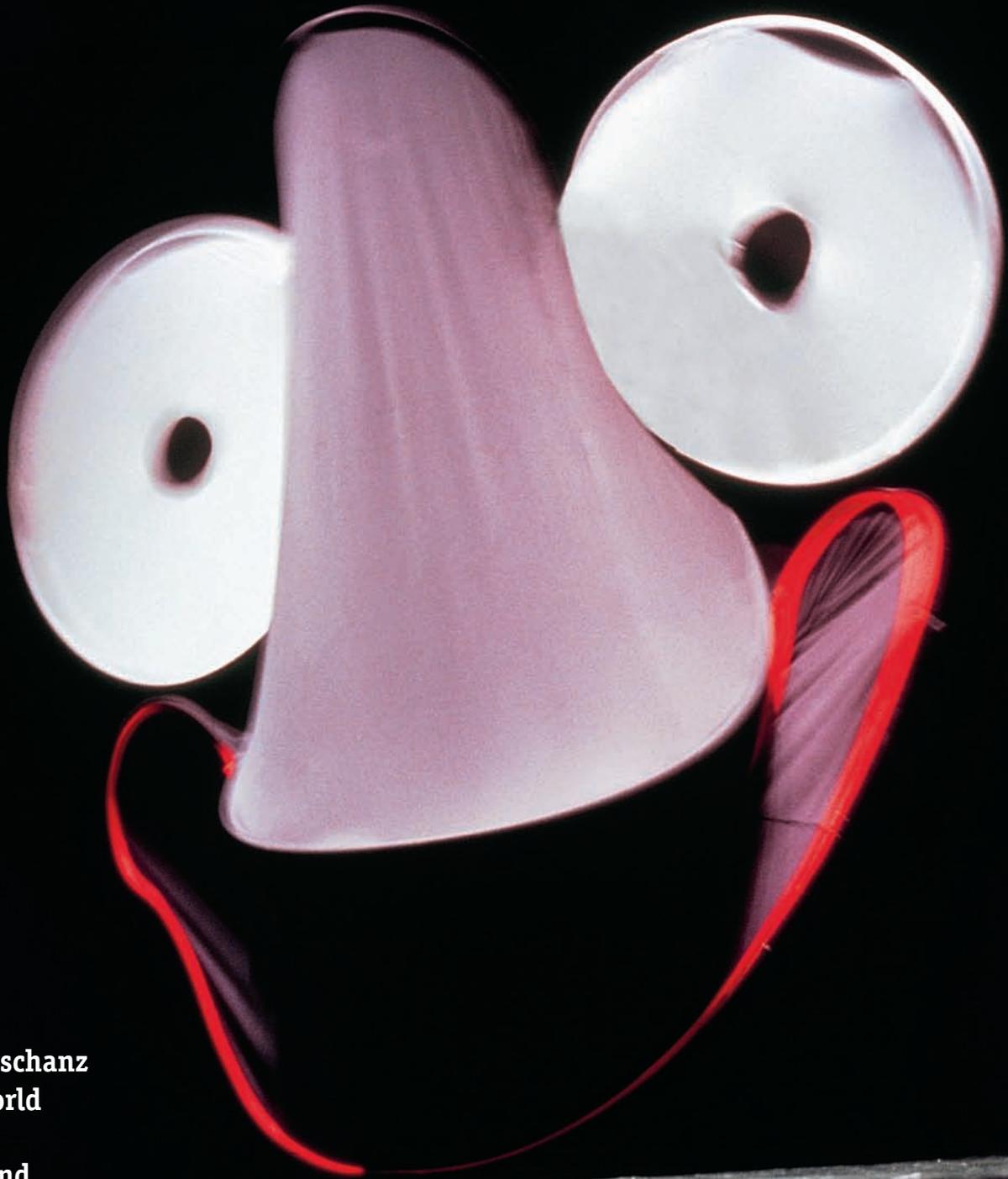


THE MAGAZINE FOR THE SWISS ABROAD

S W I S S

REVIEW

FEBRUARY 2007 / NO. 1



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Faces, issues and Sunday newspapers

IT'S STRANGE: as early as last autumn – one year before the general election – you could be forgiven for thinking that the Swiss people will be electing a new government on 21 October 2007. And yet the vote is to select 246 parliamentarians, who then have to choose the seven members of the national government. For months now, media attention has focussed on the question of which of the current federal councillors will stand for another term in office, or rather, who will step aside or not even be up for re-election.

Sunday newspapers are the best platform on which to voice all such speculations. That's why parties and elected politicians so readily make use of this instrument. Anyone who can present himself cleverly in the Sunday press is guaranteed to be the talk of the town that very day in the electronic media. That leads to further reports and comments in the Monday papers, which are then discussed on the radio and on television. Party leaders who give an interview in a Sunday paper can rest assured that they will attract a very wide audience. Many long-standing observers of the day-to-day political workings in Switzerland see the spread of the Sunday press and the growing personalisation of domestic politics as a sign of a change of style in political dialogue that has little if anything in common with the rules of direct democracy.

Of course, most of the speculation in the media in recent months has been about Christoph Blocher; by far the most popular – and disputed – federal councillor. His media presence is huge and will probably increase further as the elections draw near. The Social Democrats and Greens have already said that they will not back him. But it is highly unlikely that the FDP and CVP will dare vote against Blocher because the SVP has threatened to withdraw from the Federal Council altogether and go into complete opposition if Blocher is deselected. And no-one really seems to like that idea. Nobody is prepared to wantonly jeopardize the well-oiled balance of power, and voting out the most popular federal councillor of all people could prove suicidal.

Another new feature is that – fully one year ahead of the election – federal councillors are already talking in public about their future in the Federal Council. Political scientist Leonhard Neidhard calls it “the party-politicisation of the Federal Council”. Whereas in the past federal councillors only ever spoke to the media about themselves when announcing their resignation, Federal Councillor Moritz Leuenberger told journalists in November last year about his intention to remain in office and at the same ministry far beyond 2007. Federal Councillor Pascal Couchepin has also already stated for the record that he very much enjoys working in government and feels not the least bit worn out. However, it is more than doubtful whether the SP and FDP share the opinions of their two federal councillors.

“Personalities rather than programmes” was the headline of a recent leader in the NZZ newspaper. It is to be expected that the integration of foreigners will become an issue on the domestic political front. The rape of an underage girl in Zurich by fellow pupils of foreign origin triggered widespread outrage and hyped up the political atmosphere. Shoring up the welfare state looks another likely election issue. The SP also wants to campaign on the question of Europe.

With so much political dynamite around, it is unlikely that the months leading up to the general election will be boring.

We'll keep you posted.

HEINZ ECKERT, EDITOR-IN-CHIEF



Heinz Eckert



Swiss football fans hold their breath.

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News in brief

Cover photo:

Mummenschanz: A Swiss cultural export

Photo: Mummenschanz

IMPRINT: “Swiss Review”, the magazine for the Swiss abroad, is in its 34th year of publication and is published in German, French, Italian, English and Spanish in 21 regional editions. It has a total circulation of over 390 000. Regional news appears four times a year.

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In support of "patriotism light"

My congratulations and respect for this brave, open and somewhat pugnacious article. Imhof has undoubtedly voiced the sentiments of many Swiss abroad. It's unfortunate that there are many different understandings and perceptions of patriotism.

ZVONIMIR BERNWALD, NESSELWANG, GERMANY

Imhof isn't always convincing. I'm not entirely convinced by Mr Imhof's very pragmatic concept of patriotism. Although he notes that democracy is unthinkable without patriotism, his visions go no further than party-political strategies, transport policy and cool T-shirts. And yet patriotism is also about symbols, emotions and national archetypes. The Gotthard, which you write about so fascinatingly in the same issue, is a symbol that is hard to grapple with. From the rationalist perspective of "patriotism light", that's probably something for bar-room patriots. But surely there is still lots of room for patriotism divorced from narrow-minded party-political dogma, somewhere between new-style national pride and old-style enlightenment beliefs (i.e. between "Landi '39 light" and "'68 light").

MAX NYFFELER, MUNICH, GERMANY

I have been away from home for over fifty years; briefly in Canada, but for the most part in the USA. I am very happy here and at the same time very proud to be Swiss. With my wife, a native Texan, I visit Switzerland every other year for a month in the fall. Its beauty, breathtaking scenery, impeccable transportation, its people, their lovely homes full of flowers with neat gardens

and a high standard of living make Switzerland so great. We spend our time there hiking in the Alps and sometimes in the cities. Yes, there are plenty of reasons to be proud of Switzerland!

H. F. HAEMISEGGER, HOUSTON, USA

Many thanks for addressing the interesting topic of "patriotism light". At last we have an issue that can be very interesting for the Swiss abroad. I am a "true" Swiss ex-pat. I was born in Hungary and lived in Switzerland between 1975 and 1990. I therefore find the topic so interesting because patriotism has re-emerged in many countries of late. Every nation has the right to a national identity or patriotism. In Hungary, a country with a thousand-year history, a national identity was permitted to resurface after the so-called political turning point. It is rejected as "right-wing extremism" by the centre-left both at home and abroad even though it has nothing to do with that. I mean, every nation should be allowed to express its identity, provided it does not seek to destroy others. We want to safeguard and preserve our history, symbols and language, we want to "experience" our traditions – and for ourselves, not in competition with others. Now all that is being pilloried by the propaganda of those on the centre-left, who act as if they alone can judge such matters properly. The interview with Prof. Imhof corrects precisely these false prejudices by clearly pointing out that neo-liberals have long waged war on the state and thus patriotism.

MARIANNE THARAN, HUNGARY,

BY E-MAIL

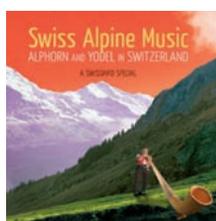
Swiss music with or without an alpine born

The alpenhorn and yodelling are indispensable ingredients of Swiss folk music. Yodelling and playing the alpine horn were originally used for signalling, calling from mountain to mountain and communicating between one alpine pasture and another. In 1827, the musicologist Joseph Fétis described the alpine horn as "Switzerland's national instrument". Although it has almost completely disappeared from the Alps, it has increasingly become a tourist attraction. The alpine horn has undergone a revival as a solo instrument in modern music since 1970. It could be said that Jean Daetwyler's "Concerto pour cor des alpes et orchestre" signalled a new development in 1972. The piece was first performed at the Palais Garnier in Paris to mark the opening of the Swiss tourist office in the French capital. Today there are more than 50 compositions for alpenhorn accompanied by orchestras, wind ensembles, organs, pianos or harps.

Swissinfo/SRI has compiled a double CD of alpenhorn music, the musical spectrum of which ranges from traditional alpine horn playing and yodelling via pop and rock to jazz and modern-day electronic music. Nobody could claim alpenhorn music and yodelling, which have rarely been practiced as conscientiously and differently as they are today, as their sole preserve. Some yodellers and alpenhorn players seek out their roots and try to emulate their melodiousness and "blues" as authentically as possible. Others take them a step further. You'll therefore find yodellers in traditional costume, rock musicians who inject a touch of their indigenous roots into their Anglo-American music, and jazzmen who view the archaic melodies as an exciting basis for their work. Composers like Schu-

bert, Beethoven and Brahms were musically inspired by this "folk music", as are present-day pop musicians and the musical avant-garde. The album "Swiss Alpine Music" presents the complete panoply of Swiss folk music and is a treat for all lovers of high-quality folk music.

Its release coincides almost exactly with that of a CD entitled "Greatest Swiss Hits", which should really have been called "Greatest German Swiss Hits", even though Sens Unik, Stress and other musicians from French-speaking Switzerland have also made it into the hit list. In actual fact, it was television viewers in German-speaking Switzerland who got to vote for their favourite hits of the last 70 years one Saturday evening this autumn. With 12.8 percent of the votes, Polo Hofer's hit "Alperose" from 1985 just made the top spot ahead of the song "Träne" by Florian Ast and Francine Jordi. Third place went to Mani Matter's "Hemmige" from the year 1970, while Hazy Osterwald's legendary "Kriminaltango" (1959) finished fourth in the audience straw poll. Nevertheless, the CD also features nearly all the other unforgettable tunes of years gone by, spanning everything from the Sauterelles via Nella Martinetti and the Trio Eugster to Stephan Eicher and Yello. The CD isn't just a tasty morsel for the nostalgic, rather it is an essential musical compilation for all fans of typical Swiss popular music.



EC

Finance and insurance specialist for all Swiss expats

Soliswiss has set a new course. Its subsidiary Soliswiss AG holds a fund distribution license from the Swiss Banking Commission (EBK). It is also a member of the Association of Swiss Asset Managers (VSV). We talked with Andreas Geiger, Head of Asset Management at Soliswiss AG.

Mr. Geiger, what is your new offer to Soliswiss members?

In Switzerland, retirement assets of about CHF 800 billion have accumulated within the scope of the existing government-defined benefit plan. However, more than 700,000 Swiss citizens living abroad are exempt from this mandatory domestic pension plan. The government-defined retirement schemes in their countries of residence rarely match the standard that is customary in Switzerland. For us at Soliswiss, this discrepancy represents a challenge and an opportunity at the same time. A prudent choice of individual investment and insurance instruments can provide equivalent protection in personal retirement planning. This is where we see our mission as an independent wealth management and retirement consultant for Swiss citizens abroad, in the sense of Swiss security abroad.



Andreas Geiger was born in Zürich on November 30, 1956. He holds a law degree from the University of Bern. His professional career includes positions with a number of financial corporations and banks. For 15 years, he worked for UBS and the Credit Suisse Group, where he served as head of commerce for the region of Aargau-Solothurn. During the early 1980s, he was involved in the development of the Swiss Desk of UBS in New York. He currently lives in Aarau with his wife and son. At Soliswiss AG, he has been a member of the management board responsible for the asset management division since it was established in 2006.

Your partner in asset management, Wegelin Fondsleitung AG, manages four selected investment strategies for Soliswiss. How have these four investment strategies fared since their introduction?

For two years already, the cooperative has been investing its equity capital in the four strategies named after the four seasons. Thanks to a favorable business environment, it has been able to achieve extraordinary investment returns. In 2005, the average performance of the fund's investments amounted to 22.4% of equity capital. At 11.3%, the average performance has again attained an attractive level this year. We are therefore convinced that our offer is an interesting alternative for our clientele compared to the previous savings deposit accounts, which have recently yielded interest of only 1.5% per annum.

Did luck play a role in the selection of the fund's investments?

Certainly, a degree of luck is always required for investments to be successful. Nevertheless, statistical analyses show that with a minimum investment horizon of ten years, the expectable average annual yield of investments in equities is between 6% and 8% and thus outperforms bonds by 2% to 3%. Those who must plan their own retirement outside of government-defined plans can therefore hardly ignore investments in stocks. Even the government-owned AHV compensation fund today invests a large proportion of its assets in equities.

Especially for investors with

little experience in questions of asset management and finance, it makes sense to seek advice and assistance in retirement planning issues. And for small to medium custody accounts in particular, investments through the currently very popular instrument of fund shares make it possible to distribute and thus reduce risk. It is the task of Soliswiss, in cooperation with its partners, to select a few highly promising investment opportunities from the vast number of investment funds available today. In doing so, we rely on the documented historic success of our partners as well as on our own critical judgment and continuous review.

Have you already achieved your objectives?

Quite to the contrary. For every single investor, the counter is reset to zero at the end of every year. The work of Soliswiss is therefore never done. This is precisely what makes it so fascinating and exciting.

An additional duty incumbent on us is information and communication. Unfortunately, Soliswiss is still far from being a household name among the large community of Swiss nationals abroad. This confronts us with a very demanding task. Founded as a self-help organization and committed to the benefit of its members, Soliswiss keeps striving to enhance its reputation as the finance and insurance specialist for all Swiss expats.

What are your forecasts for the year 2007?

Personally, I do not foresee negative developments in the next 12 to 18 months. It seems to me that economic globalization is only just beginning to exert a sustainable impact on the worldwide economic indicators.

Countries like China or India have been politically and eco-

nomically isolated from the rest of the world until very recently. The ease with which they have managed to open their economies to the rest of the world within just a few years is truly amazing. No less amazing is the readiness with which people around the globe are using the Internet for their private and commercial purposes, a technology introduced a mere ten years ago. These are fundamental factors that favor the further growth of the global economy.

Against this backdrop, I expect that the positive economic development which is increasingly driven by the densely populated threshold countries will continue.

What are your recommendations for your investors?

A proportion of their own assets that will be needed only in the medium and long term should be invested in equities. For investors who do not wish to be occupied with the selection and management of their investments on a daily basis, it is best to rely on marketable and broadly diversified investment funds.

Our four different investment strategies – that are freely combinable, by the way – make it possible for investors to individually determine their equity exposure and thus their risk profile. It is important that investors constantly review their personal risk profile and always feel comfortable with it. Our web site offers a little question-and-answer game that allows investors to define their risk profile in an informal manner. But we also welcome personal contacts by telephone or e-mail in order to determine the appropriate investment mix.

Abridged version of an interview published in full at www.soliswiss.ch.

The best press photos of 2006. The Espace Media Foundation has once again honoured the year's best press photos and published them in a book. One hundred and twenty-eight photographers submitted a total of 1658 photos for the six categories: current affairs, daily life and the environment, portrait, sport, art and culture, and foreign. The illustrated book is published by Benteli (Berne) and costs CHF 15. www.swisspressphoto.ch



Peter Gerber, press photo of the year: Muslims on Berne's Bundesplatz protesting against the publication of caricatures of the Prophet Mohammed.



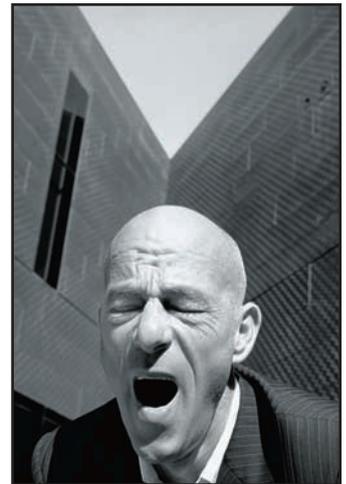
Kurt Reichenbach, 2nd prize, current affairs category: Federal Chancellor Huber-Hotz and Federal Councillors Leuenberger and Blocher on the traditional government "school trip".



Kefalas, 1st prize, portrait category: UBS President Ospel at the Annual General Meeting. A shareholder condemns executives' fat-cat salaries.



Peter Gerber, 2nd prize, portrait category: Sister Dorothea teaching at a girls' boarding school and playing sport.



Thomas Kern, 1st prize, culture category: Architect Jacques Herzog



Emanuel Ammon, current affairs category: Rockslide on the Gotthard Tunnel motorway in late May. Two people were killed.



Eveline Bachmann, 1st prize, sport category: Swiss football fans during the penalty-shootout in the World Cup game against Ukraine.

“We must recreate the European family”

WINSTON CHURCHILL SPEAKING AT ZURICH UNIVERSITY 60 YEARS AGO ON 26 SEPTEMBER 1946

Bilateral agreements with the European Union or complete entry by Switzerland? Europe remains our most important foreign policy issue. The bilateral path is becoming rockier, but a majority of Swiss people and companies do not want full membership at this point in time. By Rolf Ribi



A single sentence in a letter sent by the Swiss Federal Council to the President of the Council of the European Union in Brussels on 20 May 1992 still gets people hot under the collar: “The Swiss Government is honoured to hereby request Switzerland’s entry to the European Economic Community (...), in other words, to open negotiations on the matter.” The letter was signed by the then Social-Democrat Federal President and Foreign Minister René Felber.

Even then, the European issue was an explosive one. The foreign minister of the Swiss Confederation wanted to lead Switzerland into the European Union without the consent of the people. Shortly before, Felber had convinced fellow Federal Councillors Delamuraz, Cotti and Oggi that this was the right course of action. At a special session of the Federal Council on 18 May, they out-voted Councillors Koller, Villiger and Stich. “Issues as crucial as applying to join the EU cannot simply be decided by four votes to three in the Federal Council,” Arnold Koller said later.

Ten years on, René Felber conceded that the attempt had “perhaps” been a “tactical error”, adding, “We wanted to avoid any lack of clarity and doubts”. The fact remains that the Federal Council’s letter to Brussels was partly responsible for the fiasco when Switzerland’s entry into the European Economic Area was put to the vote in an emotionally-charged referendum just six months later.

Since then, the contentious document has languished in the basement archives in Brussels. Following the refusal by the Swiss people to condone EEA accession in December 1992, the matter was formally suspended by the cross-party Switzerland-EU Committee in February 1993. The latter no longer has any legal impact, and Brussels explicitly does not consider Switzerland a candidate country. Nonetheless, just a year ago, FDP National Councillor Gerold Bührer and 18 co-signatories tabled a motion calling for the application to be withdrawn. He argued that the application was legally meaningless, EU policy had developed further, and that val-

ues such as neutrality, federalism, direct democracy and economic autonomy were under threat.

Steps towards Europe

Switzerland’s relationship with the European Union has long been our most important foreign policy and foreign trade policy issue. The following are the most important steps on our journey towards Europe:

On 3 December 1972, 72.5 percent of the Swiss electorate and all the cantons ratified the Free Trade Agreement with the European Economic Community (EEC). Twenty years later, on 6 December 1992, accession to the European Economic Area (EEA) was rejected by 50.3 percent of voters and the majority of the cantons. The bill was thrown out in German-speaking Switzerland and unanimously approved in the French-speaking areas. Federal Councillor Delamuraz referred to it as “Black Sunday”. On 8 June 1997, a referendum on “EU membership negotiations before the people” was rejected by three-quarters of the population and all cantons.

The new century brought a change in the debate on Europe. On 21 May 2000, the Swiss people overwhelmingly endorsed the seven Bilateral

Agreements I with the European Union, with more than 67 percent “yes” votes. Only the cantons of Ticino and Schwyz rejected the agreements. On 4 March 2001, a referendum calling for EU membership picked up almost 77 percent “no” votes and was rebuffed by all 26 cantons. The year 2005 was a particularly European one for Switzerland: On 5 June, almost 55 percent of the electorate backed association with the Schengen and Dublin Accords, part of the Bilateral Agreements II. And on 25 September, the extension of the Agreement on the Free Movement of Persons to include the ten new EU Member States was approved by 56 percent of voters.

Switzerland has thus achieved much through bilateral agreements since the debacle over EEA accession in 1992. In all, Swiss diplomats have successfully negotiated 18 major agreements. The most important of these concern the freedom of movement of people throughout the 25 EU countries, virtually unhindered border crossing, the widespread

avoidance of second asylum applications, the licensing of 40-tonne vehicles, the liberalisation of the trade in cheese, the reduction of technical trade barriers, the taxation of interest earned in Switzerland by foreigners while upholding banking secrecy, and the improvement of reciprocal legal assistance.

"Negotiations and referenda have helped politically 'slow' Switzerland to extract itself from the corner it backed itself into in 1992," commented the NZZ newspaper. State Secretary Michael Ambühl from the Swiss Federal Department of Foreign Affairs (DFA) says, "Relations between Switzerland and the EU have intensified significantly since the country said 'No' to the EEA." Swiss companies now had far easier access to the Single European Market, while our contractual relations had been cemented, primarily by association with the Schengen and Dublin Accords. "Our relationship to the European Union is better overall and more intense than ever before," he added.

The benefits of bilateralism

Who could deny that a bilateralist policy is very useful for us?

This double-sided approach to Europe is backed by the people, tailor-made for our economy and does not oblige us to take any further steps. However, the price to pay is a loss of autonomy: If Switzerland joins a joint European agreement, it must adapt its legislation to the European rulebook.

Nobody appreciates the importance of the bilateral agreements better than the economy. After all, the European Union is Switzerland's biggest trading partner. EU countries account for more than 60 percent of our exports and more than four-fifths of our imports, and about 43 percent of Swiss direct foreign investment flows into the EU, where Swiss companies employ more than 900,000 people. Together with the US and China, Switzerland is one of the EU's three most important trading partners. Some 870,000 foreign nationals with European passports live in Switzerland, making up more than 12 percent of the population. "The bilateral path with the EU has proved its worth," states Economiesuisse, the umbrella organisation for the Swiss economy.

How do people at EU headquarters in Brussels see the two-way relationship with the Confederation? "The European Union is also interested in pursuing its bilateral relations with Switzerland," says State Secretary Michael Ambühl. "Brussels is paying tribute to Switzerland for the bilateral path. We are seen as a joint trading partner," says Ambassador Urs Bucher. The official view is as follows: After a change of heart, the European Union has internalised the bilateral

soon have 27 Member States. That means a common position really is very difficult to find. Now imagine that a small country with 7 million inhabitants comes along and demands that the EU adapt to its reality. When we at the Commission negotiate with you, it must be with the approval of all Member States. That doesn't make it any easier for us."

The Swiss Government has also noticed the dark clouds looming over the bilateral



nature of relations with Switzerland and its referendum democracy.

Dark clouds on the horizon

And yet the good neighbourly relations between Brussels and Berne are threatened by an uncomfortable truth: "Tiny Switzerland's position vis-à-vis the EU has deteriorated steadily in recent years," says the Brussels correspondent of the NZZ newspaper. The European Union is currently a single market embracing 460 million people, with a single currency in its core area. It is also a political association in more and more areas, including justice and domestic issues, foreign policy and security. "The EU has increasing difficulty dealing with third-party countries that do not have the calibre of the US, Russia or China."

The new reality on the ground in Brussels was recently explained by European Commission President José Manuel Barroso in an interview with NZZ am Sonntag: "Put yourself in our shoes," he said. "The EU will

path. Swiss President and Foreign Minister Micheline Calmy-Rey sees the current strategy as the best option, but points out, "Bilateralism is not set in stone." What is more, "Entry to the European Union remains a more long-term option for Switzerland." The Federal Council repeatedly confirmed in earlier policy documents that membership of the EU was the "strategic objective". For instance, the Government's Foreign Policy Report 2000 states, "Entry into the European Union is the aim of the Federal Council. The interests of our country can better be served within the EU than outside." And in its programme for the 2003-2007 legislative period, the Government reiterated that "Switzerland's joint responsibility in Europe and entry to the EU are the objective over the long term."

Federal Council Europe Report

The Federal Council's Europe Report 2006 lists the effects of entry to the EU. The political and economic changes are as follows:

Switzerland would have full co-determination rights at European level. Our civil rights would not be affected unless responsibility were handed over to the EU. Possible EU accession would require a referendum. Our federalist system would remain as is. Entry to the EU in its present form would not mean relinquishing neutrality.

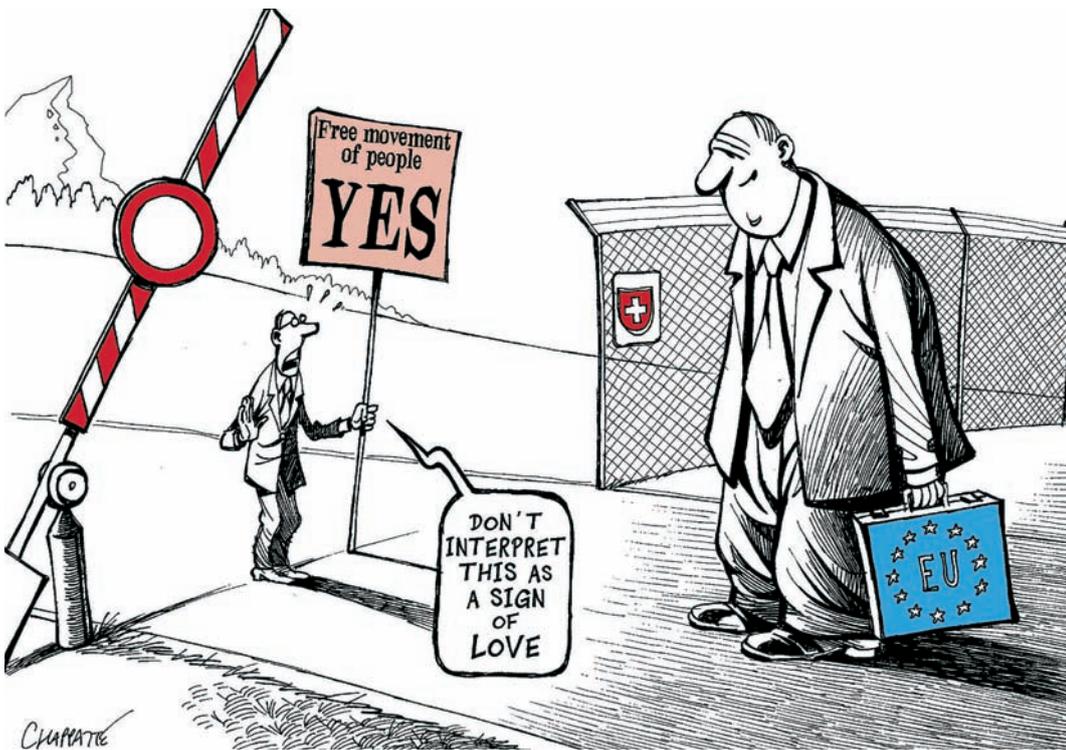
egies” and stresses that membership of the European Union would further our interests in a globalised world economy. It would open the door to equal co-determination rights in Europe and therefore strengthen our sovereignty. The economy would benefit from the dynamism of the Single European Market, which would mean more competition and

membership, and only 34 percent in favour. Forty-five percent expected Switzerland to be a member of the EU by 2015, whereas 48 percent thought not.

And what about the Swiss economy? “The economy is not interested in EU entry for Switzerland,” was the surprise announcement by the Economiesuisse umbrella organisation last April. In addition to voicing political concerns, the body also lists economic reasons: The Swiss National Bank would lose its independence in determining financial policy. Removing the interest-rate advantage and giving up the Swiss franc would, it claims, have negative consequences for business in Switzerland, while banking secrecy would be “undermined” by the complete exchange of information. The key statement of the Economiesuisse assessment is, “In the end, Swiss European policies must secure Switzerland as an economic location.” Even the NZZ newspaper was left wondering, “Is European integration not first and foremost a politically motivated project?”

Former State Secretary

Franz Blankart neatly summed up the issue in a speech to the New Helvetian Society: “Entry to the European Union is an eminently political question,” he said. “If entry is to be credible, it must grow out of a groundswell of popular desire to be involved in the political development of Europe.” To reach this political goal, a political price such as the reduction of direct democracy must be considered, he said. “But what I do not want for Switzerland is entry in response to purely economic pressures.”



The report goes on to say that our economy would have equal access to the Single European Market. However, we would lose our political autonomy on foreign affairs. Although value-added tax would have to rise from the current level of about 7 percent to 15, this could be counterbalanced by tax cuts in other areas. Fiscal banking secrecy would be cast into doubt because European taxation of interest demands a complete exchange of information. The Swiss National Bank would be forced to relinquish its financial autonomy to the European Central Bank. Switzerland would lose its interest-rate advantage over other countries. The euro would replace the Swiss franc. As an EU Member State, rich Switzerland would have to pay approximately CHF 3.4 billion net a year to the Union, the highest per-capita contribution by any Member State.

The New European Movement Switzerland (NEBS) is pushing for our country's rapid accession to the EU. It accuses the Federal Council of “lacking euro-political strat-

lower prices. The Swiss people would get a European passport and new political rights (for instance, for elections to the European Parliament). They would profit from Europe's greater consumer and employment protection rights, and could move to, work and study in any other EU country.

The Swiss and the economy oppose entry

“The much-praised bilateral path is not Switzerland's only European option,” says FDP National Councillor and NEBS President Christa Markwalder, adding, “The Federal Council can no longer hide behind the Swiss people's alleged animosity towards the EU.” So what do the people think? The regular Europe Barometer Switzerland poll carried out by the GFS research institute found the following in late 2005: Fully 84 percent of its representative sample wanted to leave all options open on Europe. The largest group relatively speaking wants to pursue the bilateral course. Fifty-four percent of respondents were completely or somewhat against EU

www.europa.admin.ch (Documents on Swiss European policy)
www.eda.admin.ch (Information on foreign and European policy)
www.europa.ch (NEBS Web site)
www.economiesuisse.ch (Web site of the umbrella organisation of the Swiss economy)
www.doku-zug.ch (Documentation centre)

Initiative demands unified state health insurance fund for all

A cross-party initiative backed by leftwing and Green politicians is calling for a single health insurance fund and income-related premiums. The issue will be put to the vote in a referendum on 11 March. The Federal Council and the conservative majority in Parliament reject the move. By René Lenzin

The popular initiative «For a uniform social health insurance fund» did not get off to a good start. After the voters had clearly rejected a similar left-wing initiative in May 2003, the Swiss Social Democratic Party (SP) in particular had little appetite for another healthcare venture. This almost derailed a petition launched jointly by the «Mouvement Populaire des Familles» from French-speaking Switzerland and the Greens. It was only rescued when the SP eventually decided to support the move. The petition containing just over 111,000 valid signatures was submitted in December 2004.

The popular initiative has two targets:

- It wants the government to set up a single state-run health insurance fund to provide obligatory basic health insurance. Representatives from the authorities, the healthcare sector and patients should each get one-third of the seats on the executive.
- The present system of canton-based uni-

form per-capita premiums is to be replaced by health insurance contributions dependent on a person's income.

The initiators claim the present system of more than 80 health insurance funds is inefficient. They say insurance companies spend millions on advertising and battle it out to attract so-called «cheap risks» – i.e. young men – rather than providing affordable healthcare for all. They also say that there is a blurring of the boundary between the compulsory basic cover and private complementary insurance. All this could be prevented by a unified fund interested not in profit, but the common good, they claim.

More state control of healthcare

In principle, the initiators are not primarily interested in the health insurance funds. They need a unified fund as a means of carrying out a fundamental overhaul of the healthcare system. They want to move away

from the current model, which could be described as state-managed competition. In effect, competition is to be eliminated and the entire system managed by the state. Although not specified in the text of the initiative, the initiators say it is conceivable that 26 cantonal unified health insurance funds with different premiums could be set up rather than one national fund. One thing is clear, though: they certainly want to get rid of what they see as unjust per-capita premiums. How much people would pay for their healthcare compared to now is also not spelt out.

The Federal Council and the conservative majority in Parliament reject the idea. They say that the proposed model for a unified fund could lead to political stalemate with the opposing interests blocking one another. This would then make the fund cumbersome or even completely incapable of action. By contrast, they say, the present system allows people to choose their insurer freely, while the competition helps keep costs in check. The opponents of the initiative do not deny that the healthcare system has its faults, but they propose different reforms. The National Council voted 122 to 67 against the initiative, while the Upper House rejected the move by 34 votes to 6.

Federal budget generates surplus Favourable economic conditions and cost-cutting help Switzerland stay in the black.

By René Lenzin

Good news for the finance minister as well as all those politicians who have been moaning about deficits and a burgeoning public debt in recent years: According to the figures for the 2007 budget, which were approved by parliament in its December session, the Swiss Confederation expects to generate a surplus of about CHF 900 million next year. In fact, the surplus is fully half a billion francs more than anticipated by the financial plans. What's more, it's already clear that the country will end 2006 with a large surplus rather than the budgeted shortfall of CHF 700 million. For 2005 the deficit was «only» CHF 121 million rather than the budgeted CHF 1.8 billion. And the good news doesn't end there: Although debt normally has a dampening effect in times of good economic conditions, larger surpluses are also anticipated beyond the coming year too.

So the months ahead will be rosy for the federal treasurer. The figures are also a source of pride for Federal Councillor Hans-Rudolf Merz. He attributes the financial turnaround to two factors: Firstly, favourable economic conditions are netting the state more revenue than planned. Secondly, the impact of the 2003 and 2004 economising programmes, which cut spending by CHF 5 billion, is starting to be felt.

Deficits set to return in the medium-term

Merz said Switzerland must pursue its «path of thrift». After all, the federal finances could only be reformed sustainably if the Government continued to keep a tight rein on its spending. According to Merz, Switzerland risks slipping back into a deficit in the medium-term because welfare expenditure looks set to grow at a higher rate than the

economy. The Federal Council therefore hopes that measures already being implemented as well as those still being finalised will reduce the expenditure of CHF 8.5 billion projected for 2015. As a result, overall federal spending will rise continuously, though not by an annual 4.7 percent, as a projection of the current situation would lead us to expect, but by 3 percent.

The Federal Council's plans have met with a mixed response. The Liberals and Christian Democrats approve them, while the Swiss People's Party (SVP) wants more far-reaching cost-cutting to reduce the public debt, which now stands at CHF 130 billion. By contrast, the Social Democrats and Greens say that current developments show that the government painted too bleak a picture. They reject cuts in social services and demand a debate about not only austerity measures, but also ways to increase revenues, for instance through a nationwide inheritance tax.



Temporary hospital for flu victims in Fort Riley, Kansas, in 1918.



Tackling bird flu at a poultry farm in Thailand in August 2006.

Potential pandemic

The threat of a pandemic persists undiminished even though the issue has disappeared from the news headlines. Many countries are not (yet) adequately prepared, and Switzerland can only offer very limited (if any) assistance to Swiss expatriates in the event of a pandemic. Personal protection is therefore highly advisable.

The number of people who were infected with bird flu in 2006 increased significantly over the previous year. The World Health Organisation (WHO) warns that the risk of a major influenza pandemic has not diminished.

Many countries are preparing intensively for a pandemic. Most industrialised nations have now stockpiled enough Tamiflu® to treat 25% of the population and should therefore be able to treat all those in-

fectured in the first wave of a pandemic. These countries should then have sufficient specific pandemic vaccines to tackle a later, second wave of any pandemic. Some countries – Switzerland included – are also acquiring so-called “pre-pandemic vaccines”, although these afford only limited protection.

Developing and newly-industrialised nations are often not in a position to take expensive precautionary measures. Although the WHO now has a stockpile of 5,125,000 treatment courses of Tamiflu® (a donation from Roche), these will only suffice if a nascent epidemic can be contained relatively quickly, as was the case with the SARS outbreak of 2003, for example.

According to the WHO and national health authorities, Tamiflu® (as well as Relenza®, a drug that has to be inhaled) remains the medication of choice for any future viral pandemic. It has a shelf-life of at least five

years from the production date and should be taken regularly (by doctor’s prescription) and as quickly as possible in the case of infection during a pandemic, though no later than 36 to 48 hours after the onset of the initial symptoms.

If you live in a country that has not stockpiled enough Tamiflu® to treat 25% of the population, it is advisable to purchase this medicine yourself.

Tamiflu® is now approved and available in some 100 countries. If you live in a country in which this medication is not officially on sale, please take care to purchase it from a reputable source.

The DFA will be acquiring limited emergency reserves of Tamiflu® for countries in which Tamiflu® is not available and is looking into further measures. However, this emergency reserve will only be released once a pandemic breaks out and only to people who have already fallen ill and had no means of purchasing Tamiflu® themselves.

Personal precautions are a good idea even if your country of residence has stockpiled sufficient amounts of Tamiflu®. Healthcare systems the world over will be overstretched in

the event of a pandemic. Should a serious pandemic arise, even industrialised nations could experience temporary cuts in power and water supplies and food shortages.

The DFA has published recommendations for precautions you can take, and these can be consulted on your embassy’s Web site. Please also find out about the recommendations of your local authorities and regularly consult the Web pages of the Swiss Federal Office of Public Health (www.bag.admin.ch) and the World Health Organisation (www.who.int). Useful information is also available at www.fluwiki.com, for example, (under “Pandemic Preparedness”). The Federal Office of Public Health has also set up a telephone hotline which can be called for further information during Swiss office hours:

+41 (0)31 322 21 00.

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Slaughtered hens in England in April 2006

Ecuador (only directly from Roche), Egypt, Georgia, Guatemala, Honduras, Hong Kong, India, Indonesia, Iran, Israel, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Libya, Malaysia, Mauritius, Macedonia, Mexico, Montenegro, Morocco, Nicaragua, Oman, Pakistan, Paraguay, Peru, the Philippines, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Tunisia, Turkmenistan, Ukraine, Uruguay, the United Arab Emirates, Venezuela and Vietnam.

DFA, POLITICAL DIVISION VI

Better protection for animals

In January 2006, the initiative committee of the Swiss Animal Protection association (SAP) launched a federal popular initiative entitled "Against cruelty to animals and for better legal rights for animals"; the animal rights lawyers' initiative (see issue 2/06). The initiative calls for cantonal animal rights lawyers to ensure that animals get better legal protection.

The initiative proposes that two new paragraphs be added

to Article 80 of the Swiss Federal Constitution. The new paragraph 4 would oblige the state to offer animals legal protection as sentient living creatures. The new paragraph 5 would call for the use of animal rights lawyers in criminal proceedings against those who commit cruelty to animals.

The initiative committee maintains that most cases of animal cruelty are perpetrated by owners themselves. Criminal proceedings involving animal protection would lack an

POPULAR INITIATIVES

The following initiatives have been launched since the last issue:

- "Against fat-cat payouts"; until 1 May 2008
- "For fair taxes. Stop abuses of tax competition (the fiscal justice initiative)"; until 21 May 2008

Signature forms for current initiatives can be downloaded from the Federal Chancellery site: www.admin.ch/ch/d/pore/vi/vis_1_3_1_1.html.

VOTING

Federal referendum on 11 March 2007: Popular initiative of 9 December 2004 "For a uniform social health insurance fund"

Date of the next referendum in 2007: 17 June

aggrieved party, or rather this would be exactly the same person as the accused. Whereas the accused would enjoy all procedural rights in a penal trial, the interests of abused animals could not be safeguarded in such criminal proceedings. This could prevent important evidence being recorded, cause delays in the proceedings and even lead to cases being dropped altogether. This is where animal rights lawyers are to come in. They are to counteract the tendency to play down instances of cruelty, and at the same time remove the burden

on veterinary authorities to press charges for animal abuse. The animal rights lawyers are also to promote understanding of animal protection legislation among criminal investigators and courts and thus ensure more uniform and fair assessment and legal procedure.

The initiative can be signed until 31 July 2007.

RESPONSIBLE FOR THE OFFICIAL DFA INFORMATION PAGES:
GABRIELA BRODBECK, SERVICE FOR THE SWISS ABROAD/DFA
CH-3003 BERNE

Consular service

The Federal Department of Foreign Affairs is running an entrance examination to recruit young people for the consular service. The closing date for applications is 28.2.2007!

Successful candidates will undertake consular and administrative duties at the chancelleries of our foreign representations, primarily in the fields of accounting, registration of Swiss citizens living abroad, passports, visa processing, civil status matters, certification of documents, citizenship issues, consular protection, voting and much more.

Applicants should be Swiss citizens, have a federal commercial diploma (profile E or M)

or an equivalent qualification from a cantonal commercial or business school, two years' professional experience in a relevant position, and a good overall character (an extract from the register of convictions must be submitted as part of the application), and be aged under 32 in the year of the entrance examination.

Further details can be found at the following address: www.eda.admin.ch/eda/g/home/dep/jobs/consu.html

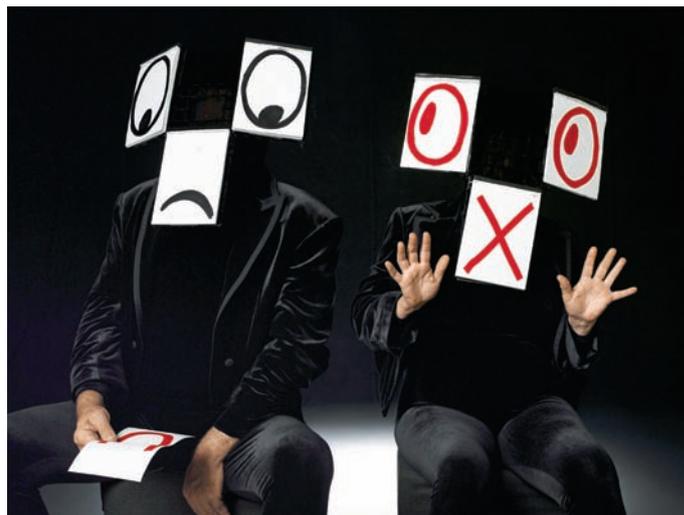
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DFA, Directorate of Corporate Management, Recruitment and Marketing, CH-3003 Berne

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“The whole world laughs in a similar way”

The Mummenschanz troupe has travelled the globe with a combination of pantomime, mask theatre and the fine arts, presenting shows that inspire the viewer’s imagination. More than 30 years of creative ideas and analysis of human behaviour have flowed into the creation of their latest programme, “3 × 11”. By Alain Wey



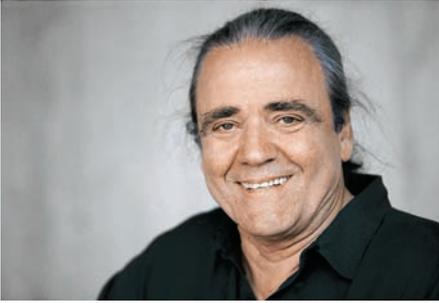
Images from 30 years of Mummenschanz: the joy of being able to disguise oneself and play.

Masked poetry. Emotions in all their forms. A smile followed by intense laughter. For more than three decades, the name “Mummenschanz” has been an important element of mask theatre around the world. Not a single word is spoken, and only the reactions of the audience break the silence. Be it through an enormous hand embracing a body or changeable narcissistic masks parodying a beauty contest, the cast of Mummenschanz have found a universal language. Now the group is back on tour with a programme that looks

back on 33 years of creativity. A few steps away from the Grand Casino in Geneva, we met Floriana Frassetto, the female face of Mummenschanz.

“The whole world laughs in a similar way,” says 56-year-old Floriana with a smile. Theatrical plays without spoken words “transcend cultural boundaries and touch people in a direct manner”. The Mummenschanz adventure began in the early Seventies. Andres Bossard from Zurich and Bernie Schürch from Berne attended Jacques Lecoq Drama

School in Paris. In 1972, they met Italian-American actress Floriana Frassetto in Rome. Their show „Narren- und Maskenspiel” (“Fools’ and Mask Play”) was initially also performed in French. “But because the rhythm was lost in translation, we decided to turn all the sketches with spoken dialogue into sketches featuring masks.” This created a new, exclusively visual language that sought “to stimulate the audience’s creativity with next to nothing: notebooks, painted-on eyes and toilet rolls”.



Bernie Schürch and Floriana Frassetto, the founders of Mummenschanz together with Andres Bossard.

THE ORIGINS OF THE WORD "MUMMENSCHANZ"

"Mummenschanz" is a very old expression invented by Swiss soldiers of fortune," says Floriana Frassetto. "They liked to play cards, but because they couldn't keep a straight face while playing, they put on wooden masks that were subsequently dubbed 'Mummenschanz'. The

verb 'mummen' means 'to disguise or mask', while 'schanz' is derived from the French 'la chance' (luck). 'Mummenschanz' therefore represents the luck of being able to disguise oneself and play, and that's what we identify with." In other words, the perfect name for the group? "Yes, but

we are mercenaries for peace. We like rebellious ideas, but we don't go beyond that. Our message stimulates imagination and triggers a whole host of emotions, but most of all it caresses the human soul with a little poetry."

Although they lived in Zurich and Paris, Mummenschanz first performed in Berlin, where the trio came to the attention of a distinguished German art critic who described their work as "a wonderful spectacle that combines fine art, comedy, poetic irony and subtle criticism while still leaving much to the audience's imagination." In France, Mummenschanz packed the house at the Avignon Festival. Encouraged by good reviews, they appeared in Paris before heading back to Switzerland. Floriana recalls the strong personalities of her fellow actors, who "had very opposing characteristics. Andres was a satirist and very eloquent, while Bernie was more of an aesthete; a movement artist, minimalist, watchmaker and poet."

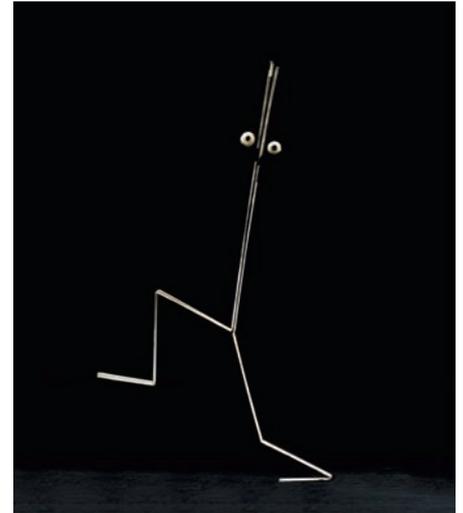
The artists perform on a dark stage dressed in black, the only illuminated part of their show being their changeable masks, which have been shaped with infinite precision into a variety of expressions. The result is a cross between fine art and commedia dell'arte. A variety of real-life situations reveal their poetic side through close-fitting shapes made of foam rubber or cardboard. "A ball falls off a huge pipe as if a head falls off a neck. We've always been interested in the way greed makes people lose their heads." The extension of the human body through objects is always at the heart of their creations, be it larger-than-life costumes and masks, large,

inflated figures or metamorphosing robot caterpillars.

In 1973, Mummenschanz performed their show in New York. Convinced by the praise heaped on them by a New York critic, an American agent decided to hire them for four months. They then toured through France and Italy. Mummenschanz have built an illustrious name for themselves. In 1976, the trio finally overcame a series of hurdles and opened on Broadway. The critics were enthusiastic, but the audiences were initially reticent. "From one day to the next, the theatre was suddenly fully-booked for six months. It was an American dream!" says Floriana. Four months after opening, they even had to hire a second set of players to stage the show. Mummenschanz remained on Broadway for three years, from 1977 to 1979. Since then, various Mummenschanz troupes have toured Europe, South America, China and elsewhere.

Elements like their ball-playing air vents and the wedding dance of the plugs made the group so famous that they were even asked to appear in advertising. The year 1992 provided a huge blow. Andres Bossard died of AIDS, but his two comrades-in-arms promised to continue the adventure. "It was a difficult time, but we managed," Floriana recalls. A long-time friend and businessman provided the necessary funding, located sponsors and venues, and set up the Mum-

menschanz Foundation. The group put together new programmes and added two new members, Italian Swiss Raffaella Mattioli and Jakob Bentsen from Denmark. A theatre was built specially for Mummenschanz at the Expo.02 show, in which daily performances were given and even "mask courses" were offered. The current tour, "Mummenschanz 3 × 11", runs to a total of 60 dates in Switzer-



land, and performances are planned in Latin America, South Africa, Germany and Italy.

So what is the Mummenschanz philosophy? "Restrict the action to the absolute minimum. Don't forget to listen to your heart and your feelings. You don't need anything to dream. You just have to be ready, let yourself go and be creative for a few moments. Mummenschanz is a game. The game of life!"

www.mummenschanz.com



85th Congress of the Swiss Abroad in Geneva: Switzerland and its humanitarian tradition

The 85th Congress of the Swiss Abroad will take place at the International Conference Centre in Geneva on 17-19 August 2007. The chosen topic is Switzerland's role in humanitarian efforts. The invited guests include Swiss President and Federal Councillor Micheline Calmy-Rey and ICRC President Jakob Kellenberger.

Of all the values Switzerland represents, its globally-respected humanitarian tradition ranks above all others, thanks primarily to the Red Cross, the Geneva Conventions and numerous humanitarian organisations and foundations. So what humanitarian efforts is Switzerland involved in today? Should they be intensified? Could they be made even more efficient? These



Jakob Kellenberger, the president of the International Committee of the Red Cross (ICRC), and Swiss President and Federal Councillor Micheline Calmy-Rey, the keynote speakers at the 85th Congress of the Swiss Abroad in Geneva.

and other issues will be discussed at the conference. In addition to purely theoretical questions and speeches, the Congress would also like to look at the reality on the ground by stressing the role of the active Swiss abroad in this respect.

Interactive programme
Swiss President and Federal Councillor Micheline Calmy-Rey and Jakob Kellenberger,

the president of the International Committee of the Red Cross (ICRC), will play an important part in the debate during the plenary session on Saturday 18 August. Other speakers with daily experience of humanitarian work have also been invited. The Congress will give delegates an opportunity to discuss Switzerland's humanitarian efforts and role in a public forum. Visits to the offices of the United Nations, the ICRC and the UN High Commissioner for Refugees (UNHCR) are planned together with follow-up discussions to illustrate the topic of the conference and provide an overview of Geneva's international side. Other visits – e.g. to the Museum of the Swiss Abroad at the Chateau de Penthes – are also planned.

Friday 17 August will be reserved for the Council of the Swiss Abroad. The 85th Congress of the Swiss Abroad will be opened officially on Friday evening. The Organisation of the Swiss Abroad and the city of Geneva look forward to welcoming as many of you as possible to this small, cosmo-

politan city on Lake Geneva, the symbol of an international and humanitarian Switzerland. Further information on the Congress: www.aso.ch

New projects for young Swiss abroad

The Organisation for the Swiss Abroad has expanded its youth programme. The OSA also has a new and powerful partner in the Swiss Youth Research Foundation.

More and more young Swiss abroad are spending their holidays on OSA programmes. Places are still available for the forthcoming winter sports camps in Wengen and Fiesch. Aside from the camps, our education offers are always very popular. Young Swiss abroad can now also take part in Swiss Youth Research Foundation (SJF) programmes. The OSA will gladly provide information about which projects are suitable for Swiss abroad. Who knows, maybe a Swiss expatriate will soon be named

85TH CONGRESS OF THE SWISS ABROAD, 17-19 AUGUST 2007 IN GENEVA

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(Please complete in block capitals) Please return completed coupons, to reach us no later than 30 May 2007, to: Organisation of the Swiss Abroad, Congress, Alpenstrasse 26, CH-3006 Berne, e-mail: congress@aso.ch. For organisational reasons the deadline for registration for the Congress of the Swiss Abroad is the end of June. The registration form is included with the Congress documentation which you can order using the above coupon. You can also order the Congress documentation by e-mailing congress@aso.ch. Please remember to include your full postal address.



PLACES AVAILABLE FOR THE EASTER CAMP IN FIESCH, 7-14.4.2007

A unique camp with countless sporting opportunities. There are indoor halls and outdoor activities in the famous Aletsch region, which is more or less guaranteed to have snow this late in the year. It's an entertaining and fun-packed multicultural Easter jamboree! This camp is split into two age-related groups: a children's camp and a youth camp.

the winner of the SJF's competition (cf. www.sjf.ch). Some upcoming events:

Winter sports camp in Wengen, 3.3-10.3.2007

This camp is aimed at young adults aged 18 and over. We spend the days in the mountainous realm of the Jungfrau region and its world-famous alpine peaks. All sorts of sports can be tried out on the local snow. Register now!

Education in Switzerland

Young Swiss abroad can spend two weeks at a Swiss university to get a taster of education in Switzerland. The OSA has a highly-personalised education advice service, organises visits to renowned schools

and universities, and establishes contact between students and lecturers.

Summer 2007 offers

If spring is too early for your visit to Switzerland, we've a varied and exciting leisure and education programme on offer for the summer of 2007. The new prospectus is hot off the press, and we'll gladly send you a copy. We look forward to your visit.

As always, further information about the offers is available from the Youth Service. E-mail: youth@aso.ch

Foundation for Young Swiss Abroad: Summer camp 2007

**Young Swiss abroad aged
8 to 14 can take part in our
two-week holiday camps in
July and August 2007.**

We still have a few places left at our summer camps. Every year, these camps are attended by 30 to 50 children from around the world.

The participation fee of CHF 800-900 covers the costs of the entire stay.

The Foundation for Young Swiss Abroad would like to

give all expatriate Swiss children at least one opportunity to benefit from our offers. It has therefore set up a fund for subsidising attendance fees. Application forms can be requested during registration.

Precise details of the different holiday camps and the registration form can be found at

www.aso.ch (under "FYSA"). Registrations are treated on a first come, first served basis, so register your child(ren) as soon as possible! We'll gladly answer any questions you may have.

Foundation for Young Swiss
Abroad
E-mail: sjas@aso.ch

ORGANISATION OF THE SWISS ABROAD

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- Youth Service
- AJAS
Association for the Promotion of Education for Young Swiss Abroad
- CSSA
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Economy at a high

The Swiss economy is growing, companies are generating enormous profits and unemployment is falling. But what of the future for the economy? Will the upswing continue? We put these questions to Daniel Kalt, an economist at UBS.

SWISS REVIEW: *From an economic point of view, 2006 seems to have been a very good year. Is this a fair assumption?*

DANIEL KALT: 2006 will indeed go down in the annals of economic history as an unusually good year. The Swiss economy not only topped various league tables in terms of competitiveness, it also ranked highest in terms of growth, at 3 percent. That means Switzerland even outpaced its larger neighbours in the euro zone.

What were the main reasons for this positive economic development?

Capital investment in equipment has become one of the biggest driving forces for growth, increasing by a striking 8.9 percent over the previous year. This investment activity was supported by three factors: Capacity utilisation levels are far above the long-term average, companies are making high and healthy profits, and orders have risen sharply. What's more, investment should remain at a high level for some time. We expect investment in equipment to increase by 9.2 percent for the year as a whole. That would make it the strongest growth since 1998.

How has economic growth affected the labour market?

The labour market reacted positively too. The numbers of people either out of work or working short-time are falling, and the number

GROSS DOMESTIC PRODUCT (GDP)

■ Gross domestic product (GDP) measures the total value of production in the year by all companies located in a particular country. GDP can be calculated by adding together all the expenditure for which these companies are responsible (end-use consumption by households, the state and social insurance, investment, and the difference between exports and imports of goods and services).



Daniel Kalt is the head of Economic & Swiss Research at UBS Wealth Management Research in Zurich

of unfilled posts has increased significantly. The average level of unemployment for the year will decrease to 3.3 percent in 2006 and probably be as low as 3.0 percent this year.

That will presumably also affect consumer spending, won't it?

Greater job security does indeed have a positive effect on consumer confidence. Given the growing optimism among Swiss households and good employment prospects, the upward trend in private consumer spending could increase even further. This had risen by 1.9 percent over the previous year by late 2006.

Will this development continue to the same extent in 2007?

In the second quarter of 2006, the gross domestic product (GDP) rose by 3.2 percent compared to last year. That's the highest rate in six years. However, economic growth now appears to have reached its culmination point. We therefore expect a gradual slowdown in the coming quarters.

What's your economic forecast for the coming year?

A few clouds have already appeared on the economic horizon. In the US, the world's

most important economic powerhouse, the real estate market has already weakened significantly, and this is bound to have a greater and greater effect on consumer growth. Domestic factors in Europe are also contributing to the slowdown. Alongside higher interest rates, restrictive fiscal policies in particular – such as the increase in value-added tax in Germany – could also weigh heavily on economic growth. In view of the global cooling of the economy, GDP growth in Switzerland will also slow down noticeably this year.

What does this mean for Swiss exports?

Because of the less optimistic outlook for the global economy, we assume that Swiss exports will be significantly lower this year. We also expect a gradual cooling in residential construction.

And what are your predictions with regard to consumer spending?

Spending by private households will continue to develop positively. This will be supported by the ongoing improvements on the labour market, wage increases and a probable slight reduction in annual average oil prices. These factors have a lasting effect on private consumption. Overall, we expect real GDP growth to fall by 1.5 percent in 2007.

How great is the threat of inflation?

We expect inflation rates to continue to remain very moderate across the entire forecast period. Whereas rising oil prices boosted inflation last year, they are likely to contribute slightly less to overall inflation. By contrast, higher interest rates should make housing costs a little more expensive. On the whole, most prices will remain under pressure, especially in the pharmaceutical and retail sectors. In 2007, we expect inflation to fall from 1.2 percent (2006) to 0.9 percent.

And how will interest rates develop?

Against the backdrop of a weaker economy and moderate inflation, we believe that the Swiss National Bank will take a time-out on interest rates, having raised the key interest rate at the end of 2006.

THE INTERVIEW WAS CONDUCTED BY HEINZ ECKERT.

Swiss skiers on the podium

Top-class performances by Didier Cuche helped lift the Swiss alpine skiing team to third position in the FIS Nations Cup at the start of the season. The man from Neuchâtel has found his way back to the podium. Cuche twice finished second in the downhill, taking him just one place from the top in the overall World Cup standings. That's reason enough for a rousing "Hopp Schwyz!" for the opening of a promising winter season.

Farewell to Regazzoni

Gianclaudio "Clay" Regazzoni, one of the best Formula 1 racing drivers of the 1970s, was killed in a car crash near Parma in Italy on 15 December. He was 67. Regazzoni's motor racing career came to an abrupt end at the US Grand Prix West in Long Beach, California in 1980, when a serious accident



left him paralysed from the waist down. After signing with the Ferrari team in 1970, Regazzoni was the runner-up in the 1974 world driver's championship. In all, the Ticino-born driver finished on the podium 28 times and won five Grand Prix races.

European curling champions

Switzerland won the gold medal at the European Curling Championships in Basel. The men's team from Baden Regio (AG) led by Andreas Schwaller swept away a Scottish side in the final. Switzerland last won the European title in 1986.

Madam President

Micheline Calmy-Rey has been elected to succeed Moritz Leuenberger as the Swiss president in 2007. She has been the country's foreign minister since 2002. The second female president in Swiss history is a socialist politician from Geneva, just like former Federal Councillor Ruth Dreifuss, who was president in 1999.

Doris Leuthard goes to Washington

Economics Minister Doris Leuthard has made her first official visit to Washington. There she met US Trade Representative Susan Schwab and Agriculture Secretary Mike Johanns. Talks focussed on the Swiss-American trade forum, possible investment, and negotiations relating to the World Trade Organisation. The US administration has authorised Swiss companies to help with reconstruction in one of the areas devastated by Hurricane Katrina.

Crédit Suisse Sports Awards

Roger Federer was named Swiss Sportsman of the Year for the third time, having already won the award in 2003 and 2004. Federer recently became only the second player in tennis history to win 90 matches in a single year, 24 years after Ivan Lendl managed the feat. Snowboarding Olympic champion Tanja Frieden was voted Sportswoman of the Year.

The rich are getting richer

The 300 largest private or family-held assets in Switzerland are worth a combined CHF 455 billion. That represents an increase of 14% over 2005. The Confederation's 118 billionaires also include a newcomer: recently-retired Formula 1 racing driver Michael Schumacher.



Politics through the eyes of the people

According to a survey by Univox, 84% of the Swiss believe that politicians knowingly make promises that they cannot keep. Fully 86% think that politicians do not listen to the people at all. Nonetheless, more than three-quarters of respondents were of the opinion that Switzerland is in a position to tackle its problems. Only 54% of those polled in 1998 thought this was the case.

Lötschberg tunnel completed

In December, two test trains travelled through the new Lötschberg tunnel. The tunnel connects Frutigen (BE) with Raron (VS). At 34.6 kilometres, it is Switzerland's longest and the world's third-longest. Drilling began in 1999, and the railway tunnel is due to open right on schedule on 9 December 2007. Up to 200 trains a day will then pass through the tunnel.

Simon Ammann flying high

Simon Ammann, the double Olympic ski jumping champion in Salt Lake City in 2002, has his sights firmly set on reaching the podium again. He has regularly finished at the top in this season's World Cup competitions, with one win, two second places and two fourths. In mid-December he led the overall World Cup standings.

Of athletes and injuries

Every two minutes a Swiss athlete suffers an injury. Sport accounts for an average of 300,000 injuries and causes 135 deaths a year. This in turn incurs annual social and economic costs of CHF 2 billion. A report by the Swiss Bureau for the Prevention of Accidents shows that the sports most hazardous to your health (statistically speaking) are football, alpine skiing, cycling and snowboarding.

Postmen in the firing line

The Swiss Post Office is planning restructuring in a bid to save CHF 50 million a year. The most important change will involve cutting 500 jobs by the year 2008. The 2500 existing post offices are to be replaced by branches that can be managed by just 200. The Post Office wants to create up to 200 agencies that can be integrated into local grocery stores. Demonstrations against the moves were held in Neuchâtel, Lucerne and Lugano.

Series of earthquakes

Drilling for a geothermal power plant triggered an earthquake in Basel measuring 3.4 on the Richter Scale. The construction work has caused more than 36 minor earthquakes since early December, five of which measured somewhere between 2 and 3. The others were no higher than 1.5 on the scale.

Budget surplus

The Swiss Confederation finished the year 2006 with a surplus of CHF 4.3 billion, despite the fact that a deficit of CHF 697 million had been forecast. The positive outcome was down to a combination of economic recovery and extraordinary income of CHF 2.1 billion from the sale of Swisscom shares.

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