only to have technical expertise, but also to convey sewing ideas and inspiration to the customers. They were to live our passion. I continued this initiative when I took the lead of our U.S. subsidiary in 1979. It is my belief that we cannot simply sell sewing machines, but rather we must generate enthusiasm for textile design. I see myself as a gardener in the sewing landscape. The set-up years in the U.S. were extremely



© Courtesy of BERNINA

*BERNINA
headquarter in
Steckborn*

challenging, particularly in the area of logistics. The hard work was very rewarding, however, both economically and personally. I very much appreciate the positive nature of Americans, their open criticism of problems and their enthusiasm and drive when they are convinced of a solution.

How is your business approach different in the U.S. market compared to the one in the Swiss market?

Generally, BERNINA appears as a global brand and pursues one uniform business concept worldwide. I see two main differences compared to the Swiss market: On the one hand, in the Swiss home market we enjoy a dominant market position with a market share of about 90 percent in the relevant price segment. In Switzerland, “BERNINA” is almost synonymous with “sewing machine”. The competition is tougher in the U.S. We operate in a multi-brand environment, sewing machine specialized dealers also carry products from our competitors. Tactical marketing therefore is more dynamic and perhaps also harder in the U.S. than in Switzerland. The second difference: In the U.S., quilting is an important sub-segment, which we address with dedicated products and services.

What are the future challenges for your industry and company?

The main challenge for BERNINA in the U.S.

market is the development of the U.S. dollar compared to the Swiss Franc. We hope to see a strengthening of the U.S. economy and a stabilization of the exchange rate at a higher level. On a global scale, the main challenge lies in the increasing segmentation of the market. In addition to the premium segment in which BERNINA operates, there is a huge entry-level range. We need to advance in this segment if we want to take part in the do-it-yourself trend and appeal to a young generation of sewers. To this end, we have established the second brand “Bernette”. Under the label “Bernette” we sell reasonably priced, but still high quality sewing machines for entry-level sewers.

*BERNINA assembly
in Steckborn*



© Courtesy of BERNINA



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DC SWISS

Interview with Pascal Forrer, Marketing and Sales Manager, member of the DC Swiss Board.

What does your company do?

DC Swiss stands for Quality tools made in Switzerland. We design, produce and market top of the range thread cutting tools intended for all companies and all materials. Considered “Leader” in Switzerland, we occupy a privileged place in the world market. Over 70% of our turnover is achieved by export, primarily in the European Union.

What are the particularities that need to be kept in mind when processing threads and how does your company meet the challenges with your thread cutting tools?

We have distinguished ourselves by remaining exclusively in the field of thread tapping and

intend to abide by that philosophy. In this way, the customer obtains a reliable and competent partner, specialized in a well-defined sector. Often the thread is the last operation on the work piece and therefore a reliable tool solution is absolutely mandatory.

What does the U.S. market mean to you and how are you present there?

DC Swiss has been active in the U.S. market for several years, principally in the Automotive, Aerospace and Medtech sector. Our focus is clearly in these demanding industries, where automation and process security meets a specific technological request. We observe considerable investments in modern CNC and production



© Courtesy of DC Swiss

machines. A strong reindustrialization is taking place in the U.S. right now and we are proud to be part of it.

How did you experience first entering the U.S. market? How did you learn how to get started there and what were your experiences?

First sales started in the early '90s through local dealers. It was difficult since our brand name was completely unknown. We also immigrated thanks to major Swiss companies who manufactured in the U.S. and wanted to use our tools. We are pleased of our past successes and 2014 marks an important year for DC Swiss: We will launch a brand new, U.S. - exclusive DC Swiss main catalogue. All sizes and norms will be in the American Standards. Our new partner is based in Monroe Connecticut and is assuring the nationwide distribution of our products.

How is your business approach different in the U.S. market compared to the one in the Swiss market?

When selling HQ tool solutions, the After Sales Services becomes vital. We do not sell tools, but we offer solutions. Since we manufacture all our tools in Switzerland, we can guarantee these added values thanks to the proximity to our clients. In the U.S. market, we first had to train in-depth the sales technicians. Our partner

is regularly in Switzerland and we are several times a year in the U.S. to update them about new products and new production standards. At the end it is all about customer benefits, independently if in U.S. or Swiss market.

What are the future challenges for your industry and company?

Threading applications show one clear tendency: Process security is becoming increasingly important and modern manufacturer need a stable 24/7 tool solution. Thanks to optimized production cycles, industrial countries will be able to compete with low cost nations. Together with our new partner, DC Swiss will exhibit these exciting solutions at the 2014 IMTS (International Manufacturing Technology Show) in Chicago. We would be pleased to welcome you at our booth!



VON ROLL

Interview with Achim Klotz, CEO of Von Roll.



© Courtesy of Von Roll

What does your company do?

As one of Switzerland's longest established industrial companies, founded in 1803, Von Roll focuses today on products for power generation, transmission and distribution. Von Roll's core business comprises two divisions: Von Roll Insulation develops and manufactures products and systems for the electrical insulation of high- and low-voltage machines, such as generators, traction motors and transformers, among others.

Von Roll Composites produces composite materials and parts for the same target markets, as well as for the electronics, automotive and aerospace industries.

Two additional business lines complete the business portfolio: Von Roll Transformers offers power and distribution transformers and Von Roll Water provides solutions for process engineering tasks in the field of water and wastewater management.

What key elements does one need to be aware of to understand the market for insulating systems?

Our slogan is "We Enable Energy". This means that our electrical insulation products allow electrical tools to work properly and thus prevent failure. Our products can be

found throughout the spectrum of electrical machines, from big generators for hydropower plants to small household devices. Without the right insulation, energy is wasted.

Do energy providers stimulate innovation in your company by requesting innovative products from you or vice versa? What changes do you predict in the energy supply over the next ten years?

Yes, demands from energy providers definitely stimulate innovation. There is a trend toward renewable energy. The wind power market, for example, is expected to grow at an average rate of 5% over the coming years (according to CAGR and other studies). For this market we have developed highly efficient electrical insulation systems that effectively prevent electrical breakdown, and newly developed, efficient conductor systems.

With our electrical insulation system our customers build power plants that are safe, cost saving, environmentally friendly and last for a long time.

Von Roll has started to enter the battery business, an interesting and promising field with huge growth potential. Of course we do not mean batteries for the mass market, but rather a more selective market for the energy storage required for wind energy plants or electric cars developed and built by companies like Tesla and General Electrics.

What innovation in the insulation industry would really revolutionize energy production?

The invention of thinner insulation systems would allow smaller and more efficient generators.

A revolutionary conductor material would be one that is cheaper than copper while conducting electricity just as efficiently.

What does the U.S. market mean to you and what is your presence there?

The U.S. is one of our biggest and most important markets. 20% of the overall sales was generated in the U.S. in 2013.

We sell the entire product portfolio throughout the American continent, including mica, wire, resins and varnishes, and composite products. We also have production sites in Schenectady (NY), Monmouth Junction (NJ), Douglasville (GA), Cleveland (OH) and New Haven (CT). Last year these sites accounted for 18% of our global sales.

What was it like when you first entered the U.S. market? How did you figure out how to get started there, and what was your experience?

Von Roll's initial entry into the U.S. market was through U.S. sales offices in the early '50s. In the '60s and thereafter, operations expanded with the purchase of electrical insulation manufacturing plants from big companies like IMI in 1995. Before 1992, the plant belonged to General Electric. Such companies preferred to outsource the production of insulation products, which required a special expertise and were not their prime focus.

We also strengthened our position through acquisitions. For example, in 2007 we acquired John C. Dolph, thereby expanding our market position for the resins and varnishes product line.

Because we were purchasing existing business, getting started wasn't the issue; it was more a question of adapting one business culture to the other. For over 50 years we have steadily and successfully been building our American business.

How is your business approach in the U.S. market different from that in the Swiss market?

The U.S. is geographically much larger, which requires distribution channels that aren't common in the Swiss market.

However, a more useful comparison would be between the U.S. and European markets. The business approach in Europe is mainly direct - manufacturer to OEMs and repair shops. Business in the U.S. is direct to OEMs, but we also sell through different local distributors that carry many competitive products while servicing the low-voltage market, such as repair shops.

Furthermore, the number of OEMs is smaller, which has a significant impact on direct business between us and the users of our products.



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What future opportunities and challenges do you see for your industry and company?

The world will always need electrical and mechanical equipment. Consequently, our materials will always be needed.

One ever-present concern is the establishment of new Asian companies settling in the global markets with low-cost products. This trend forces us to develop new products with real added value and USPs on top of the constant pressure to optimize and streamline cost structures.

The trend is away from nuclear power and, over the long term, away from fossil fuel-based power to renewable power generation and, accordingly, new applications. Power transmission and power storage systems need to be improved. These changes represent new opportunities and, of course, attractive future markets

Mica tapes used for electrical insulation in high-voltage rotating machines and for fire-resistant cables



© Courtesy of Von Roll

A selection of tape-covered winding wires produced by Von Roll



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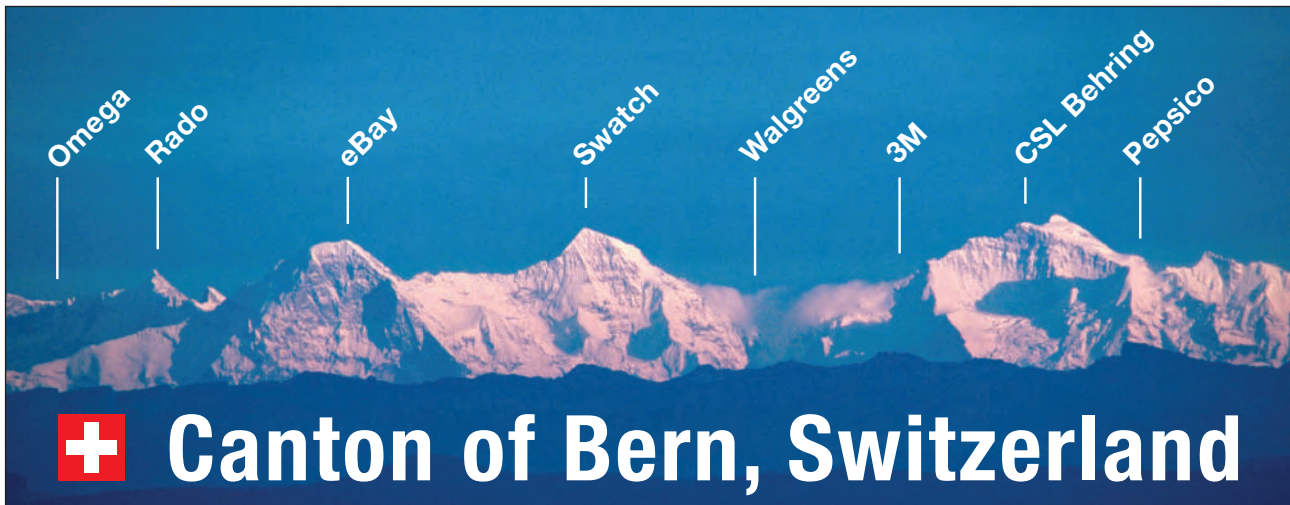
THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) AND RELATED ISSUES



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The Transatlantic Trade and Investment Partnership (TTIP)



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U.S. Chief Negotiator Dan Mullaney and EU Chief Negotiator Ignacio Garcia Bercero shake hands at the start of the fifth round of TTIP negotiations

On June 17, 2013 President Obama, together with European Council President Van Rompuy, European Commission President Barroso, and UK Prime Minister Cameron, announced that the United States and the European Union (EU) will launch negotiations on a Transatlantic Trade and Investment Partnership (TTIP) agreement. Negotiating teams held the first round of TTIP talks one month later in Washington, D.C., and have held several additional rounds since.

TTIP will be an ambitious, comprehensive, and high-standard trade and investment agreement that will promote U.S. international competitiveness, job-creation, and growth.

TTIP aims to boost economic growth in the United States and the EU and add to the more than 13 million American and EU jobs already supported by transatlantic trade and investment.

In particular, TTIP will aim to:

1. Further open EU markets, increasing the \$458 billion in goods and private services the United States exported in 2012 to the EU, its largest export market.

2. Strengthen rules-based investment to grow the world's largest investment relationship. The United States and the EU already maintain a total of nearly \$3.7 trillion in investment in each other's economies (as of 2011).

3. Eliminate all tariffs on trade.

4. Tackle costly "behind the border" non-tariff barriers that impede the flow of goods, including agricultural goods.

5. Obtain improved market access on trade in services.

6. Significantly reduce the cost of differences in regulations and standards by promoting greater compatibility, transparency, and cooperation, while maintaining our high levels of health, safety, and environmental protection.

7. Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises and discriminatory localization barriers to trade.

8. Promote the global competitiveness of small- and medium-sized enterprises.

(Please refer to www.ustr.gov/ttip)

What impact does the EU-U.S. Transatlantic Trade and Investment Partnership have on Switzerland?

By Ambassador Didier Chambovey, Head of World Trade, State Secretariat for Economic Affairs (SECO) and Daniel Freihofer, Deputy Head Free Trade Agreements/EFTA, SECO.

The European Union (EU) and the United States have launched negotiations on a comprehensive Transatlantic Trade and Investment Partnership (TTIP) in July 2013. The aim is to open up trade in industrial and agricultural

products, to remove non-tariff trade barriers, to further liberalize trade in services and public procurement, and to foster mutual investment protection. The intention is to also improve the regulations in various areas, such as intellectual property, competition, as well as access to the commodity markets and to ensure a transparent and predictable business environment in the field of energy.

The main ambition

relates to greater coherence and convergence of regulatory standards, and thus of enhanced cooperation in rule-making.

The EU and the U.S. intend to conclude negotiations by the end of 2015. The process however is challenging, due to different approaches and positions in a number of areas, and therefore calls for flexibility and willingness to compromise on both sides. Nevertheless, the prospects for a conclusion of the negotiations remain positive. The ambitious project enjoys broad support on both sides of the Atlantic. The TTIP is expected to generate substantial growth and considerable trade creating effects, in particular in terms of job creation in the U.S. and the EU. Also, as a result of the reform in agriculture which has been pursued on an autonomous

basis over recent years, this formerly sensitive area no longer poses any insurmountable obstacle for the EU to a potential free trade agreement with the U.S. If the negotiations on the TTIP do come to a successful conclusion this would create the world's largest free trade area with around 800 million people, accounting for nearly half of the global economic output and one-third of world trade.

Likely negative implications on the Swiss economy

The EU and the U.S. are not only heavyweights in world trade but also Switzerland's two largest trading partners. More than two-thirds of all Swiss exports go to the EU (56%) and the U.S. (11%). This illustrates how much is at stake for the Swiss economy. One of the aims of the TTIP is a comprehensive abolition of customs tariffs. If the TTIP is concluded, the EU and the U.S. would grant each other's respective market more favorable framework conditions than those granted to Switzerland. This is expected to be disadvantageous to the Swiss economy as our exports would have less favorable conditions for access to the U.S. market than competitor products from the EU. Certain agricultural products would also be at a disadvantage on the EU market. Although average customs tariffs for Switzerland's key industrial exports to the U.S. market are already at a relatively low 3-4 percent, in view of the significant volume of exports worth nearly CHF 25 billion (2013) the consequences should not to be underestimated. For example, Swiss firms still export three times as much to the U.S. as to China.

Depending on the outcome of the negotiations, the potential for discrimination in the regulatory area, the services sector or public procurement could be more significant than in the area of tariffs. According to estimates 80 percent of the gains from the TTIP are expected to come from cost savings through the reduction in



© Courtesy of the State Secretariat for Economic Affairs (SECO)

Didier Chambovey

bureaucratic and regulatory obstacles, as well as through liberalization in areas other than trade in goods. In the regulatory area, possible scenarios are either a harmonization of existing and future technical regulations, or a mutual recognition of different product requirements. If the U.S. and the EU were to harmonize technical regulations, the Swiss as well as the global economy are likely to benefit as this might prompt other countries to adapt their technical regulations to those of the two major economic blocs. The creation of such harmonized technical regulations would significantly reduce companies' transaction costs. However, if the U.S. and the EU were to mutually recognize respective conformity assessments without harmonizing their technical regulations, Swiss companies may be discriminated against EU based companies in terms of access to the U.S. market.

The TTIP may also have a general negative impact on the attraction of Switzerland as a business location. The U.S. is the third largest country of origin of direct foreign investment with capital totaling CHF 86 billion. American firms currently employ around 23,000 people in Switzerland. There is a risk that U.S. firms headquartered in Switzerland may migrate to the EU if they find more attractive framework conditions there thanks to the TTIP.

Swiss Government closely follows TTIP negotiations

Against this background, Switzerland and the other EFTA States proposed to set up a "Trade Policy Dialogue" with the USTR. The first two meetings were held in Washington in November 2013 and June 2014. The purpose of this platform is to obtain information on the ongoing negotiations between the EU and the U.S. as well as to safeguard the interests of the EFTA States in relation to the U.S. However, such a dialogue should not be prejudicial to any subsequent further steps.

As an additional measure, an interdepartmental working group under the direction of the State Secretariat for Economic Affairs (SECO) is analyzing the potential implications of the TTIP on the Swiss economy. In this respect, SECO has mandated the World Trade Institute, University of Bern, in cooperation with the Center for Economic Policy Research, London, to undertake a separate study for a

preliminary assessment. Given the early stage in the negotiations between the EU and the U.S., the study attempts to assess potential implications of the TTIP on Switzerland on the basis of econometric models and comparative legal analysis. According to the first estimates, the trade diversion impact of the TTIP, at a macroeconomic level, would negatively affect GDP and household consumption, and could lead to a restructuring of the pattern of Swiss industrial production. How strong these effects may be largely hinges on the scope and depth of the precise TTIP content, which is not known yet. The Swiss response also matters. In the absence of any policy response by Switzerland, macroeconomic impacts are estimated to be broadly negative. However, if Switzerland was to enter a parallel free trade agreement with the U.S., this would help offset some of the trade diversion effects. If Switzerland was to join the TTIP as a response to a formation of an EU-U.S. free trade area, this would turn losses into gains. The reason for this positive effect is that joining the TTIP would probably include reductions in trade costs with EU as well.

It goes without saying that precise predications are impossible at this stage as the main parameters of the TTIP beyond broad coverage and particular emphasis on regulatory cooperation are not yet defined. Switzerland will continue to closely follow the negotiations between the EU and the U.S. and to explore concrete options in order to preserve the competitiveness of the Swiss economy and the attraction of Switzerland as a business location. In deciding what course of action to follow, the Swiss government will take account of all interests involved.



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Daniel Freihofer

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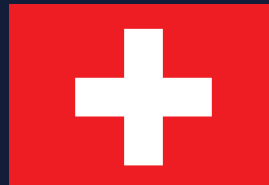
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INTELLECTUAL PROPERTY RIGHTS: A KEY TO BOTH COUNTRIES' ECONOMIC SUCCESS





The Institute of Intellectual Property

Felix Addor serves as the Deputy Director General, General Counsel and Director of the Legal & International Affairs Division at the Swiss Federal Institute of Intellectual Property. He has been responsible for legal and policy matters regarding all fields of intellectual property at the national and international level since 2000. He is also a Professor at the Faculty of Law, University of Bern, and a Senior Fellow at the Global Health Programme of the Graduate Institute of International and Development Studies, Geneva.

What are the main tasks of the Swiss Federal Institute of Intellectual Property?

The Swiss Federal Institute of Intellectual Property (IPI) is the lead federal agency for all intellectual property matters. It was created by Parliament as a one-stop shop within the federal administration for all questions relating to intellectual property (IP). The quintessence of its official mandate lies in providing domestic and foreign businesses with an appropriate, effective, dependable and easy-to-use national IP system. To this end, it's tasked with reg-

istering intellectual property rights, as well as promoting and explaining the intellectual property system in Switzerland. It is further charged with defining IP policy, advising the Federal Council and Parliament, preparing relevant legislation, and representing Switzerland in international fora and bilateral and international negotiations. Last but not least, the IPI offers services in the areas of trademark research and patent information to make Switzerland's IP system even more accessible to all users.

How would you describe the value of intellectual property to a country like Switzerland?

Switzerland is in the fortunate position of being ranked first in most international innovation indices, such as the WIPO's Global Innovation Index and the World Economic Forum's Global Competitiveness Report. A high innovation efficiency ratio and a strong intellectual property protection system are two of the key assets that allow Switzerland to translate its robust innovation capabilities into high-level innovation output. For instance, pharmaceutical companies, which make up a key Swiss industry, are heavy users of the domestic and international patent and trademark systems. In addition, the large number of innovative exported SMEs, be they in machinery, watchmaking, medical technology or biotechnology to name a few, rely on secure international patent rights. Given the substantial role that such companies play in the overall economy, it's not surprising that Switzerland has the highest patenting rate per capita worldwide.

While the country certainly has a reputation for being inventive, it would be misleading just to look at patents. This is because trademarks are at least as important contributors to Swiss economic prosperity as patents are. We are home to some very valuable brands like ABB, Rolex, and Zurich Insurance to name just a few – not to mention that the value of “Swiss Made”, along with the distinctive Swiss cross, command a market premium equal to about one percent of our GDP, as a recent study revealed. This is why we vigorously defend the “Swiss” label, both at home and abroad.

As you can see, adequate and effective IP protection is a key component of the Swiss innovation machine. However, in order for a country to realize its full innovation potential, an IP system has to be accompanied by other policies, like a stable economic environment, a predictable legal system, and excellent education, among others.

Where are Swiss companies particularly competitive when it comes to intellectual property?

Due to the fact that Switzerland has a small domestic market – every second franc we earn comes from abroad – Swiss companies have to compete internationally. Since the Swiss franc has gotten ever stronger since the '80s, the

economy has been forced to move up the value chain to where much of the added value comes directly from intellectual property.

Nestlé is a case in point for this thesis: It is the single biggest IP user in the country and has essentially turned a number of commodity businesses, like coffee and chocolate, into ones that create enormous value for consumers in terms of consistency and quality, and it earns a substantial return on equity for shareholders. Without an IP system protecting its intangible assets such as Toll House Chocolate Chips or Nespresso, the firm would have little chance of competing on price alone.

Through companies such as Novartis and Roche, Switzerland has become known as an important “pharma country”, but that image should be put in the context of an even stronger industrial base in fundamental chemistry. Clariant, EMS-Chemie, and Syngenta may not be the biggest companies in terms of production volumes, but they all boast specialty products that command a premium. This cluster of innovation is one reason why America's DuPont, for example, has its European research headquarters in Switzerland.

High performance chemistry isn't our only innovative IP-based industry. The *cliché* about Switzerland being the land of watchmakers is true thanks to the IP system, too. Companies like Swatch, Omega, and Richemont derive much of their value-added from IP, be it in the form of designs, patents or trademarks. This fact is reflected in the statistics on design and trademark filings, whereby jewelry and watches typify the IP usage of Swiss entities – not forgetting, of course, the “Swiss Made” indication, which is the key and most valuable attribute of a genuine Swiss watch.

But businesses aren't the only ones using the IP system to create added value. Swiss universities have stolen a page from America's playbook by making more of an effort to both promote and commercialize technology using intellectual property agreements. Both of the world-class federal institutes of technology in Lausanne and Zurich, for example, have specialized offices that negotiate royalties and licenses for their intellectual property. This approach has permitted a dense network of spin-offs and private-public partnerships to flourish in their vicinity. The IPI assists university research-

ers with prior patent art in order to find either potential legal obstacles or simply to make use of the free knowledge embodied therein.

Because the IPI has witnessed the value-creation potential of a good IP strategy first hand, it specifically reaches out to small and medium-sized enterprises through its various programs - like affordable assisted patent searches - and offers an array of courses on IP topics to make the system more accessible, which in turn enables SMEs to better compete internationally.

Some critics argue that the welfare or economic development of developing countries is slowed down by the over-zealous protection of intellectual property. What would you tell them?

Finding the right balance between IP protection and access to the protected ideas is probably the key challenge facing any national or international IP system. The needs and interests of the different stakeholders - that is to say, not only of the IP rights holders but also of other users of the IP system, as well as of the public at large - must be taken into account appropriately. That's why IP protection is not an end in itself. After all, the goals of IP protection should be the promotion of innovation and creation for the sake of economic growth and humanity's progress. Patents, for example, aim to promote the search for and development of new solutions to technical problems; they do this by making the patented inventions known and providing new knowledge through patent databases so that scientists and engineers can build on the state of the art, thereby accelerating technological progress.

The core principal in designing an IP system, whether it's national or international, in my view is striking a balance between the social costs and private benefits of the IP system so that it results in a net positive value to society in the long run. Accordingly, the implementation and enforcement of an appropriate and well-balanced IP system can be seen as a valuable investment in the future of a country, its growth, economic development, and global competitiveness. But let me be clear: The equation is not a simple one. More protection does not necessarily result in more innovation or economic development. On the contrary: There comes a point where additional protection can actually stifle innovation and creation.

That is why we're now having a debate about standard essential patents, for example. Striking the right balance and adapting the IP system to constantly changing external conditions is, in my view, the eternal - and elusive - challenge of every legislator! Not forgetting, of course, that the IP system doesn't always reach its goals. There still isn't a lot of R&D by private companies into drugs against neglected or against tropical diseases, for example. Hence, to me, it's the task of the international community to negotiate and offer alternatives or complements to private protective titles.

What role is the IPI/Swiss government playing in a case like the Indian government's refusal to grant patent protection to Novartis's Glivec medicine? What are the key principles Switzerland is looking to see upheld in a situation like this?

The Glivec case in India was a ruling by the Indian Supreme Court that applied Indian patent law. It is not a countries place to question the ruling of another national court - let alone a supreme court - in the interpretation of that other countries own law. But it's Switzerland's expectation, both of itself and other countries, that national laws conform to relevant international obligations, including the WTO/TRIPS Agreement, of course.

Given the importance of IP for Switzerland, it is just normal that we closely follow international developments in intellectual property affairs, both at the national and international level. If we have a concern, our general diplomatic preference is to tackle the issue bilaterally through informal and formal bilateral contacts and consultations in order to better understand and communicate the interests at stake, so as to ultimately reach a mutually satisfying solution.

Providing adequate protection for copyright in the Internet era is proving challenging for many countries, including Switzerland - what principles should guide policy makers in this area?

Again, I come back to Switzerland's balanced approach when it comes to intellectual property. Article 26 of our Constitution guarantees the right to property, and prevents expropriation both by the state and fellow citizens. Switzerland's position is and will remain that copyright

is a type of property, and thus protected from piracy by law with the authority of the state. In order to achieve this protection, more focus must be put on international cooperation with regard to enforcement as well as licensing.

The Internet knows no borders and intellectual property enforcement is extremely difficult on the web. It is full of infringing content and rights owners find themselves in a very frustrating position. What is needed is the possibility of reaching rogue sites and bringing them to justice. It is, in my view, counterproductive to extensively go after individual Internet users just because it's more convenient than going after the original pirate or the operator of a rogue site. It is also difficult to make consumers turn away from illegal offers if no legal alternative is available. A Swiss Internet user looking for that exact same legal content offered in the United States is often met with: "Sorry, currently our video library can only be watched from within the United States." This fragmentation has to do with copyright having been conceived in a territorial world that is becoming ever less meaningful due to societies integrating through trade, travel, and telecommunications.

Moreover, the law cannot fundamentally deviate from the values and beliefs of society otherwise it will not be accepted and prove to be unenforceable in the long run – just think of the prohibition era in the U.S. Policy makers must respect the different fundamental rights such as privacy and property enshrined in the Constitution. It is therefore important for policy makers to withstand excessive demands that vitiate privacy or abuse the police powers of the state. This is not a denial of the real and practical problem that threatens copyright holders' livelihoods, but a balanced application of the constitutional principle of proportionality in order to safeguard copyright's existence in the long run. What we more than ever truly need is therefore equitable copyright.

What are the main challenges to intellectual property rights these days for a small country like Switzerland?

In my view, the main challenges to intellectual property rights nowadays aren't specific to big or small countries. The challenges are more systemic, residing in the overall legal architecture of the IP system.

Firstly, as history shows, international negotiations have contributed to more holistic and transparent solutions than bilateral negotiations have. That's why I am skeptical that the ongoing negotiations on bilateral free trade agreements will ultimately result in a sustainable or even an understandable and enforceable network of rights and obligations. Thus, enhancing and facilitating international intellectual property protection through the World Intellectual Property Organization and the World Trade Organization should be a priority for every member state. That is why notwithstanding the impasses and stalemates at the international level, Switzerland remains committed to restoring an atmosphere of trust and creating a common ground on the basis of creative solutions that respond to the mutual interests and needs in a constantly evolving environment. It is, however, important, that other countries join us in these efforts!

Secondly, the law in general and intellectual property law, in particular, cannot and should not deviate from the values and beliefs of society at large lest they lose legitimacy and thus prove unacceptable and unenforceable in the long run. That's why we need to be careful about being over-zealous in enlarging the scope of and enforcing IPRs that could undermine their entire edifice of legitimacy in the eyes of society, and which in turn could end up throwing the baby out with the bathwater.

Lastly, the challenge is to ensure that the protection of intellectual property rights remains relevant and effective, and continues to create incentives for research and development in the future too. One example of where yesterday's legal framework might not be adequate for tomorrow's technology is 3D printing. Copyright, trademark, design, and patent protection were all conceived with a centralized model of production in mind. Yet these protections may be ill suited to dealing with the decentralized 3D printing of virtual objects in the future.

In order to accomplish these objectives, I am convinced that we need to carefully watch and make sure that the IP system strikes the right balance between providing an adequate substantive level of protection to incentivize innovators and creators, while not neglecting the general economic, social or ethical interests of the public at large.

The United States Court of Appeals for the Federal Circuit

Interview with Randall R. Rader, Chief Judge of the United States Court of Appeals for the Federal Circuit.



© Hannes Thalmann-University of St. Gallen

How would you describe the value of intellectual property for a society?

The key to any nation's prosperity in this global market is innovation and invention. You got to have a new better product to really make an impact in the market place and intellectual property is the world's system that facilitates and underwrites the investment in intellectual property research and development and creation of new products and it also encourages the conversion of mere ideas into real useful technology. This is the kind of two purposes of IP and it has worked marvelously over decades to accomplish that.

Now, some criticizes academics usually criticizes the IP systems as engendering costs which impede innovation more than they encourage it. They will often cite samples like Samsung Apple litigation as an example of enormous cost of the system. And yet step back and look for a moment, the market for smartphones is a amazing. In stores anywhere in the world one can find fifty products in fifty different locations which have capabilities one could not even dream off even five years ago. Cameras, positioning systems, compasses, social networks, games I

do not have to tell you all the capabilities of these magnificent technological devices. All of that facilitated by an international system that allows everyone to cooperate, improving and designing product. And again the consumer is getting this at a constantly declining price. This is caused by the system of intellectual property that promotes the innovation and encourages worldwide cooperation converting that technology into useful applications.

What is your personal experience with copyright on the Internet?

As a professor of law and as a user of the Internet, I am aware there is copyrighted material float-ing all over the Internet - some materials legally available for free or for a cost (such as on iTunes, Pandora, and Spotify) and others made available through improper means (such as un-authorized video-hosting sites or person-to-person file transfer sites or applications, such as bit-torrent). With the advent of the Internet, distributing copyrighted materials has never been eas-ier, and as technology continues to advance, enforcing copyrighted material is becoming increas-ingly difficult. We are truly in a digital age, where social media, video and music streaming, and file-sharing across multiple platforms, are prolific in society.

What is more important to you the enforcement of copyrights or data privacy?

Well, there are both important values and they do not conflict at all. We would certainly want to encourage creativity, expression in music, movies, sculpture, art and whatever it is. And that we accomplish with copyright. Privacy, of course is an issue comes into play in the Internet environment where you want to ensure that as we facilitate the transfer of information you are also respecting individual privacy and collective privacy. But those things are not in conflict at all. Pursue a force of strong encouragement of creativity and that the same time protect privacy perfectly.

Were you personally involved with case law on this specific issue?

I do not recall personally being involved with any copyright on the Internet cases, but I have certainly dealt with copyright infringement cases in general. For example, *Atari Games Corp. v. Nintendo of America, Inc.*, 975 F.2d 832 (Fed. Cir. 1992) (copyright infringement of video game software) and *Bowers v. Baystate Techs., Inc.*, 320 F.3d 1317 (Fed. Cir. 2003) (“shrinkwrap” agreements and copyright protection related to computer aided design software). Although these cases did not deal specifically with infringement on the Internet, the general premise is the same. Our copyright laws give copyright owners an intellectual property right - the right to exclude others for a period of time (usually life plus an additional 70 years). The purpose of this is to foster creativity and innovation in the arts. It is important that we provide adequate remedies for copyright infringement such that our system can continue functioning properly.

Are you in favor of enforcing copyright on the Internet?

Yes, I am strongly in favor of enforcing intellectual property rights. In my view, the Internet is just another medium a copyright owner can display her creation. I see no reason for creating special rules. Of course, the Internet presents unique challenges. For example, controlling dissemination, preventing unauthorized copying, and determining liability when technology facilitates copyright infringement. And enforcement can take a variety of forms, from digital rights management to litigation. Today copyright holders have various enforcement mechanisms at their disposal. Many focus on securing the content itself. Others focus on monitoring and surveillance. Ultimately, as I mentioned earlier, providing adequate remedies is necessary for our copyright system to function.

What do you think of a “personal use exception” that allows to use of copyright protected works within a limited circle (family, close friends, etc) while only paying once for the work and not multiple times?

As a practical matter this will always be an enforcement imperative, we are simply not going to enforce these laws by going after kids who share a song with their brother or sister.

There will be *de facto* a personal use exception. The real focus of copyright infringement ought to be the corporate conglomerates who really try to profit on the creative activities of musicians, movie makers or artists of any quality or capabilities. That will be *de facto* the way it is enforced and ought to be enforced. I am not sure I would advocate the creation of a written exception in the law because the law has a purpose of educating all of us in the proper rules of property. And so you do not build to real property law an exception that oh by the way you can trespass on your neighbor’s land if you want to. Now we all know that if you mean to go into his yard to get a ball that you threw over the fence that is not going to be enforced as a crime. But I think while I favor the wise enforcement that does not seek out the individual user or the sharing amongst close friends. The wiser course is a matter of laws not to create exceptions that invite abuse and teach people principles contrary to property rights.

How can one fight effectively Internet piracy?

It is important to understand that it is unrealistic to expect perfect protection online. That never was possible in the pre-Internet paper world, and certainly will not be possible in the post-Internet digital world. One of the biggest hurdles in fighting Internet piracy is the fact that piracy often extends into different sovereigns. For example, the United States does not have jurisdiction to order a company in Sweden to take down its servers and stop distributing copyrighted material. In a case such as that, copyright owners would have to go after each individual downloader in the United States. Often times, the identities of these individuals are difficult to ascertain, and it might not be feasible or practical to sue such a large number of individuals.

That said, as indicated before, copyright holders today have many more tools for combating infringement than in the past. For example, with bandwidth increasing and the availability of robust platforms for streaming media, copyright holders need not make copies available to “download” as they did in the past. And even in cases where content is directly transferred over the Internet, Digital Rights Management (DRM) and other related safeguards against unauthorized copying offer copyright holders security against Internet and P2P piracy. Aside

from these measures, Internet Service Providers (ISPs), private enterprises, and even federal law enforcement agencies undertake anti-piracy initiatives, leveraging a range of monitoring and tracing technologies to detect unauthorized user activity on managed networks. Such monitoring often falls under the umbrella of network security (e.g., for universities, public institutions).

What is the role of Internet Service Providers (ISPs) when it comes to enforcing copyright on the Internet?

Generally, ISPs are not liable for merely providing Internet service or hosting a website in which other actors engage in the alleged copyright infringement on the Internet. Liability will generally not arise unless the ISP actually knowingly engages in the infringement or is liable through, for example, “contributory infringement” or “vicarious liability.” However, ISPs often cooperate with content providers to aid in enforcement efforts. For example, an ISP is often best situated to determine the individual associated with an IP addressed tied to frequent unauthorized activity on the Internet. While ISPs owe their customers a certain amount of privacy, that contractual relationship allows for cooperation in instances where sufficient evidence exists of illegal or unauthorized downloading, copying, or distribution. In many cases, ISPs are subpoenaed to produce customer information and are obliged to do so when ordered by a court with jurisdiction. In brief, the role of ISPs in enforcement remains complex. And whether or not copyright law obliges ISPs to independently police their networks remains unclear.

How can a U.S. copyright holder fight a copyright infringement?

A party claiming infringement must resort to the U.S. Federal Courts to enforce its copyright. A person in the U.S. actually receives copyright protection automatically upon creation of a work that is fixed in a tangible form of expression. To register the copyright with the U.S. Copyright Office, the person must, among other things, submit a sample of the copyrighted material with the Copyright Office and pay a fee. Having a federally registered copyright provides certain advantages, such as creating a public record of the work.

Does in your opinion free download of copyright protected material (illegally made available via the up-loaders) helps generate more revenue for the copyright holders as the consumers will spend more on related goods/services (i.e. attending concerts or shows) than if they had to pay for the downloaded material?

If this was the case, I suspect that a majority of copyright owners would not be actively pursuing infringers. Moreover, whether or not material “illegally made available... helps generate more revenue” the copyright has still been infringed. To the extent the activity is unlawful, such activity undermines the value of copyrights as a form of intellectual property. Only the copyright holder possesses the right to distribute works at not cost or dedicate them to the public. Any such unauthorized copying or dissemination is not justified or exonerated merely because the copyright holder derives incidental or downstream benefits.

What are your views on the Anti-Counterfeiting Trade Agreement (ACTA)?

As a multinational treaty intended to establish international standards for intellectual property rights enforcement, ACTA certainly embodies a set of constructive goals. From what I understand, the agreement seeks to establish an international legal framework for targeting a range of infringement activities in areas ranging from counterfeit goods to copyright infringement on the Internet. As mentioned, a serious challenge to copyright enforcement is the global scale of infringement. It would seem that cooperation between nations, whether judicially or extra-judicially, to agree on legal norms for governing these intellectual property rights would be mutually beneficial to all nations who seek to reward creativity and protect industries concerned with art and entertainment.

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Financial services

UBS

Interview with Sergio Ermotti, Group CEO.



How would you describe bilateral relations between Switzerland and the U.S.?

The ties between the U.S. and Switzerland go back a long way and have always been close, with fruitful cooperation in areas such as business, academia, research and innovation. Swiss businesses continue to be heavily invested in the U.S. According to the Swiss-American Chamber of Commerce, Switzerland was the largest direct investor in 2010, the second-largest in 2011, and is currently in the top-ten. The U.S. is also an important trade partner for Switzerland. In 2013, the U.S. was Switzerland's second-largest export partner, with a total value of CHF 24.8 billion, and the fourth largest partner in terms of Swiss imports at CHF 11.3 billion.

How important is the U.S. market for UBS?

The U.S. is an important market for us and this is reflected in our presence in 276 cities across

48 states. We have 20,000 permanent employees in the U.S., roughly one third of the firm's global workforce and about equal to our workforce in Switzerland. When comparing the percentage of employees based in the U.S., UBS is in the top third among S&P 500 firms.

What kind of services do you provide to U.S. clients?

Through our strategic integration of wealth management, investment banking and asset management solutions our individual and institutional clients in the U.S. benefit from our combined financial and intellectual capabilities with access to UBS's global network spanning 50 countries. We are a leading wealth manager in the Americas in terms of financial advisor productivity and invested assets. Our Investment Bank provides clients with expert M&A advice, innovative solutions, outstanding execution and comprehensive access to the world's capital markets. We are also working to foster more enterprising communities in the U.S. Our "Elevating Entrepreneurs" program, for example, helps entrepreneurs build capacity and offers credit facilities through our community partners. Our commitment to the communities is strongly supported by our staff: In 2013, we had approximately 2,800 employees volunteering more than 25,000 hours across the U.S. We are also a strong supporter of U.S. businesses. In 2013, we concluded over \$3 billion worth of business with U.S.-based vendors.

And what do you have on offer for Swiss corporations?

We play an important role in facilitating international trade providing Swiss multinationals with a gateway into the U.S. This can take the form of financing solutions, trade and export financing as well as foreign exchange and cash handling. Our in-depth knowledge of Swiss corporates and our strong presence and expertise in the U.S. allows us to deliver solutions tailored to our corporate clients' needs.



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Many banks complain about tighter regulation. How does the global trend towards increased banking regulation affect your business?

The implementation of our strategy and the development of our business are closely related to developments in the regulatory environment. Many international regulatory changes, particularly relating to capital, liquidity, and recovery and resolution planning, have been necessary to re-establish trust in the financial system.

We generally support developments which contribute to the stability of the financial system and we have been, and continue to be at the forefront in implementing such regulation. Today, we are one of the best capitalized banks among our peers. Our clients value our capital strength and our ability to provide them with global capabilities and insights. This gives us significant competitive advantages. Nevertheless, change can be a significant burden, especially for smaller banks.

Has new U.S. regulation made doing business in the U.S. more difficult?

To be effective, new regulations must be implemented consistently and greater international coordination between regulators would increase stability. Looking at the U.S. specifically, we are concerned about recent regulatory changes that have extraterritorial implications. An interna-

tional level playing field is important for doing business in a competitive environment.

How do you see future relations between Switzerland and the U.S.?

The bilateral relations between the two nations are based on true friendship, which must be demonstrated also under difficult circumstances. It's crucial that open issues are resolved quickly as long lasting tensions damage even strong relationships. Both sides need to make their respective efforts in the spirit of trusted partners.



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CREDIT SUISSE

Interview with René Buholzer, Head Public Policy & Sustainability Affairs, Credit Suisse AG.



© Courtesy of Credit Suisse

How would you describe your company?

Credit Suisse operates as an integrated bank, combining the strengths and expertise in two global divisions, Private Banking & Wealth Management and Investment Banking, to offer clients advisory services and customized products. The two divisions are supported by Shared Services functions, which provide corporate services and business solutions while ensuring a strong compliance culture. We run a global organization comprising four regions - Switzerland; Europe, Middle East and Africa; Americas and Asia Pacific. With its local presence and global approach, Credit Suisse is well-positioned to respond to changing client needs and market trends, while coordinating activities on a cross-divisional basis. Founded in 1856, Credit Suisse has operations in over 50 countries and employs 46,000 individuals from approximately 150 different nations. In 1870, Credit Suisse has opened its first representative office in New York.

How would you explain the market for banking services in Switzerland and the U.S.? What does the U.S. market mean to you and how are you present there?

We offer our clients in Switzerland and around the world a broad range of traditional and customized banking services and products. We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive marketplace. Switzerland is one of the world's leading financial centers, a strong, adaptable financial center. Globally active Swiss banks provide customized solutions to meet their clients' financing, investment and risk hedging needs, particularly for Swiss export oriented businesses and globally active companies as well as for ultra- and high-net worth individuals. Swiss banking has a long history of stability, innovation and client service - that brand has translated well to the U.S. market.

As a bank we see a strong opportunity in the U.S. market as evidenced by our footprint and breadth of business in the U.S. We have operations in the U.S., Canada, the Caribbean and Latin America with 11,100 employees working in 43 offices spanning 14 countries. In the U.S., our emphasis is on our core client-focused and high-returning businesses in Investment Banking, and on building on the market share gains we have achieved in a capital efficient manner. In Private Banking & Wealth Management, we see considerable potential to leverage our cross-divisional capabilities as we further develop our onshore wealth management platform in the U.S., Brazil and Mexico.

How have the evolving expectations of your customers influenced a global bank like yours?

We transformed our integrated bank in recent years to further improve our profitability and returns in the evolving operating environment, while continuing to place our clients' needs first and maintaining positive market share *momentum* across targeted businesses. To retain the trust of our clients, shareholders and other stakehold-

ers, we must consistently deliver on our targets - both financial and strategic. And we want to set an example in the marketplace when it comes to compliance and professional standards.

Following the financial crisis how should the banking sector be reformed according to your view?

The banking sector has already undergone a significant transformation since the financial crisis began, the industry landscape is expected to continue to evolve. 2013 was a challenging year, with banks seeking to adapt to new regulatory requirements, global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. With our integrated Basel III compliant business model, we are confident that we can continue to adapt to these changes while acting as a strong and reliable partner to our clients, shareholders and employees.

Certain fields are more of interest (energy, sustainability, etc.) to investors today than others. How does a bank help successful investors to predict the right changes and what can we learn from the past?

Investors are increasingly interested in environmentally and socially responsible investments, and therefore not only take key financial indicators but also sustainability *criteria* into account when making investment decisions. The analyses and ratings produced by specialized sustainability rating agencies and index providers - which assess companies according to environmental, social and governance *criteria* - serve as a guide in this context. In order to accommodate the increasing demand for investment opportunities that meet our clients' personal values and objectives, we further expanded our bank-wide range of products and services that focus on environmental and social themes in 2013. Our range of sustainable products and services includes responsible investment funds, individual discretionary mandates and index solutions. The corresponding instruments cover virtually all asset classes and different risk/return profiles. Credit Suisse also partners with experts from research institutes, non-governmental organizations and leading think-tanks when developing products and services in the field of sustainable investments.



© Courtesy of Credit Suisse

Is there a role for a bank like yours in supporting Swiss startups to expand their businesses to other markets?

Credit Suisse has been serving corporate clients and financing entrepreneurs since it was founded in 1856 and it has longstanding experience in the wealth management and capital markets businesses. Thanks to our integrated bank model we are able to offer entrepreneurs solutions for a range of private and corporate wealth management needs. Our entrepreneur clients also benefit from the advice of Credit Suisse's corporate finance advisors, access to a network of international investors and professional support in financial transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our ultra-high-net-worth individual (UHNWI) clients.

One of our responsibilities in society is to strengthening Switzerland's employment base and creating and preserving jobs. Therefore we have founded in 2010, together with the Swiss Venture Club, the SVC Venture Capital for SMEs Ltd. which provides Swiss SMEs with up to CHF 100 million of Venture capital in the form of equity capital or loans with profit participation. This venture provides financing that Credit Suisse cannot offer as part of its regular

banking services due to certain risk considerations but that is, nonetheless, very important for this segment of companies. The company invests principally in the following three target groups: Existing, startup and small-scale businesses.

What are the objectives of Credit Suisse in the future for the U.S. and the Swiss market? What is your vision of Credit Suisse in ten years' time?

Credit Suisse took early and proactive steps to adapt to the changing environment and today is a markedly different bank than it was in 2008. We remain convinced that there are attractive opportunities for targeted growth in the financial services industry. For example, according to the Credit Suisse Global Wealth Report 2013, global wealth is expected to increase by nearly 40% over the next five years, reaching \$334 trillion by 2018, emerging markets are expected to account for around 29% of this growth. At Credit Suisse, we continue to see significant growth potential for our Private Banking & Wealth Management and Investment Banking businesses in Asia and Latin America, as well as in parts of the Middle East and Eastern Europe. We plan to continue to invest in our franchises in those regions, as well as in the UHNWI client segment, while leveraging our strong market share position in Switzerland and other

mature markets. As a bank with a long and rich heritage, Credit Suisse is distinguished by our experience in managing capital and liquidity and our established and extensive network. One of the key challenges for our bank in the near future will be to implement technological solutions that allow us to make the full capabilities of our network and resources readily available to our clients and ensure that the vast information and expertise available within the bank is delivered to them promptly and efficiently. We have a number of initiatives under way to meet this challenge.

What are the future opportunities and challenges for your industry and company?

Developments in the financial services industry are expected to be materially shaped by technological advances. In addition, new participants in the form of non-bank financial institutions have entered the market, and we believe that they have the potential to capture market share from traditional banks and challenge established institutions to redefine their value propositions - whether in lending or even in wealth management. We are currently developing our integrated digital private banking service, which is expected to deliver intuitive online banking functionality and improve access for our clients.



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Insurance services

ZURICH INSURANCE GROUP

Interview with Martin Senn, CEO of Zurich Insurance Group.

How would you describe your company?

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With over 55,000 employees, it provides a wide range of general insurance and life insurance products and services. It serves individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries.

How would you explain the market for insurance services in Switzerland and the U.S.? What does the U.S. market mean to you and how are you present there?

Zurich Insurance Group is Switzerland's biggest insurer. Zurich is very successful in private lines for both general insurance and life insurance products, but also highly recognized as a leader in the corporate business. As many Swiss companies have a strong global footprint and highly international business, the nature of our business in our home market is quite unique and designed to reflect the needs of our customers. They require complex and tailored insurance propositions, making our business both interesting and challenging. Our broad understanding of today's interdependent global risk environment, and the trends that influence it, put us in a strong position to help corporate customers better understand and manage their risks.

Zurich has been in the United States for over a century and has grown to become a top five writer of surety, commercial property and casualty, equipment breakdown, commercial general liability, commercial auto and workers compensation insurance. Zurich is also the largest insurer of franchised auto dealers. Through our Farmers business we also manage the personal lines and small business insurance sold in the United States by the Farmers Exchanges, which we do not own. Counting all insurance sold through the Farmers Insurance Group - which includes not only insurance sold under the Farmers brand, but also Foremost, Bristol

West, and 21st Century - makes Zurich responsible for managing the third-largest personal lines insurer in the U.S.

How has the perception of risk evolved in general over time and how does it impact enterprise-wide risk management?

To say that the risks we face today are changing rapidly is an understatement. Even before the financial crisis, the pace and scope of globalization and the growing opportunities presented by emerging markets were redefining the strategies and aspirations of many multinational organizations and their perception of risk. The crisis itself undermined some of the certainties around growth and the word "uncertainty" began to loom much larger in the minds of corporate leaders around the globe.

Today, a measure of stability has returned, but significant volatility remains, complicating our ability to effectively manage global risk and sustaining an uncomfortable level of uncertainty. From sovereign debt to tsunamis, the universe of enterprise risk seems broader and more consequential than ever before, requiring new frameworks for strategic thinking. Those doing that thinking - ranging from C-suites, corporate boards, chief risk officers, and risk managers - have identified the need to take much broader, enterprise-wide views of complex risk interrelationships in order to effectively manage them.

For many, the journey toward true enterprise risk management has only begun, but at Zurich we believe it is a journey well worth taking to help ensure sustainable growth and profitability in an increasingly uncertain world.

What kind of risks does a company need to consider when introducing a new product with new technologies to the market?

There are several things to consider when introducing new products or services for that matter, especially if you are in uncharted territory. This is also where many of the good business





*Corporate center
in Zurich*

opportunities will typically be. It is important for both vendors and customers to have a good understanding of all risks involved, like those that are part of general liability or the product warranty, some of which will not only be inherent in the new business practice but also how it will interact with the existing infrastructure of goods and services. Arriving at a holistic view of the risk profile is the main objective of a process that can be quite complicated, depending on the matter of the business.

What kind of insurance services should a start-up company evaluate when starting to increase its footprint in other markets?

As small businesses begin to expand overseas, with the increased prospect of growth and new customers come increased operational risks. Insurance to help manage those risks can include the protection of property, including damage or loss of cargo being transported overseas. The risk of liability also becomes more complex and insurers such as Zurich can provide cross-border solutions to potential issues such as public and products liability, employers' liability and Directors' and Officers' insurance. Then there is the need to provide for increased travel as part of international expansion, including medical insurance.

What are the objectives of Zurich Insurance Group in the future for the U.S. and the Swiss market? What is your vision of Zurich Insurance Group in ten years' time?

Zurich's vision is set out in this way: "At Zurich, we aspire to become the best global insurer as measured by our customers, our shareholders and our people." To achieve this aim, Zurich's strategy involves being effective in the key areas that add value to its stakeholders.

Adding value is the process of increasing the market value of a product. It is a key part of ensuring stakeholder satisfaction. Zurich's key value-adding activities are meeting customers' real needs - this is what the company means by customer centricity. That means providing products and services where and when customers want them and making sure that all of the processes involved in providing financial services are done effectively.

What are the future opportunities and challenges for your industry and company?

The opportunity and the challenge for the industry is that risks are generally growing rather quicker than the global economy overall. Our clients are facing a more complex risk map with a higher severity of individual incidents and against the backdrop of an increasingly interconnected world and a more complex regulatory environment. It is therefore incumbent on insurers to anticipate those risks and continually refresh our suite of solutions to help clients manage against them.

A number of market wide themes are converging to create significant opportunity for Zurich. These include the continued transition of global growth to emerging markets, where Zurich has made significant investment and the overall trend towards globalization, which suits Zurich's approach to offering globalized solutions to global corporates. Furthermore, as online distribution changes consumer expectations and the proliferation of data and analytics revolutionizes the ability to understand risk, Zurich has proven its ability to leverage such developments to build market-leading capabilities.



SWISS RE

Interview with Michel Liès, CEO of Swiss Re Group.



© Courtesy of Swiss Reinsurance Company Ltd

Importantly, we also provide incentives for risk-adequate behavior by putting a price tag on risk.

How would you describe your market position?

Globally, we are the second largest reinsurer. We celebrated our 150th anniversary last year: Since 1863 we have been gathering the knowledge and expertise needed to manage diverse portfolios of risks all over the world.

We face some challenges in today's business environment. Continued low interest rates have driven the inflow of so-called alternative capital from pension funds, hedge funds and others into reinsurance markets. About 70% of alternative capital is concentrated on the U.S. natural catastrophe market, mostly wind and some earthquake. Another 25% is allocated to the European catastrophe market while the remainder is in other markets and perils. This intensifies competition for property re/insurance and increases pressure on our industry's profit margins. We have more to offer than 'just' capacity, however. Our business model is agile and flexible, allowing us to continue to profit despite the challenges we face.

How would you explain what Swiss Re does?

Whether you're living your life or running a business, you're going to find yourself confronted with risks. Most individuals and companies look to insurers for protection against risks. But insurance companies need protection too, so they buy reinsurance. That's where Swiss Re comes in. We don't just insure the insurer - we also support corporations and public sector bodies around the globe with their risk management and financing needs.

All that might not sound especially glamorous but by taking over these risks Swiss Re creates stability. For example, we help insurers protect their balance sheet, we support growth by investing in the real economy, we help stabilize local insurance markets following a major catastrophe and we also help communities to become more prepared for the risks they face.

How does the macroeconomic environment impact your business?

Economic conditions are important for our business. While we still see the effects of the financial crisis in many countries in the form of low interest rates, volatile equity markets and regulatory changes, we also see opportunities for sustainable growth.

Our business depends on change and changes in our environment should give us confidence. As we have often said, we enable the risk-taking on which economic progress depends. We expect the global middle class to more than double by 2040. Such a development will have a huge impact on the re/insurance industry: Higher income and wealth drives demand for motor, home and savings products. Industrialisation

and higher concentration on the other hand drive growth of commercial lines. The rise of consumer rights has implications for casualty/liability lines. And of course there's life and health insurance: Longevity and reduced inter-generational support will create opportunities for old-age health and pension products.

We aim to continue helping clients and society to manage the changes they are facing on a daily basis with innovative and forward-looking solutions.

What is the major factor for success in your business?

Capital strength is a must but it is not the only factor. Innovation and expertise are just as important, as are close ties with our clients. We have just launched a new brand promise: "We are smarter together." Our company's success has always depended on our clients' success. For us the new promise is a reminder of our commitment to helping our clients succeed. It highlights Swiss Re's partnering spirit - with results that bring real value to society at large.

How has the perception of risk changed over the years for your clients and from a Swiss Re perspective?

Individuals and companies have always had to deal with risk, and we have been helping them to manage these risks for the last 150 years. What has changed though is just how interconnected these risks have become. Interconnectivity between risk, regions and industries has made us all far more vulnerable to risk. Let's take the largest fresh water flood event in insurance history as an example. The flood affected Thailand in 2011, devastating an area of 30,000 km² and causing insured losses of \$15.3 billion. One significant lesson Swiss Re - and our industry as a whole - learned from this flood event was that we had dramatically underestimated its effects on global supply chains. In today's global economy, industrial production chains are so highly interwoven that catastrophes anywhere can subsequently hurt the economy everywhere.

What is the significance of the "mortality gap" for a society and a company like Swiss Re?

It is a huge topic. We are living longer and having fewer children. There are growing financial challenges associated with the rising demand

for retirement income and healthcare in old age, including long-term care. It's only recently that the financial impact of living longer has really begun to be understood. Let me give you an example: Underestimating life expectancy by one year increase pension liabilities by 5%. In financial terms this means a pension plan with \$1 billion of assets would require an extra extra \$50 million in funding. Globally, more than \$17 trillion worth of pension assets are exposed to longevity risk - mainly in the Americas and Europe.

What can be done about that?

We have developed products that protect insurers and pension funds against the financial risk of retirees living longer than previously expected. But the whole topic of longevity needs a joined-up approach with governments, businesses and financial service providers working in tandem to create a suitable plan.

How do changes in the global regulatory environment impact Swiss Re?

Regulation influences our business immensely and sets the ground for our business. The European Union (EU) regulatory project Solvency II for example aims to harmonise insurance supervision and capital adequacy regulations across EU member states. We welcome such a risk-based and economic approach to establish the capital needs of insurers.

Where do you see Swiss Re in twenty years' time and what are the main risks societies will be concerned about?

Urbanisation is one of the key topics I would like to mention here. More than half of the world's population already lives in urban areas. The global urban population is expected to grow by about 1.4 billion between 2011 and 2030 - with more than 90% of the increase coming from emerging markets, including 276 million in China and 218 million in India. In 2050, 75% of the world's population will live in cities. Many large cities are located in areas exposed to multiple natural disasters, which will create higher demand for nat cat re/insurance. Increasing awareness of city risk management and the benefit of public-private partnerships will open up further opportunities for Swiss Re going forward.

Commodity trading

CARGILL

Interview with Dominique Le Doeul, Vice President Finance Cargill International SA.



© Dominique Le Doeul - Courtesy of Cargill International SA

Could you briefly describe Cargill?

Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. Founded in 1865, the privately held company employs 142,000 people in 65 countries. Cargill helps customers succeed through collaboration and innovation, and is committed to sharing its global knowledge and experience to help meet economic, environmental and social challenges wherever it does business (<http://www.cargill.com>).

When and how did your company become active in Switzerland?

Cargill has been active in Switzerland since 1956 and employs around 950 people in six locations in the country, including its head-office in Geneva.

What does the Swiss market mean to your business?

For the last 56 years, Cargill has been able to develop its Swiss-based business in a quality environment combining stability, predictability and neutrality. Most of the operations managed locally have a global reach and are not focused on the Swiss market but the Geneva region has been a great source of highly qualified and diverse labor, which has enabled Car-

gill to grow its operations steadily. The Geneva region's importance to world commodity markets had been identified in Cargill's early days in the region but the region's recent development to its current position as the world's leading commodity center has gone beyond most people's expectations. We are delighted to have been part of this move.

What does your Geneva office do?

Our Geneva office is home to Cargill International SA and hosts significant part of our global commodity trading operations, including agricultural, energy/industrial and transportations activities, as well as some financial services activities. Our operations in Geneva are central to our global business, in the middle of the world's trade flows.

What piece of advice would you give a U.S. company that intends to open a branch in Switzerland?

Each business is very specific so we are not in a position to comment on how other companies should run their business but we can certainly confirm to would-be investors that they will find in Switzerland a favorable business climate rewarding competitiveness and strong company values.

Fruit

CHIQUITA

Interview with Edward F. Lonergan, President and Chief Executive Officer, Chiquita Brands International.



© Courtesy of Chiquita Brands International

What would you describe your company?

Chiquita Brands (NYSE: CQB) is a leading international marketer and distributor of nutritious, high-quality fresh and value-added food products - from energy-rich bananas, blends of convenient green salads, other fruits to healthy snacking products. We market our healthy, fresh products under the Chiquita® and Fresh Express® premium brands and other related trademarks. Chiquita employs approximately 20,000 people and has operations in approximately 70 countries worldwide.

What is the major factor for success in your business?

Our consumers expect that each time they find a Chiquita label on a product that it will be healthy, fresh, product that is high-quality and sustainably grown. Our customers recognize our iconic brand and know they are receiving

the best level of service. It is the combination of our quality and service that allows us to lead our industry. Today, we continue this commitment through our Corporate Social Responsibility programs. Companies that incorporate sustainability into the business model or into their corporate strategy actually enjoy a competitive advantage: They are better at differentiating themselves, innovating, creating value and transforming their reputation. Having an environmental focus is not just a nice strategy tool, or a feel good distraction, it is actually good for the business itself; it provides a way to contend with real problems of pollution, waste and resource management. At Chiquita, we have embedded this philosophy into our purpose: Improve Lives, Love our Planet, Lead the Industry.

What is the deciding factor of getting the fruit at the right time to the stores? How is shipping fruit different from shipping other goods?

Due to their highly perishable nature, bananas must be brought to market and sold generally within 30 to 40 days from harvest to achieve the best quality. This requires efficient logistics processes for loading, unloading, transporting and delivering fruit from the farm to the outbound port, from the source country to the market country, and from the inbound port to the customer. To transport and distribute our bananas internationally, we charter refrigerated cargo ships that are highly specialized, in both size and technology, for international trade in bananas. Bananas are harvested while still green and are subsequently ripened. We have a proprietary Low-Temperature Ripening process, a technique that enables bananas to begin the ripening process in shipping containers during transit, and thereby reduce the amount of inland ripening capacity required. We also operate pressurized ripening rooms in Europe and North America to complete the ripening process and may assist our customers who ope-



rate their own pressurized ripening rooms. We believe our service provides value to customers through improved fruit quality, longer shelf-life, lower inventory levels and lower required investment.

How have the expectations of your customers changed over time?

Consumers today expect that the products they consume are produced in an ethical and sustainable way. We proudly meet those expectations by being transparent in the way we manage our operations in accordance with our Core Values and Code of Conduct. We are committed to achieving high standards of environmental, social and food safety; and fairly balance the interests of our employees, unions, consumers, governments, customers, business partners, communities in which we operate and of course the environment. And don't take our word for it. We have opened our operations to the inspection and auditing process of the Rainforest Alliance, SA8000 and GlobalGAP to meet rigorous environmental, social and labour standards and have received certification on 100% of our owned farm operations.

We have continued to build on our experience of working to meet independent, third-party standards and independent assessments in our work with other organizations, such as the World Wildlife Fund and the Massachusetts Institute of Technology (MIT). In recent years we have seen our collaborations expand to include customers in Europe such as the retailers MIGROS and REWE, the German government's Gesellschaft Für Internationale Zusammenarbeit (GIZ) and the governments of the countries in which we produce bananas.

What are Chiquita's biggest achievements in the past and challenges ahead?

Chiquita has more than a 100 year tradition as a globally recognized and iconic food brand. In many ways, the company has innovated the banana industry through the first adoption of refrigerated shipping, wireless technology or the building of schools, ports, hospitals and communities. Today, we are proud to offer our customers value in the quality, service innovation and corporate responsibility. We have made a sustained journey towards building communities and operating sustainably. By 2020, our goal is to reduce our water usage by



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Banana Cluster Beauty

Banana Farm

15% and reduce carbon emissions by 30% and we are well on our way to achieving that.

Looking ahead, we recently announced a milestone transaction in which Chiquita Brands International and Fyffes plc of Ireland have agreed to merge as ChiquitaFyffes plc. Subject to regulatory approvals, we believe this transaction will create significant value for our stockholders and offer immediate benefits for customers and consumers worldwide. We are excited about our future and look forward to another 100 years of providing Chiquita quality and service to all of our customers and consumers around the world.



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Launching services

SEA LAUNCH

Interview with Serguei Gugkaev, CEO of Sea Launch.



© Courtesy of Sea Launch SA

How would you describe the activities of Sea Launch?

Sea Launch SA heads a unique rocket-space program that provides heavy-lift launch solutions to the industry's satellite operator community based on the Zenit-3SL launch system. These services include the provision of all-inclusive launch services incorporating schedule assurance, financing, risk management; insurance and creative contracting solutions to meet the changing demands of the commercial launch market.

The Sea Launch Zenit-3SL system was developed more than 18 years ago to address the commercial satellite market need for reliable and affordable launch services. Our unique multinational system draws on the considerable engineering experience of the aerospace industry leaders from the Russian Federation, the Ukraine, the United States, as well as the extensive maritime expertise from Norway. The system has the capability to launch up to six times in one year.

The Sea Launch Zenit-3SL launch system is made up of three elements: The Rocket Segment, the Marine Segment, and the Home Port Segment. Each of these three elements is required at different points in the launch campaign in order to launch our customer's spacecraft.

Launching from a mobile launch vessel called the Odyssey, Sea Launch inserts communication, direct-to-home and video broadcast satellites into an optimized geosynchronous transfer orbit (GTO) directly from Equator in the middle of Pacific Ocean. Launching from this site provides our customers with the most direct route to GTO, with shorter mission durations and the ability to provide greater on-orbit maneuvering lifetimes for their spacecraft.

How do you describe your market position in the U.S. and Switzerland?

Sea Launch has historically held a 25% world market share of the commercial GTO launch market. Following our 2009-2010 restructuring effort, this has declined somewhat. In the U.S. we have a solid customer base within satellite service providers, which represents around 35% of the world market. We are happy to see that some of global satellite operators establish their presence in Switzerland; we look forward to collaborate with them as well as governmental or scientific institutions. Our launch system is flexible in terms of payloads, target orbits or launch inclinations.

How does the macroeconomic environment impact your business?

Sea Launch operates within the global telecommunications sector, which is cyclical in nature. Growth in the satellite sector is forecasted to demonstrate modest single-digit annual growth during the next ten-year period.

Favorable trends in our industry include the worldwide growth and de-regulation of direct-to-home pay television services, increases in the use of HDTV programming and new services

offerings such as satellite-based broadband Internet, radio and mobile services.

Availability of financing for existing and new satellite is an important consideration with Export Credit Agency financing around the world continuing to play a strong role in contributing to satellite business sector growth.

What are the particular needs of your partnering companies when entering in a partnership with you?

Sea Launch partners with world-class suppliers of launch vehicle hardware and engineering services with first-tier aerospace firms located within Russia, Ukraine and the United States. Within the constraints of our launch system, Sea Launch occasionally looks for value-added alternates to our existing supply base.

What we look for in companies wishing to partner with Sea Launch is the ability to bring comprehensive solutions to our business, preferably with the ability to offer sustainable advantages for our customers going forward. Whether it is financial services, insurance products, ground station services, maritime solutions or any of a range of professional services, the ability to ser-

vice multiple locations around the world, provide needed flexibility and compete in a highly competitive industry are all elements we look for in a partner.

What is the major factor for success in your business?

Today's operators of commercial satellite fleets are typically looking at a number of factors when they select a launch provider for a given spacecraft launch. Given the risks inherent in this business, the historical reliability of the launch vehicle is always a key feature, considered in combination with other key commercial terms including performance, schedule assurance provisions, financing, insurance considerations and of course, overall price and payment terms.

How has the launching market evolved compared to twenty years ago?

The Sea Launch Company was originally formed in 1995. At that time, the commercial market for launch services for satellite operators was still a relatively new industry, with the European Space Agency's Arianespace vehicle



© Courtesy of Sea Launch SA

Vessels at the Home Port in Long Beach

dominating the market following the crash of the U.S. Space Shuttle Challenger in 1986.

While the number of commercial launches being conducted over the years has remained in the range of approximately 20 per annum, the capabilities of the spacecraft launches has increased greatly, with larger, heavier, more powerful and more reliable, lasting in excess of fifteen years on-orbit lifetimes becoming the standard.

Since that time, existing launch entrants as well as new have introduced a variety of new vehicles, services and capabilities, increasing the lift capabilities of their respective vehicles, lower the cost per kilogram to orbit, and in general offering a wide variety of innovative approaches to financing, insurability, schedule assurance and availability to the industry's satellite operators.

What are the main challenges and opportunities to a company like Sea Launch?

The main challenge facing a purely commercial company like Sea Launch is to how compete

effectively in an industry whereby our competition enjoys the benefits of being subsidized - both directly and indirectly by their respective governments. The challenges of securing enough backlog to launch the system efficiently and reliability, maintaining a level of launch tempo and training level that keeps the launch team sharp and focused are vital to our success. Another is to respond to the increasing rate of technical changes current taking place in the market with increases performance levels, dual-launching of smaller satellite and reusability of rocket stages all changing at intensifying rates.

In terms of opportunities, Sea Launch is always looking for ways to increase the addressable market for our launch services. Our ability to diversify our customer base and market segments served to include civil and military government launches, to launch constellations of smaller satellites to non-GSO orbits and gain a greater share of GTO commercial missions will determine our success in the long run.

*A commercial satellite
launched from Sea
Launch Platform from
the Pacific Ocean*



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