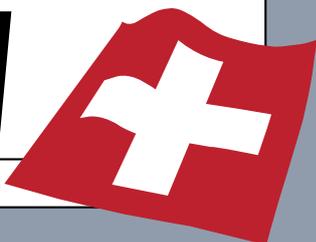


THE MAGAZINE FOR THE SWISS ABROAD

S W I S S

REVIEW

JUNE 2008 / NO. 3



**Banking confidentiality –
how much longer can it last?**

**The Bourbaki Panorama
has a new splendour**

**A man from Ticino to link
Europe and Africa**

A wealthy older generation, but the young are in debt

THE 55 TO 75 AGE GROUP is the best-off financially in Switzerland. These are the findings of a study conducted by the Federal Social Insurance Office, which examined the economic circumstances of 1.5 million Swiss aged between 25 and 99. This is the first time that data on income and assets has been analysed on such a scale. It shows that the Swiss three-pillar system of old age, survivors' and disability insurance has proved successful, and only around six percent of the population are poor.

The study confirms that pensioners enjoy a high degree of financial security. In addition to retirement benefits from social insurance, a third of 65 to 69-year-olds still receive earned income of around CHF 10,000 per year. A significant proportion of them also have income from assets which, for the most part, peaks shortly before retirement. Almost one in five retired couples even has gross assets totalling more than a million Swiss francs.

The risk of becoming poor has therefore declined. The study shows that a fifth of families today with three or more children have limited financial resources. Two other risk groups are single women and single mothers. 40% of single mothers and a quarter of single women of employment age are exposed to a greater risk of poverty. The study also confirms that the average income of women of all ages is always lower than that of men.

People under forty living on disability insurance are also on the poverty line. While the financial situation of families and single parents generally improves as their children grow older, those living on disability insurance usually have no opportunity to improve their financial circumstances over time.

When the results of the study appeared in the press, many older people wrote readers' letters questioning this statistical increase in wealth of the older generation. They referred to cases of widows having to live on minimum old age and survivors' insurance benefits and a small pension. They also made it quite clear that they had always lived frugally, managing to put something away even on small incomes and with large families.

Those who wrote the letters were certainly not wrong about this. The significant increase in private bankruptcy among young people shows that money is often managed negligently. Around a third of 18 to 24-year-olds are in debt. Mobile phone bills are often to blame. They also spend a small fortune on clothes, shoes and electronic entertainment goods. As they get older, they arrange leasing agreements for cars. If they then lose their jobs, they get into a financial mess which it takes these young people years to recover from, if they ever do.

Now that payment by instalments is termed "leasing", it no longer has a negative connotation, in fact quite the opposite. Grandparents' advice to only buy something when you can afford it is hardly ever heeded today.

HEINZ ECKERT, EDITOR-IN-CHIEF



Heinz Eckert



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Cover photo: The caricaturist "Chappatte" on the issue of banking confidentiality

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Thank you

The December 2007 edition of "Swiss Review" with the golden cover photo of the angel from Einsiedeln monastery is still lying on my lounge table in front of me. It was a pleasant surprise to receive this publication between Christmas and New Year, and then to read about the history of the monastery in its full context. I would like to say thank you for this and the copies of "Swiss Review" over all of the past years. May 2008 bring us all wonderful inspiration from the past for the future.

HEIDI BLACK-GOGEL, AUCKLAND,
NEW ZEALAND

Wonderful memories

As a Swiss National living near Manchester in the UK, I really appreciate the quality articles in "Swiss Review". As a child, I have wonderful memories of being hosted by Swiss families for long, happy summers, particularly with Lili Furrer-Amsler in Berne, organised by the Projuventute. My only contact with Switzerland now is through exhilarating skiing holidays in Zermatt! I have been particularly impressed by your "Green" articles, including how climate change has affected glaciers and snow levels.

LAURA DANIELS, CHESHIRE,
UNITED KINGDOM

Four national languages in Switzerland

I have just received the February edition of "Swiss Review" and I agree with the views expressed by David J.L. Bongard. I actually come from German-speaking Switzerland, but it annoys me that, considering the diversity of our beautiful homeland (where the various official national languages provide confirmation of the "togetherness" of all the different parts of the country), French and Italian are increasingly marginalised. The Swiss are often the envy of others because we speak several languages, which helps us (especially me) in our careers.

So please, let's preserve our wonderful languages like French and Italian (Romansch should not be allowed to die out either), so that we can continue to enjoy our linguistic culture in Switzerland.

KURT E. GROETSCH, MURCIA,
SPAIN

Different mentalities

I live in Munich, practically on Switzerland's doorstep, and visit Switzerland from time to time. I nevertheless enjoy reading "Swiss Review" which provides quality information about Swiss affairs in a concise format which you cannot get access to yourself despite living relatively nearby. The reason for my

Alfred Escher, rise and fall

With a fixed gaze and statesman-like demeanour, Alfred Escher has been standing on the plinth of the monument in front of Zurich's main station since 1889. This monument recognises probably the greatest of Swiss statesmen, the real founder of modern Switzerland. Following the death of the 63-year-old "federal baron" and "king of the railways" on 6 December 1882, leading figures from government and business joined the funeral cortege – Federal Councillors, around a hundred members of the National Council and Council of States, executive and municipal councillors, business leaders, academics and artists, "old and young, distinguished and ordinary mourners".

No-one else led the emergent federal state into the modern age with the same energy and far-sightedness as shown by this son of an upper-class Zurich family. Alfred Escher dominated politics in Switzerland and Zurich for decades. He

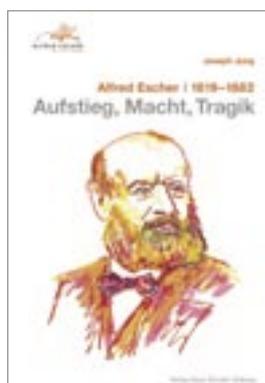
was a member of the National Council for 34 years and was four times its president. In the Canton of Zurich, he sat on the cantonal council for 38 years and on the executive council for seven years (four times as president). The name Escher is associated with new ventures of historical significance – the north-east railway (the largest private railway company of its day), the construction of the Gotthard tunnel, the Swiss federal polytechnic (now the Swiss Federal Institute of Technology, Zurich), the Swiss credit institution (now Credit Suisse) and the Swiss pensions institution (now Swiss Life). "No other politician of the 19th and 20th centuries achieved as much as Alfred Escher", writes biographer and historian Joseph Jung.

He demonstrated a tireless, almost super-human dedication to the common good throughout his life. Escher was a powerful man and a powerful politician who could be uncompromising and radical. His prominent positions in politics and business and his wide network of contacts gave him an unparalleled power base that also gave rise to stiff opposition. The railway construction and the creation of the polytechnic were his great projects, likewise his economic achievements, in particular the construction of the Gotthard tunnel.

His rise to power and lifetime achievements were as remarkable as the end of his political and private life was tragic. He was blamed for financial problems with the north-east railway and the construction of the Gotthard tunnel. His own liberal camp abandoned him. Escher was not even mentioned at the ceremony of 1880 to mark the 25th anniversary of the polytechnic. Neither was he invited to the proof-of-concept celebrations for the Gotthard tunnel in the same year. The Gotthard pioneer did not receive any official letter of thanks from the Federal Council. He suffered illnesses continually in his later years. At the end of his life, he had to endure great hostility rather than appreciation and recognition. "As

a politician, Alfred Escher stood head and shoulders above the rest in a way that is not tolerated in Switzerland", writes the biographer. – Joseph Jung's book is a fascinating biography of an extraordinary statesman and business leader, and also a portrait of Switzerland in the 19th century.

ROLF RIBI



JOSEPH JUNG: Alfred Escher (1819-1882). Aufstieg, Macht, Tragik. Zurich 2007, published by Neue Zürcher Zeitung. CHF 48, EUR 31. Only available in German.

letter is that I have just read the "Mailbag" section in the latest edition where a request for less emphasis on German-speaking Switzerland was expressed.

I would like to support that. The mentalities of the French and Italian Swiss are so fundamentally different from that of the German Swiss that it would be very enriching if their voices were heard more.

MAX NYFFELER, MUNICH,
GERMANY

Swiss-German is the language of the majority

I read with amusement some readers' complaints regarding Swiss-German "ethnocentrism" and monopoly on news in the February 2008 issue. As a French-speaking Swiss I recognize that Schwytzerdeutsch is the language of the majority, uniquely defining Swiss society and cultural space, unlike French and Italian which have their own cultural spheres. In fact, if Helvetic uniqueness is a consideration, all articles should be published in Romansch. While Swiss politics famously strive for perfect equilibrium and I hope "Swiss Review" does the same for its articles, I think the journal is reflective of Swiss reality.

FABRICE CHRISTEN, SAN DIEGO,
USA

Review in five languages

Well done to "Swiss Review", which I always



Thank you

We received "Swiss Review" for the first time a few days ago. We have been living in Tanzania in East Africa since January this year. We think the magazine is a great way of keeping in touch with Switzerland. Our daughter Lea was also delighted with the news from home (see picture).

Our mouths were watering when we saw the Cervelats on page 18 of the last edition. We are already missing Swiss delicacies like chocolate and fondue.

A big thank you from Tanzania.

THE HUBER FAMILY, TANZANIA, EAST AFRICA

read with great pleasure. My letter concerns an item by Mr. David J.L. Bongard in the "Mailbag" section complaining that "Swiss Review" neglects French-speaking Switzerland, while this publication is produced in five languages, including French of course. I did not therefore understand the gist of this long diatribe – couldn't he perhaps have said that he would like to receive "Swiss Review" in French?

RAYMOND HOFFMEYERL,
FRANCE

"Swiss Review" as a Swiss publication

As a Swiss and long time reader of "Swiss Review" I find myself at odds with your editorial policy that to me as a Swiss Abroad seems not to reflect Switzerland but some UN-based multicultural cabal that does not reflect Swiss nationality. Front cover: a woman from Nepal drinking water from a tap? What does this have to do with Switzerland? Editorially a sort of diatribe against Christoph Blocher, the leader of Switzerland's

largest political party, and gloating over his loss of position. An article on Swiss aid to the third world. Would it perhaps be prudent to consider why these nations that have more natural resources and better climate seem to require all this help? Is it perhaps because they are lazy and stupid? Should this then be rewarded with gifts? At least two derogatory cartoons about Blocher. I think you can do better. I think you should consider "Swiss Review" as a Swiss publication about Switzerland for Swiss Abroad, not some propaganda tool for the political left and multiculturalism.

ADRIAN H. KRIEG, FLORIDA,
USA

Napoleon III

I was very pleased to receive "Swiss Review" of 2/08 today. I was also pleasantly surprised by the article on Napoleon III by Rolf Ribi. I know the Napoleon Museum and Arenenberg very well indeed. Each time I get the opportunity to visit my canton, which is very dear to me, I go to Arenenberg. My ancestors are citizens of Salenstein. I would like to thank you very much.

SOPHIE ZAJAC, BRUNSTATT,
FRANCE

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The "Red Arrow" railcar



The Weissenstein chair lift (SO)



The Gotthard stagecoach



A steamship on Lake Lucerne



A fleet of steamships on Lake Geneva



The Furka Cogwheel Steam Railway (VS)



A Junkers JU s2



The Gornergratbahn mountain rack railway (VS)



The Hammetschwand Lift in Bürgenstock (NW)



Super Constellation

SWISS REVIEW June 2008 / No. 3
 "Die schönsten Verkehrsmittel der Schweiz"; this 76-page publication (German/French) costs CHF 12 and can be ordered at www.heimatschutz.ch/d/shop/bestellen.shtml
 Photos: Swiss Heritage Society/Heritage Foundation SBB (1)/JU Air Force Center (7)/Gornergratbahn (8)/Hangögl Bügg (10)

Banking confidentiality – a shaky pillar in the financial centre

Banking confidentiality is sacrosanct for the Swiss. But pressure from abroad on the Federal Council and the banks is growing – Switzerland is seen as a tax haven facilitating tax evasion. How much longer can this cornerstone of the Swiss banking industry survive? By Rolf Ribi

“It is clear that a major avalanche is approaching Switzerland, and the risks are significant considering the economic importance of Switzerland’s financial centre”, Thomas Borer, the former Swiss ambassador in Berlin, warned recently. Switzerland is “always seen in terms of banking confidentiality and tax evasion”.

Indeed, Switzerland’s banks and tax regime have come in for all sorts of criticism recently. Germany has accused Switzerland of nothing short of “assisting tax evasion” for rich citizens with assets in Swiss banks. The European Union has reproached Switzerland over preferential taxation for international companies in individual cantons. The Organisation for Economic Co-operation and Development (OECD) is also calling for Switzerland to exchange bank information for tax investigations. The USA is putting pressure on Switzerland to cooperate with the taxation of American citizens with securities in Swiss banks and to reveal the names of the banks’ customers.

Banking confidentiality since 1934

The criticism from abroad is essentially aimed at a specific feature of the Swiss system – banking confidentiality, enshrined in Article 47 of the Swiss Federal Act on Banks and Savings Banks of 1934. This states that anyone with access to confidential information acting in a capacity as an employee or agent of a bank, or as an auditor, must not reveal it to third parties. Deliberate or negligent infringement of banking confidentiality is “punishable with imprisonment of up to six months or fines of up to CHF 50,000”. Anyone who entrusts his or her assets to a Swiss bank can therefore rely on the discretion of the bank and its employees.

How did this Swiss style of banking confidentiality come about? There are two differing accounts of the historical background to banking law in Switzerland. Until the 1980s, Federal Councillors and bank presidents were still propagating the myth of the pro-

tection of Jewish assets from the Nazis. It was in actual fact domestic banking crises and targeted informant action abroad to trace assets brought to Switzerland that led to banking confidentiality. The costly salvation of the Swiss Volksbank by the federal government and the revelation of informant activities particularly highlighted that the time was right for a national banking law. The law was passed practically unanimously by Parliament in November 1934 and entered into force on 1 March 1935.

Tax fraud and tax evasion

Banking confidentiality has never applied in absolute terms. It may be revoked if ever a customer is prosecuted for an offence, i.e. if a crime has been committed in the eyes of the law. In cases of tax fraud and criminal activities, the banks are obliged to disclose tax information and legally assist the prosecuting authorities. Tax fraud is when a taxpayer uses false or falsified documents in his tax declaration. But what if he simply “forgets” to declare certain assets and income? Under Swiss law, this “only” constitutes tax evasion, which is punished without criminal proceedings. This differentiation between tax fraud and tax evasion protects foreign taxpayers with assets in Swiss banks from foreign authorities because Switzerland does not provide administrative or legal assistance to foreign countries in cases of tax evasion.

How is this differentiation justified? According to Martin Killias, a professor of criminal law in Zurich, someone who deceives the tax authorities with false accounting or by using falsified documents displays greater criminal cunning than someone who “only” fails to declare certain income. Returning an incomplete tax declaration is therefore not tax fraud. The tax authorities could in any case demand to see all the necessary evidence. Tax evasion is more appropriately dealt with using administrative proceedings punishable with fines, rather than custodial sentences.

“Banking confidentiality does not exist to protect tax evaders. It protects the human right to privacy”, explains Beat Bernet, a banking professor from St. Gallen. He goes on to say that whoever claims this right must, however, “give the state what it is entitled to”. Banking confidentiality will “probably remain one of the most important pillars of our financial centre for some time to come”. But the differentiation between tax fraud and tax evasion is something “we will not be able to maintain for much longer”.

The “Neue Zürcher Zeitung” sees banking confidentiality as the expression of a “liberal philosophy of government that values the individual above the state, and voluntariness above compulsion” and argues that “protecting the privacy of the individual, principally against the state, is a key element of this philosophy”. According to the author, Gerhard Schwarz, the differentiation between the “offence” of tax evasion and the “crime” of tax fraud constitutes a philosophy “that respects citizens rather than treating them as property of the state”. Evading taxes is “not simply an act of greed and criminal behaviour, but a reaction to a level of taxation deemed unfair”.

Professor of business ethics, Peter Ulrich, has nothing against banking confidentiality as long as it provides legitimate protection for the privacy of citizens. He says: “From an ethical standpoint, criticism can be levelled at the opportunity deliberately created by Swiss legislation to abuse banking confidentiality to conceal tax evasion owing to the distinction between tax fraud and tax evasion”. As Switzerland can deny international legal assistance in matters to do with tax evasion, “our authorities are providing a dubious haven for foreign capital”. In so doing, “Switzerland is poaching sources of tax income from other countries, costing them billions in lost tax revenues each year”. According to Professor Ulrich, there is “no civil right to tax evasion”. He believes that anyone who is evading taxes in his own country is “using public services financed by taxes without contributing his fair share based on his ability to pay”.

A stronger Swiss financial centre

The strength of the Swiss banks lies in “private banking”, i.e. asset management for the rich and extremely rich. More than CHF 4000 billion (CHF 4 trillion) in foreign assets is held in Swiss banks. The reasons for

this include the high level of expertise and professionalism of Swiss bankers, the attractive range of investment instruments, and also the discretion of the banks in view of banking confidentiality. Deutsche Bank estimated a few years ago that seventy percent of undeclared foreign assets were in Switzerland. This meant a total of around CHF 3000 billion in untaxed "illegal funds". "Most foreign investors who deposit their money in Switzerland are avoiding taxation", confirmed private banker Konrad Hummler.

Swiss banks are also world leaders in offshore business, where transactions are carried out using tax havens. The traditional offshore centres, such as the Cayman Islands, Jersey and the Bahamas, levy no or virtually no corporate taxes, allow the setup of offshore companies, impose strict banking confidentiality and provide no international legal assistance. There are around fifty offshore banking centres worldwide that depend on attracting foreign capital and providing administrative protection and tax exemption to a large extent. According to "the Berne Declaration", an organisation that is critical of the situation, several hundred thousand offshore companies are managed from Switzerland, and "a large proportion of these are used to avoid taxation".

Is banking confidentiality the lifeblood of our financial centre? "Yes, absolutely", replied banker Konrad Hummler, referring to the "strategic importance of our banking confidentiality". It is little wonder that the international community is tackling the discretion of Swiss banks on a number of fronts.

Withholding tax for Europe

Switzerland has offered the European Union a helping hand in the fight against tax fraud and tax evasion on numerous occasions. Switzerland offers legal and administrative assistance with tax fraud, but not with the evasion of direct taxes. This is underlined by Berne's commitment to the cross-border savings tax. Switzerland levies a withholding tax (up to 35% in 2011) on the interest income of natural persons and repays 75% of that to the investor's country of residence. Switzerland does not however have to reveal the names of bank customers from abroad. "Banking confidentiality is cast in stone for at least 15 years", said the former president of the Swiss Bankers Association jubilantly.

In line with this agreement, Switzerland paid half a billion Swiss francs to EU states in interest income in 2006, and the figure is believed to have increased last year. "Much too little", protested the German Finance

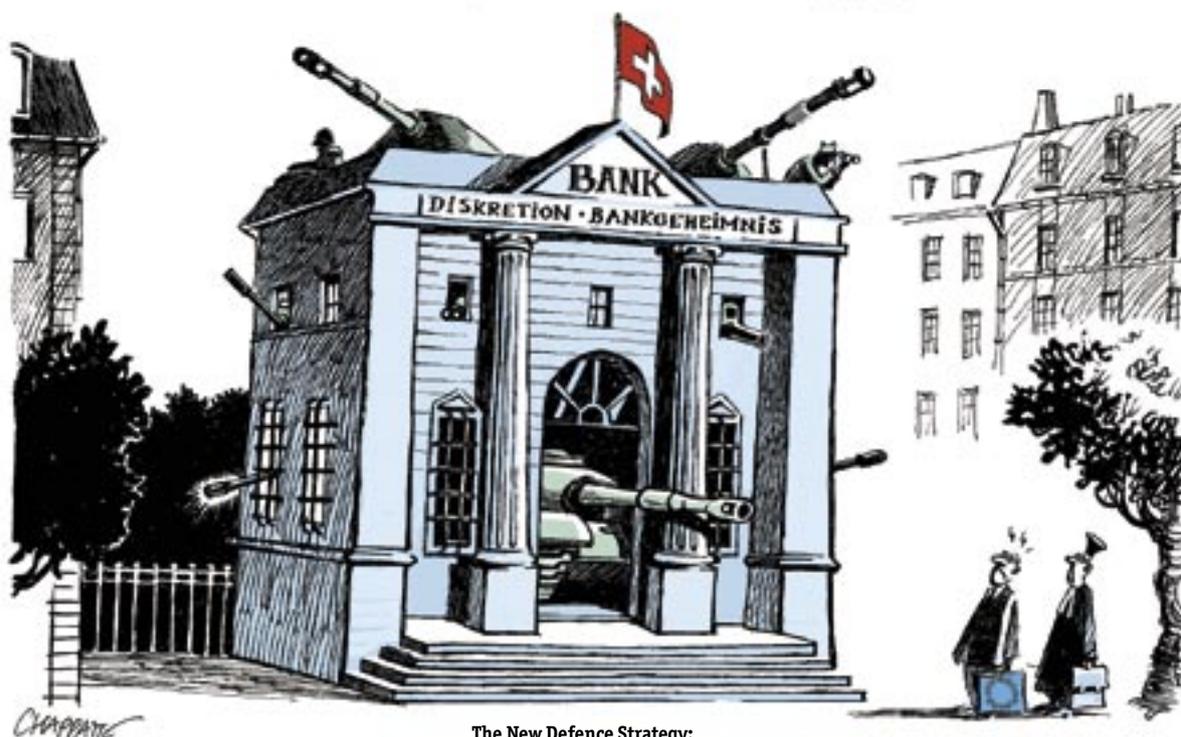
Minister, Peer Steinbrück, declaring war on "tax havens" like Switzerland. He called for the extension of the agreement to income from dividends, other investments and legal entities such as foundations. "We are not a tax haven. The savings tax is a long-term arrangement with Brussels. Our banking confidentiality is protected in various agreements with Brussels", explained Swiss Foreign Minister Micheline Calmy-Rey. "The savings tax agreement will not survive the next major round of negotiations with the extended European Union", predicts banking professor Beat Bernet.

Where indirect taxes are concerned, such as VAT and customs duties, banking confidentiality has practically been revoked. Unlike with direct taxes, it is not just tax fraud that is punishable here, but tax evasion as well, and legal assistance is provided for both areas. If Switzerland provides full legal assistance with VAT, German entrepreneurs, for example, with illegal funds can no longer rely on protection from Swiss banking confidentiality.

Tax row with Germany

The tax row with Germany has been more heated than ever recently. "In our view, the Swiss banks are in fact helping German citizens evade taxation. It is understandable that

Das Neue Réduit:



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this makes us angry”, said the former German Finance Minister, Hans Eichel. Banking confidentiality is an “invitation for foreigners to avoid paying taxes”. This German politician has warned Switzerland about future bilateral negotiations with the European Union, saying that “banking confidentiality, the savings tax and cooperation with Switzerland on taxation issues are very high on the agenda”.

The Swiss response has been equally forceful. “It is disrespectful to describe Switzerland as a tax haven”, said Federal Councillor Hans-Rudolf Merz, in response to the criticism levelled by his German counterpart, Peer Steinbrück. “The protection of privacy through banking confidentiality is part of our system of values.” The politician categorically ruled out an automatic exchange of tax information, saying “we will never revoke banking confidentiality”. What is not in dispute is that tax evasion is a criminal offence in Germany and that German tax evaders “have deposited significant amounts of money in Switzerland”, according to the “Neue Zürcher Zeitung”.

Tax dispute with Brussels

A tax row has been raging between the European Union and Switzerland for a year now. Brussels has criticised the tax regula-

tions of individual cantons that benefit “mobile” corporations. The dispute specifically concerns tax relief on the earnings generated abroad by holding companies (which manage participations in other companies), domiciliary companies (offshore companies) and joint ventures (foreign groups mainly operating abroad). “If holding companies do not have to pay taxes on profits generated abroad, this constitutes unauthorised assistance that distorts competition”, explained Michael Reiterer, EU ambassador to Switzerland.

There is no doubt that some cantons are very attractive to groups based here with European operations and to holding companies in terms of taxation. There are 20,000 such companies in Switzerland with 150,000 employees, paying four billion Swiss francs in taxes each year. The bone of contention is the different rates of taxation for income generated in Switzerland and abroad. Without these special tax regulations, Switzerland would “lose enormous amounts of tax income”, admitted Gerold Bühner of the Swiss Business Federation. Federal Councillor Hans-Rudolf Merz is not prepared to negotiate with the European Commission. However, his department is assessing “autonomous” reforms of corporate taxation.

Pressure from America

Switzerland and its banks provide the USA with extensive information, and not just about tax fraud - this was the objective of the double taxation agreement between Switzerland and the USA of 2001. Swiss banks are obliged to provide the US authorities with information if American citizens have accounts and hold American securities with Swiss banks. The exchange of information and administrative assistance from Switzerland applies to “fraud and similar offences”, including “the failure to present accurate and complete documents”. Tax fraud and tax evasion are treated in the same way here, which contradicts Swiss law, and in fact breaches banking confidentiality.

Why has Switzerland agreed to this? The reason is because the presence of Swiss banks in New York, a key financial centre, is at stake. Swiss banks require an agreement with the American tax authorities to obtain the status of a “qualified intermediary”. As such, the banks are obliged to disclose the identity of their American customers, and to levy a withholding tax on their securities earnings. “The Swiss banks have given in to pressure from the USA. Yet, our Federal Councillors are still claiming that banking confidentiality is non-negotiable”, explained Philippe Lévy, former delegate of



Banking confidentiality: sign the private bankers' initiative
I'm not important - my assets are worth less than CHF 1 million.

CHAPPATTE

the Federal Council for Trade Agreements.

A report in the "New York Times" caused a stir in Switzerland two years ago. As part of the campaign against terror, the US Department of the Treasury and the CIA obtained access to databases of international payment transactions. Almost all payment transactions, including those of the Swiss banks, go through the international hub, Swift, based in Brussels. American investigators gained access to information about bank customers, including Swiss citizens.

So where does all this leave Swiss banking confidentiality? The Federal Department of Finance in Berne is trying to allay fears, claiming there are no risks. However, no customer of a Swiss bank can expect that the protection of privacy guaranteed in Switzerland also applies abroad (in this case in Belgium). Bank customers today receive written notification that the banks must give their names, addresses and account numbers in cross-border transactions. Hans Geiger, a banking professor from Zurich, confirmed this situation: "The protection provided by banking confidentiality is restricted to transactions within Switzerland". The banks' customers really ought to be informed "that banking confidentiality no longer extends to cross-border transactions".

The Organisation for Economic Co-operation and Development (OECD) is also critical of Swiss banking confidentiality: "Excessive banking confidentiality and the refusal to disclose information about tax evaders are relics of the past", said Secretary-General Angel Gurría, also referring to Switzerland. "Switzerland does not comply with OECD standards on the exchange of information despite being a member state", complained the former German minister, Hans Eichel. The OECD itself describes Switzerland as "an uncooperative country" on account of banking confidentiality. Yet, Switzerland is only prepared to pass on information in cases involving tax fraud, for example.

A new form of banking confidentiality?

One thing is for certain – banking confidentiality is deeply engrained in the Swiss people. According to a survey carried out by the Swiss Bankers Association, 81% of interviewees wanted to retain banking confidentiality in spite of intense international pressure. Three out of four Swiss people believe "banking confidentiality is likely to still exist in its present form in five years from now". The Swiss are concerned with the protection of privacy above all else: 91% consider it right and proper that the financial details of bank customers are not made available to third parties.

Swiss people pledging support for banking confidentiality is one thing, pressure from abroad is quite another. Could a new form of banking confidentiality provide a solution? "Why doesn't Switzerland conform to international practice and revoke banking confidentiality on tax evasion? This step would take the pressure off the Swiss banks and improve our country's reputation all in one go", says Stefan Eiselin in the "Tages-Anzeiger".

According to Peter Ulrich, an expert on business ethics, Switzerland, as the world's biggest private banking centre, should be committed to establishing a fair framework for international tax competition. "In the long term, Switzerland would even be the biggest beneficiary of such a framework without tax evasion." Under these conditions, it would be the best banking services that matter, and this is the reason the Swiss banks give for their leading position in asset management. "Financial centres in banana republics, which have nothing to offer other than confidentiality for tax evasion, would be left with nothing."

DOCUMENTATION

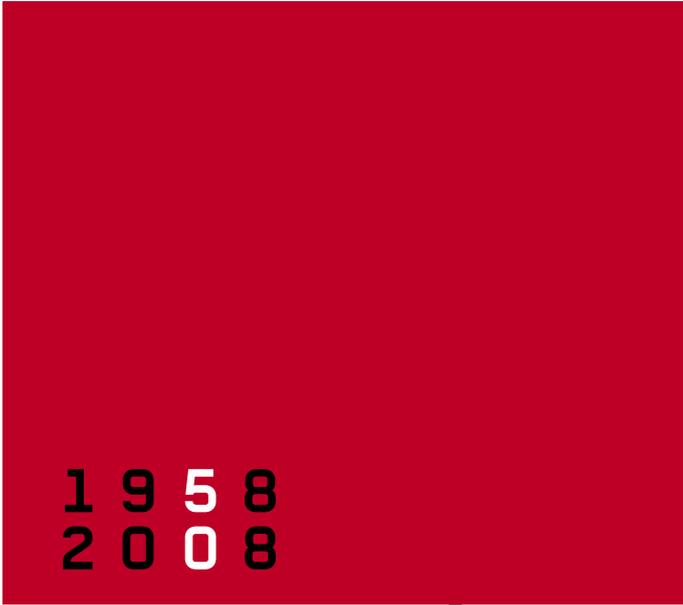
Peter Ulrich: "Integrative Wirtschaftsethik. Grundlagen einer lebensdienlichen Ökonomie, 4. vollständig neu bearbeitete Auflage. Bern/Stuttgart/Wien 2008".
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Invitation to attend the 2008 General Meeting in the City of Fribourg

Soliswiss will be celebrating its 50th birthday on the occasion of the 86th Congress for Swiss Nationals Abroad "Switzerland without borders" in Fribourg. The general meeting is part of the jubilee festivities.

We have pleasure in inviting you, our members, to attend the ordinary general meeting in **the early afternoon of Friday, 22 August 2008.**

It will be held above the City of Fribourg in the Restaurant Des Trois Tours at Bourguillon, www.troistours.ch. We are continuing our established tradition of combining the General Meeting with a delicious meal: Chef Alain Bächler will be serving a jubilee lunch during the meeting.

Restaurant Des Trois Tours, at Route de Bourguillon 15 in 1722 Bourguillon. You will find an access map on our website www.soliswiss.ch.

The meeting will begin **punctually** at 12.15 pm and will end at 2 pm after the jubilee dessert has been served.

For space reasons, registration (by letter/Email) is essential.

Bern, June 2008

Dr. Barbara Rigassi, President
Dr. Felix Bossert, Director

We look forward to welcoming you from 11.45 am to the

Agenda for the 2008 General Meeting

1. Explanations of the 2007 annual report
2. Explanations of the 2007 balance sheet and 2007 income statement
3. Auditor' report
4. Votes:
 - a) Approval of the 2007 annual report
 - b) Approval of the 2007 financial statements
 - c) Appropriation of retained profits for 2007
 - d) Ratification of the Council's decisions
5. Elections to the Council
6. Election of the auditors
7. Other business

As usual, you will find further explanations of the General Meeting on our website www.soliswiss.ch. Members may also request copies of the documents through Soliswiss, Gutenbergstrasse 6, Postfach, CH-3001 Bern or at info@soliswiss.ch.

Early retirement without a social cushion

The National Council wants to raise the retirement age for women to 65. It also plans to increase the opportunities for early retirement. But with a reduction in benefits on full retirement, for lower earners too. The left is threatening a referendum. By René Lenzin

Four years have already passed since 68 per cent of the Swiss people voted against the 11th review of old age and survivors' insurance (AHV). And there is still no sign of any new review plans that enjoy wide support. Admittedly, the National Council did approve an AHV reform in the spring session, but an outcome of 97 to 89 votes shows just how controversial the issue remains.

The National Council wants to unburden the AHV fund of CHF 800 million a year. The main measure this would involve would be to align the retirement age for women with that of men: instead of 64, women would also retire at 65 in future. The political right in the Council has argued that this measure is a small step that would help deal with future pension problems. The ageing population will soon be placing a financial strain on the AHV fund.

The left in the Council will only accept the higher pension age for women if early retire-

ment is also made easier. It is calling for pensions to be reduced less than would be necessary based on insurance calculations alone for people on lower and middle incomes who take an advance on their pension savings. Opinions are divided on this point. There is only agreement on the need for greater flexibility with regard to retirement age. In future, everyone should be entitled to claim their pension from the age of 60 or to defer it until 70. However, the majority do not want to use the savings from the higher retirement age for women to facilitate early retirement because this would create unsuitable incentives.

The left argues that early retirement will remain a privilege of the wealthy without this social cushion. The Swiss people rejected virtually the same proposals in 2004. If things remain as they are, there will be another referendum. The left has a trump card up its sleeve, a popular initiative by the unions call-

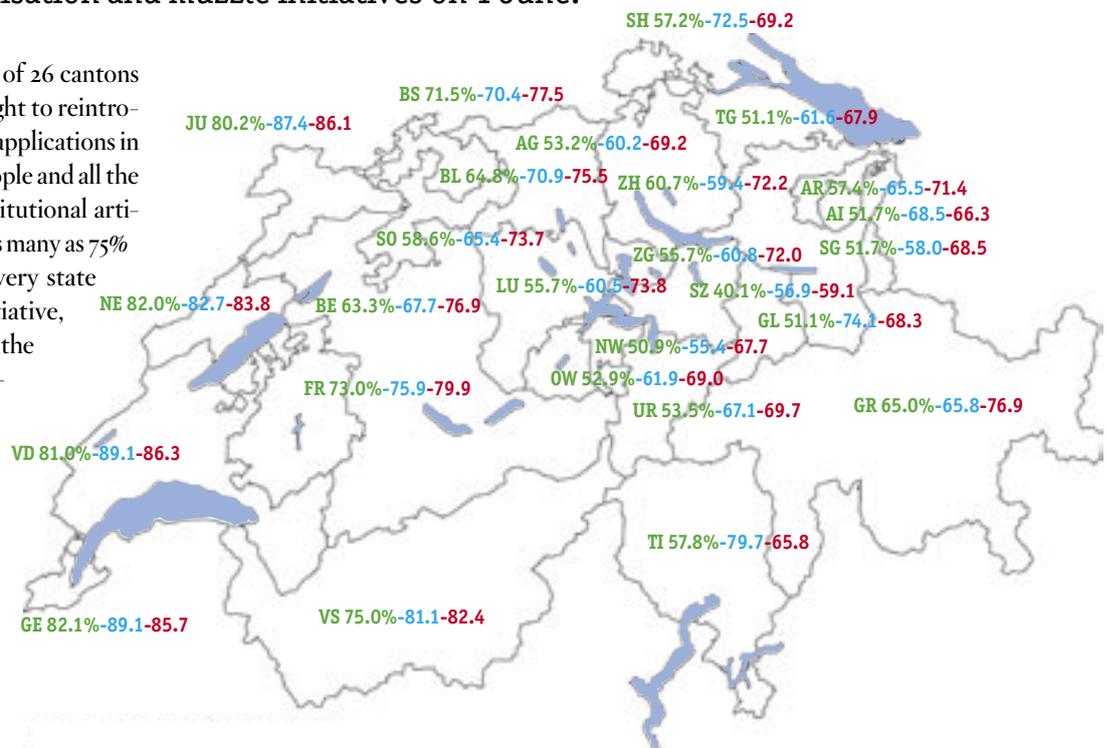
ing for no pension reductions from the age of 62 for people on an income of up to CHF 120,000. This initiative would cost the AHV fund an extra CHF 1.4 billion a year.

Social Affairs Minister, Pascal Couchepin, also fears that the people will reject the National Council's reform. Nevertheless, he is opposed to the proposals from the left because they are based on a "something-for-everyone" principle which would also benefit his wife, for example. Couchepin himself had proposed a system based on supplementary benefits, whereby only those who could prove it was necessary would receive financial support for early retirement. However, this idea was not supported by the National Council. Now it is down to the Council of States to look for a solution that will gain majority support both in Parliament and among the people.

No to deciding on naturalisation at the ballot box

Three "Nos": the Swiss people and states rejected the healthcare article, as well as the naturalisation and muzzle initiatives on 1 June.

64% of the people and 25 out of 26 cantons rejected an initiative that sought to reintroduce voting on naturalisation applications in the communes. 70% of the people and all the cantons voted against a constitutional article on healthcare policy. And as many as 75% of the people and likewise every state said "No" to the muzzle initiative, which would have minimised the information issued by the Federal Council on ballot issues. RL





Swiss old-age pension – apply early to draw pension

Two factors determine where Swiss abroad have to apply to start drawing their old-age pension: the country of residence and the insurance details.

Insurance details: Swiss abroad insured under the *voluntary old-age, survivor's and disability insurance scheme (AHV)* do not have to do anything. The Swiss Compensation Office (SAK) in Geneva will inform them of the procedure for drawing a Swiss old-age pension several months before they reach the legal retirement age.

Swiss abroad who *are not or who are no longer insured under the voluntary AHV scheme* but who have previously paid compulsory or voluntary AHV contributions for a minimum of one year will not be informed automatically. In this case, the procedure is as follows:

1. With *residency in an EU* or EFTA country* (Iceland, Liechtenstein, Norway), the application should be submitted to the social insurance institution of the country of residence. Swiss abroad who have never been subject to social insurance in their current country of residence abroad must submit the application to the relevant social insurance institution of their last country of residence. Swiss abroad who have only been subject to AHV must request the application forms for a retirement pension directly from the SAK in Geneva. They must indicate that they

have never been insured in an EU/EFTA country.
2. In cases where the *country of residence is outside the EU/EFTA*, the SAK in Geneva is responsible. It will provide the forms required. Swiss citizens who have never been insured in an EU/EFTA country should indicate this in their application.

The normal retirement age for men is currently 65 years of age. The entitlement to a retirement pension for women begins when they reach the age of 64. It is advisable to send the old-age pension application in early, roughly six months before reaching the retirement age.

Further information is available in German from the SAK in Geneva:

www.zas.admin.ch/cdc/cnc3/cdc.php?pagid=31&lang=de&do=noheader

When the time comes ...

The SAK in Geneva calculates the old-age benefits in Swiss francs. Benefit recipients can choose where their old-age pension is paid out, whether in Switzerland or abroad. The old-age pension is generally paid out in the respective national currency. The Swiss Compensation Office bears the costs of the transfer to the recipient's bank. Neither the Swiss Compensation Office nor the correspondent bank deducts charges or commission from the transferred amount.

*EU Member States: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. The extension of the free movement of persons to Bulgaria and Romania has not yet entered into force. The Swiss Parliament will make a decision on the corresponding supplementary protocol II in the summer of 2008.

"The Swiss Confederation a brief guide 2008"

In April, the Swiss Federal Chancellery published the brochure "The Swiss Confederation a brief guide 2008" in the four national languages as well as in English. It has been redesigned and updated this year and is available free of charge.

This brochure published by the Federal Chancellery has proven very popular. The print run was increased slightly this year and now stands at 243,000 copies.

"The Swiss Confederation a brief guide 2008" contains 80 pages. An interview with the current President of the Confederation serves as an introduction to the brochure. This year, Pascal Couchepin, President of the Confederation, was interviewed by Henry



Habegger, parliamentary correspondent for "Blick".

The brochure provides an historical overview of Switzerland and explains how Switzerland is organised politically, which popular rights can be exercised and how the National Council and Council of States are made up. As always,

the council members are featured. The publication shows when they were elected and which committees they belong to. It also clearly explains how new legislation is enacted. The responsibilities of various bodies are also covered: the Federal Council, the Federal Departments and Offices, Parliamentary Services, the Federal Chancellery, the Federal Supreme Court, the Federal Administrative Court and the Federal Criminal Court.

The photographs in this year's edition are by Roland Tännler from Zurich.

The brochure can be obtained free of charge from: Federal Office for Buildings and Logistics (FOBL), Publications Distribution CH-3003 Berne Fax: +41 (0)31 325 50 58 Internet:

www.bbl.admin.ch/bundespublikationen

"Notes from Parliament" – handing on the baton

Ms Gabriela Brodbeck has been responsible for the "Notes from Parliament" section since autumn 2002. Her wide-ranging, informative articles on topics such as social insurance, political rights and Swiss travel documents, etc. have appeared in more than 30 editions of "Swiss Review". Gabriela Brodbeck is leaving the Federal Department of Foreign Affairs (FDFA) this summer to take up a new career challenge. We would like to take this opportunity to thank her for her efforts on behalf of the Swiss abroad and "Swiss Review" and wish her all the best for the future.



The "Notes from Parliament" section will be edited by Ms Rahel Schweizer until further notice. Rahel Schweizer has worked for the FDFA since 1992 and has acquired consular experience in Toronto, Copenhagen, Luxembourg and Hong Kong. She has worked in Berne since 2004, firstly in the Consular Protection section, and since December 2006 as the deputy head of the Service for the Swiss Abroad.

Prevent surplus deliveries!

"Swiss Review" is delivered free of charge to every adult registered with a Swiss representation abroad. Households with several adults therefore receive multiple copies of the magazine. This has noticeable cost implications.

"Swiss Review" keeps Swiss abroad up to date with significant political events and developments in Switzerland, in particular. The "Notes from Parliament" section contains key information on changes to legislation as well as rights and obligations that are of direct interest and concern to Swiss living abroad. The dates of Swiss votes and elections are also published.

"Swiss Review" has had a website since 2003, and all regional sections have been available electronically since January 2007 under "Regional news": www.revue.ch

How can you prevent surplus deliveries and help reduce costs?

Complete, sign and send the form below to your Swiss embassy or consulate general. You can also inform these authorities of the cancellation of an individual delivery electronically: www.eda.admin.ch/eda/de/home/rebs.html

Increasing the safety and environment-friendliness of Swiss road traffic, putting a stop to off-road vehicles

The politically-neutral association "for people-friendlier vehicles" launched a Swiss popular initiative of the same name on 27 February 2007.

The initiative seeks a change to article 82 of the Swiss Constitution. This article governs road traffic, and the aim is to add a sub-paragraph a).

This initiative has the following objectives: it calls on the federal government to adopt measures to ensure safer and more environmentally-friendly motor vehicles. The licensing of vehicles should in future take greater account of the safety of road users. Greater emphasis should also be placed on licensing environmentally-friendly vehicles. The federal government would establish emission limits for motor vehicles of the various categories.

The federal government should also regularly ensure that these provisions and limits are in line with technological progress and the latest findings.

Motor vehicles licensed before the new article enters into force or licensed abroad could continue to be used in Switzerland. Cars that cause disproportionate road safety risks or significant damage to

the environment, but which are essential for specific purposes, should be licensed in exceptional cases (e.g. off-road vehicles in agriculture, trade or forestry operations).

The introduction of the new sub-paragraph a) would also see a new section 8 added to article 197 of the transitional provisions of the Swiss Constitution. The new transitional provision should guarantee that the initiative is implemented by Parliament and sets out specific benchmarks for its implementation.

If the enforcement laws relating to the new constitutional article 82 a) have not entered into force within two years of acceptance by the people and the states, the Federal Council would have to issue the necessary enforcement provisions in an ordinance as a provisional measure.

The initiative can be signed until 27 August 2008.

POPULAR INITIATIVES

The following initiatives have been launched since the last issue:

- "Für Geldspiele im Dienste des Gemeinwohls" (Ensuring gambling provides benefits for public welfare), until 22 October 2009;
- "Für die Stärkung der Volksrechte in der Aussenpolitik (Staatsverträge vors Volk)" [Increasing popular rights in foreign policy (treaties before the people)], until 4 September 2009.

Signature forms for current initiatives can be downloaded from www.admin.ch/ch/d/pore/vi/vis_1_3_1_1.html

RESPONSIBLE FOR THE OFFICIAL FDFA INFORMATION PAGES:
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The Bourbaki Panorama has a new splendour

Edouard Castres' giant painting in the Lucerne Panorama had been neglected for many years. This piece of art was almost in a state of decay when it was finally declared a work of national importance at the end of the 1970s and placed under a cantonal and federal preservation order. Now, following its restoration, it has a new splendour again. By Heinz Eckert

In the early hours of 1 February 1871 and during the day that followed, a total of 87,847 French soldiers, including 2,467 officers, with 11,000 horses, 11,150 transport carriages, 285 canons, 72,000 rifles and 64,000 bayonets crossed the Swiss border at four points in the Jura.

Around 33,500 soldiers arrived in the small town of Les Verrières alone, while a further 54,000 men entered Switzerland at Sainte-Croix, Jougne and Saint-Cergues in the Vaud Jura under freezing temperatures with heavy snow.

Poorly equipped and weakened by cold and hunger, the French Army of the East under General Bourbaki sought protection in Switzerland from their Prussian adversaries immediately after signing the border-crossing agreement close to the end of the Franco-Prussian War. The French had been faced with a choice – either to continue fighting or to surrender to the Prussians. So, Bourbaki's successor, General Clinchant, sought refuge in Switzerland for his exhausted and sick soldiers. Switzerland therefore saved the French troops from futile carnage. Three thousand Swiss soldiers were called to the Jura to meet the humbled battalions.

Having been disarmed, the French were sent from Les Verrières without escort to Fleurier, where soldiers from Valais were waiting for them. Red Cross trains provided the transport. Never-ending columns of soldiers from Bourbaki's army poured into Switzerland for more than 48 hours.

The internees were distributed throughout all the cantons with the exception of Ticino. Edouard Castres was a well-known artist of the day from Geneva who gave up his studio at the outbreak of the Franco-Prussian War to register as a helper with the French Red Cross. Castres was with Bourbaki's army when it was forced into Switzerland and had witnessed the misery of war. Deeply affected by the atrocities of the con-

flict, Edouard Castres returned to Paris after the war where he expressed his experiences through his art. Shortly afterwards, Castres was commissioned by a Belgian panorama company to produce a circular painting of the capitulation of Bourbaki's soldiers in the Swiss Jura.

In 1881, with the help of a group of outstanding artists – Ferdinand Hodler among them – Castres completed the circular painting, which was 14 metres in height with a circumference of 112 metres. The panorama was unveiled in Geneva on 24 September 1881.

The Bourbaki Panorama was exhibited in Geneva for eight years, from 1881 to 1889.



The Panorama cultural centre.

As visitor numbers started to fall, Benjamin Henneberg, who had acquired the panorama from the Belgian company, decided to take the circular painting to a new audience. The choice of Lucerne for the building of a new panorama was partly to do with the increasing importance of this city in central Switzerland for international tourism in those days and partly because the construction of a battle panorama had been planned there for some time to mark the 500th anniversary celebration of the Battle of Sempach in 1885. Lucerne's Wey district, close to the court chapel and lake, was chosen as the location.



The arrival of Bourbaki's defeated army in Les Verrières: Edouard Castres' painting is an historical work of art of



Wartime drama: details provided by the Bourbaki circular painting.

The Lucerne Panorama remained in the possession of Henneberg, who came from Geneva, until 1925. The entire building complex was then sold to a Lucerne transport company which had no intention of maintaining the panorama business. Quite the opposite, in fact: a garage was to be installed in the large building. As Edouard Castres' 1100-metre-squared painting was still a tourist attraction at the time and still generating income, only the ground floor was converted. The Castres painting was firstly shortened from the bottom and hung higher. In 1949, another floor was added to the garage and the panorama painting was

reduced in size again to make way for a spare parts store. Atmospheric sky and lots of ground were lost forever. The panorama building in this prime business location in Lucerne was clearly becoming a burden to its owner. The property could have been sold on a number of occasions at a high price, and the income from the admissions was a long way short of covering the urgently required renovation of the building and the circular painting. Castres' work was illuminated by daylight through a glass roof. The changes in temperature had caused the glass to crack and rainwater seeping through had left dreadful marks on the painting.

The canvas had also started to come apart over the course of time, with holes appearing in it.

In 1979, an "Association for the Preservation of the Bourbaki Panorama" was set up, which succeeded in raising public awareness of the "unique historical document". With a non-reimbursable contribution of a million Swiss francs from the city of Lucerne and an interest-free loan of a further million, the association was able to purchase the property and arrange for a rudimentary restoration of the circular painting.

In 1991, it was assumed that the painting could be taken down for restoration. However, its condition at the time made this impossible, ruling out a change of location. National and international experts also advocated the preservation of rotundas and circular paintings in their entirety.

After ambitious plans to reconstruct the panorama building with a view to making Castres' painting the centrepiece of a new art museum were abandoned in 1991 owing to a lack of funding, a new solution emerged in 1994. The Lucerne city library housing the main office of the library association - for which a new location had been sought for some time - would get a new home in the completely renovated panorama building together with the panorama painting, a small panorama museum and the "panorama culture" rooms previously put to other uses. Lucerne would get a new cultural centre for CHF 20 million, which should be self-financing, meaning running costs would have to be met by rental income from the space on the ground floor.

The Lucerne electorate approved a CHF 14 million loan, while the remaining CHF 6 million was provided by patrons. The building was completely renovated and the painting restored between 1996 and 2004. The forecourt was also completed at the beginning of March this year, when the new panorama was officially inaugurated.





The Council of the Swiss Abroad (CSA) makes its voice heard

The "Parliament of the Fifth Switzerland" met for its spring session on 12 April in Berne's city hall. The political representation of the Swiss abroad and the challenges facing the OSA under the leadership of its new president, Jacques-Simon Eggly, were on the agenda.

Jacques-Simon Eggly, head of the OSA since August 2007, explained the strategic direction in which he wants to take the organisation under his presidency. He emphasised the importance of political neutrality when outlining the role of the OSA.

While the number of Swiss abroad is increasing year on year, the Federal Department of Foreign Affairs (FDFA) is under enormous pressure to reduce its spending. The Council of the Swiss Abroad (CSA) is well aware of this situation, but at the same time is concerned about the closure of a number of consulate offices. In the event of an unavoidable consulate closure, the OSA would like to see the establishment of an honorary Swiss consulate supported by the FDFA and the local Swiss community as compensation.

Future of Swiss schools

The members of the Council of the Swiss Abroad made their position clear on the financing of Swiss schools abroad in a resolution. The CSA believes that the existence of Swiss schools abroad would be jeopardised if financial contributions from fed-

eral government, approved by Federal Councillors last December, were reduced again. The OSA is vehemently opposed to such a step. After all, it would be showing complete disregard for the will of Parliament, which approved financing to the sum of CHF 20 million.

Direct representation of the Swiss abroad

The Council of the Swiss Abroad discussed a motion and a parliamentary initiative for the direct representation of the Swiss abroad in the Swiss Parliament, which were submitted in June 2007. National Councillor Carlo Sommaruga (SP/GE) explained his parliamentary initiative which provides for direct representation of the Swiss abroad in both the National

Council and the Council of States. The OSA has filed an application to be heard by the examining committee. The position of the CSA is based on the special characteristics of Switzerland: the system of direct democracy where citizens are frequently called to vote, and the federal structure where every citizen votes in his canton (which also applies to the Swiss abroad). For this reason, the CSA has decided to focus on stepping up cooperation between the FDFA and the OSA, enhancing the presence and profile of the Swiss abroad, promoting the political participation of the individual Swiss abroad and increasing influence ("Swiss Abroad" parliamentary group – CSA – electoral participation of Swiss abroad).

The distribution of seats on the Council of the Swiss Abroad – new ruling

The distribution of seats on the Council of the Swiss Abroad (CSA) was last reviewed in 1989. Since then various selective amendments have been made. Changes are now necessary again, as the Swiss Pro Patria Foundation and the New Helvetic Society have renounced their right to representation on the CSA. With the new appointment of the Council for the term of office from 2009, the size of the Council will be reduced and the proportion of Swiss abroad increased. All Council members should in future have the same status. The following key review principles have been established:

- Revocation of proxy representation
- Fixed number of 140 members
- Ratio of outside Switzerland to inside Switzerland 6:1 (120 members from abroad, 20 members from Switzerland)
- Ratio of Europe to outside Europe 1:1 (60 from Europe, 60 from outside Europe)

Election of a new Board member

The Council had a choice between two serving politicians in the election of a new OSA Executive Board member: National Councillor Thérèse Meyer-Kaelin (CVP) and National Councillor Hans Kaufmann (SVP) put themselves forward for election. Thérèse Meyer-Kaelin, the founding president of the "Swiss Abroad" parliamentary group, was elected.

With the Swiss Club of Northern Nevada, the large family of Swiss associations has gained a new member.



Berne's city hall ...



... was the venue for the meeting of the Council of the Swiss Abroad.

Congress of the Swiss Abroad 2008: from 22 to 24 August in Fribourg

What experiences have Swiss people abroad had with the free movement of people? What do they think of Switzerland's accession to the Schengen area? How do they see the debate in Switzerland from outside? The 86th Congress of the Swiss Abroad, entitled "Switzerland without borders?", will focus on these topical issues. It will take place between 22 and 24 August in the Forum Fribourg congress centre.

The Organisation of the Swiss Abroad (OSA) is once again expecting several hundred people from all over the world to take part in the 86th Congress of the Swiss Abroad. Federal Councillor Moritz Leuenberger will attend the plenary session on the Saturday as an honorary guest, and will give a speech to the congress participants. He will then answer questions from young Swiss people abroad. The venue is the Forum Fribourg congress centre (www.forum-fribourg.ch).

Swiss accession to the Schengen area is a big issue for the Swiss abroad. What would happen to Switzerland if it opened up its borders and discarded border controls? What if it isolated itself from Europe? There is actually going to be an optional referendum on the definitive introduction of the free movement of people. The 670,000 or so Swiss residing abroad are following developments at home with a close eye. Working across borders, being a foreigner and looking for work as a foreigner are all issues that the congress participants will be familiar with from their own



The next Congress of the Swiss Abroad will be held in the beautiful city of Fribourg.

experiences. Their country's future concerns them, whether they themselves currently live within or outside the Schengen area. Experts will debate the background to the Schengen Agreement and the free movement of people at this year's congress. The Swiss abroad will have the opportunity to share their own experiences and get answers to the questions they have in three workshops.

The Canton of Fribourg's history of migration makes this year's venue especially appropriate. In 1818, at least 300 families left the canton, where people were starving, to establish a new home in Brazil. They founded the town of Nova Friburgo, which today has 180,000 inhabitants, in the state of Rio de Janeiro. An impressive photographic exhibition at the Congress of the Swiss Abroad will show various aspects of the new home of these Swiss migrants.

ORGANISATION OF THE SWISS ABROAD

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- Committee for Swiss Schools Abroad (CSSA)
- Foundation for Young Swiss Abroad (FYSA)

*Organisation of the Swiss Abroad, Alpenstrasse 26, CH-3006 Berne
Phone +41 31 356 6100, Fax +41 31 356 6101, www.aso.ch*

For organisational reasons, the registration deadline for the congress is the end of June. All documents, including the registrations form, can be found at www.aso.ch.

Youth seminar at the Congress of the Swiss Abroad

The Swiss abroad will look at the position of Switzerland in Europe at the Congress of the Swiss Abroad from 22 to 24 August. Switzerland's relationship with the EU has changed in recent years and exciting, current issues such as the extension of the free movement of people are on the agenda. Will we have a Switzerland without borders in future?

Young Swiss people abroad often live in very different worlds. Many are born abroad as Swiss citizens. It is the young people in Europe who

benefit most from the free movement of people. They can look for a job or study anywhere in Europe. The younger generation take mobility for granted.

The bilateral agreements give the Swiss in Europe the same mobility as EU citizens. What are the experiences of young Swiss people abroad in Europe? How do young Swiss people abroad outside of Europe view mobility? The younger generation will have the opportunity to express their views at the Congress of the Swiss Abroad.

The youth seminar "Switzerland without borders?" begins on 17 August in Berne, where the participants will meet their Swiss host families. The OSA will give the Swiss abroad an introduction to the topic of "Switzerland and Europe" between Monday and Thursday. The young participants will learn about Switzerland's policy on Europe, attend workshops on European cooperation and hold a debate, with speakers for and against, on the opening-up of Switzerland to Europe.

An attractive fringe programme will ensure plenty of opportunity for relaxation and entertainment. The OSA would like to give the young people a chance to get to know the cities of Berne and Fribourg.

The young participants will be actively involved in the Congress of the Swiss Abroad in Fribourg. Federal Councillor Moritz Leuenberger will spend time with them and answer their questions. The group will spend the last few nights of their stay in Fribourg youth hostel. Young Swiss people from all over the world are welcome to take part in this informative and enjoyable seminar.

A man from Ticino to link Europe and Africa

In Spain and Morocco, people are dreaming of a railway tunnel under the Straits of Gibraltar. Giovanni Lombardi, an engineer from Ticino, is heading up the international consortium carrying out a feasibility study for the project. His verdict: despite the short distance between Africa and Europe, we have a long way to go to achieve our goal. And the shortest route is not always the best. By René Lenzin

“We have to accept that we live in an unpredictable world where the unexpected can always happen.” These were the words of Giovanni Lombardi when his engineering company celebrated its 50th anniversary in October 2005. This observation applies twice as much to his latest project. The 82-year-old from Ticino is planning nothing short of a transport link between Spain and Morocco, running underground or, more accurately, under the seabed. Not only are there huge geological imponderables involved, but political ones as well. Plans for a railway tunnel between the two continents are generating excitement and dreams, but there is also opposition on both sides of the Straits of Gibraltar.

It is therefore anything but a certainty that trains will one day travel between Africa and Europe. But even if the tunnel does not go ahead for geological, financial or political reasons, it is still by far the most spectacular project in Giovanni Lombardi's long engineering career. And that is saying something. This well-travelled engineer from Ticino, who speaks five languages, has after all worked on major projects in more than 60 countries. His most famous constructions include the 220-metre-high dam wall in the Verzasca Valley and the 17-kilometre road tunnel through the Gotthard. He won this contract because he chose the best route rather than the most direct. His tunnel follows the clefts of the valley in the mountains, which made access easier and required fewer deep ventilation shafts.

The fact that the shortest route is not necessarily the best can also be seen with the Gibraltar project. At the narrowest point, at 14 kilometres, the Straits are up to 900 metres deep. That would result in gradients in the tunnel which are not feasible for the railway. Lombardi has therefore chosen a route a little further west where the water depth is “only” 300 metres. This will extend the length

of the tunnel to almost 40 kilometres, but the gradients will be restricted to three percent, which is viable for trains.

More difficult than the Eurotunnel

However, the tunnel is still going to be around 475 metres below sea level in a geological area renowned for being problematic. This is where the plates of Europe and Africa rub against one another, causing tremors time and again. It is also unclear exactly what materials make up the seabed. Soundings are therefore needed, which would cost at least EUR 20 to 30 million. The water pressure of 500 tonnes per square metre is forcing the engineers to make plans to build the tunnel almost 200 metres below the seabed. Yet, according to Lombardi, this would still not guarantee that propulsion would be problem-free.

A crossing above or beneath the Straits of Gibraltar is an age-old dream. A suspension bridge plan failed because of the strong currents between the Atlantic and the Mediterranean, and a car tunnel project was scrapped due to ventilation problems. Now it is a two-tube railway tunnel with safety galleries that is under consideration, which can best be compared to the 50-kilometre Eurotunnel that joins France and the UK. However, the water depth in the English Channel is only 50 to 60 metres, and it was possible to build the tunnel between 45 and 75 metres below the seabed thanks to more favourable ge-



Giovanni Lombardi, an engineer from Ticino, is planning a tunnel below

ological conditions. Giovanni Lombardi says that, in comparison to the Gibraltar tunnel, “the Eurotunnel was like a game of Lego”.

A boost for business or a poor investment?

Lombardi will present his project in July or August this year and recommend sound-

ings in the seabed. Spain and Morocco will then have to decide on implementation and financing. Lombardi's company hopes initial decisions might be made in October. The engineer will not venture an exact estimation of how much the tunnel would cost. Perhaps eight billion euros, perhaps ten, perhaps even more is all he will say. Without funding from a third party – such as the European Union – it will be virtu-

the new railway link. Morocco also hopes to see new waves of tourism. That is exactly what sceptics in Spain are concerned about. They say tourists would no longer stay in Iberia, as they could travel instead directly on to North Africa. In Morocco, critics say that the finance for the tunnel would cause projects that are much more important to the country's development to lose out. It is also still unclear whether the investment

opposition can be overcome and all issues resolved. He believes the project would take between 15 and 20 years to complete. However, these are optimistic assumptions. It might take until 2050 before the first trains make the 30-minute journey between the two continents. In any case, Giovanni Lombardi is not counting on still being around to see the opening of his most spectacular project.

AN ENGINEER BORN IN TICINO WHO MOVED ABROAD

Born at the end of May 1926 in Lugano, Giovanni Lombardi grew up in France, to where his father had emigrated. Some of his primary school years were spent in Lugano. He later attended the "Institut auf dem Rosenberg" in St. Gallen and obtained his Swiss school-leaving qualifications in Basel – with the best average grade nationwide. He went on to study civil engineering at the Federal Institute of Technology in Zurich. He established his own engineering company in 1955. The company today employs around 100 staff at its head office in Minusio as well as at other branch offices. Lombardi built mainly dams first of all, but later specialised in the construction of tunnels. Over the past twenty years, he has mainly worked as an expert and consultant, including for the World Bank. Giovanni Lombardi, who lives in Monaco, describes himself as a man from Ticino and a citizen of the world. He is married with three grown-up children. His son Filippo has represented the Canton of Ticino in the Council of States since 1999.

RL



the seabed between Spain and Morocco.

ally impossible to raise this amount of capital.

Whether the project is a worthwhile venture is a controversial issue. Proponents predict a boost in trade. The freight containers that arrive in the developing port of Tangiers could get to Europe more quickly through

would pay off. The Eurotunnel, which was built without government assistance, cost 15 billion. Its operation is now profitable, but the operating company still has enormous levels of debt at EUR 9 billion.

Lombardi estimates that the construction machinery could move in by 2015 if

The lure of the extreme south. From Switzerland to the South Pole, 27,000 km by bike, on foot and on skis. That is the feat achieved by extreme sportswoman Evelyne Binsack, who reached the South Pole on 28 December 2007. An epic journey of 454 days for the first Swiss woman to have climbed Everest. A travel diary. By Alain Wey

“If you take risks, you face the possibility of defeat; if you don’t, you’ve already lost.” Evelyne Binsack has based her outlook on life on this maxim. An experienced mountaineer and helicopter pilot, the 40-year-old from the Canton of Berne succeeded in travelling from Switzerland to the South Pole using nothing but muscle power and determination. Crossing sixteen countries, she covered 25,000 km by bicycle and 1,200 km on skis (which is the distance between Berne and Barcelona). She also ascended a total difference in altitude of 120 km and took 2.5 million steps to reach the South Pole.

This is not Evelyne Binsack’s first major achievement. She has previously climbed almost 4,000 metres in Europe and became well-known in 1999 after taking part in the ascension of the North Face of the Eiger, which was broadcast live on television. In 2001, she also became the first Swiss woman to reach the summit of Everest. Before setting out on her “Antarctica expedition”, the mountain guide undertook three years of preparation, making two trips to the Arctic to acclimatise to the extreme temperatures, which can drop to minus 40°C. Evelyne Binsack also used her journey to raise money for SOS Children’s Villages to build a home for orphans in Leon in Nicaragua. On 1 September 2006, she set off from Innertkirchen (Berne) on her bicycle on a sixteen-month journey.

From Europe to the USA

After having reached Grenoble in France, Evelyne Binsack took advantage of a stop to readjust her equipment to climb Mont Blanc (4,810 metres) before continuing her journey. In weather conditions that would soon cause flooding, she headed to Spain and Santiago de Compostela. She arrived in Oporto on 19 October. The terrible weather forced her to bring the European part of her journey to an end and to resume it on the same degree of latitude in North



A WOMAN OF ACTION

- Personal details: Born on 17 May 1967, Evelyne Binsack grew up in Hergiswil (Nidwalden) and today lives in Innertkirchen (Berne).
- Profession: Ski instructor, mountain guide since 1991, helicopter pilot since 1999.
- Extreme climber: As well as climbing the world’s highest summits, Evelyne Binsack is also a sport climber. In 1996, she scaled Europe’s tallest skyscraper at the time, the Messeturm in Frankfurt, which stands at 257 metres.
- Book: “Antarctica, aus eigener Kraft von Innertkirchen zum Südpol”, illustrated by Markus Maeder, autumn 2008.
www.binsack.ch
www.binsack-antarctica.com
www.sos-childrensvillages.org

America. She landed in Salt Lake City at the end of October. At last, weather conditions were favourable and she crossed the great expanses of America, deliberately avoiding the major cities. After Texas and the Grand Canyon, she made it to Los Angeles in December.

In January 2007, Evelyne Binsack left California for Central America. “In Mexico, I experienced a lot of male chauvinism which was offensive and a constant concern. A blond woman travelling alone on a bicycle is very exposed in certain Latin American countries.” However, the adventurer managed to stay out of harm’s way,

showing great composure. “I learnt to travel carefully. Most of the time, I pitched my tent at nightfall and I did not turn on my torch in the dark to avoid drawing attention to myself. I had to learn to put my Swiss politeness to one side. Here, it’s determination alone that takes you to your goal.”

She passed through Guatemala, El Salvador, Honduras and Nicaragua where she visited the SOS Children’s Village in Leon for which she was raising funds. Then came Costa Rica, Panama, Ecuador and Peru. Evelyne Binsack did not however venture into Colombia as it was too dangerous. “South America is fantastic and extremely varied, but the journey through Peru was also very difficult because of dangers posed by the people. They basically take the law into their own hands there.” In the course of her journey, she climbed some of the highest peaks in Latin America – eight above 5,000 metres and three above 6,000 metres. After crossing Bolivia, she spent the whole of June cycling across the Atacama Desert in Chile, which is known as the most arid in the world. She crossed Argentina and then rejoined Chile, arriving at Punta Arenas on 16 September from where she took an aeroplane to Antarctica.

The extreme south

In November 2007, she embarked on the last challenge of the journey – to reach the South Pole by foot and on skis. Before the final stage, Evelyne Binsack put on ten kilos, but she lost twelve in Antarctica. She was accompanied by a multinational team made up of the Canadian Devon McDiarmaid, Max Chaya from Lebanon, the Norwegian Hans Foss and Adrian Hayes from Great Britain. On the evening of 23 December, Evelyne Binsack wrote in her travel diary: “It is as if my spirit left my body to be replaced by another force”. She was physically exhausted and racked with doubt in the final days of the expedition. “Each day was a fresh challenge”, she recalled. On 28 December, after 47 days, she finally reached the South Pole. The team could not hold back their tears. Climbers often say that there are three poles in the world – the North Pole, the South Pole and Everest, the world’s summit. Evelyne Binsack has now conquered her second pole and will definitely not stop there... so when are we off to the North Pole?

■ After record losses last year, **SBB Cargo** has announced 400 job cuts at its Bellinzona, Basel and Fribourg plants.

Employees, trade unions and the authorities are protesting against the loss of one tenth of the workforce.

■ Federal Councillor Hans-Rudolf Merz wants to abandon the reform for **separate taxation of spouses** in favour of targeting improvements for unmarried and single parents instead.

■ The **Internet company Yahoo** is relocating its European headquarters from London to Switzerland. Several hundred jobs are to be created in Rolle in the Canton of Vaud. Yahoo's competitor Google is opening a development centre in Zurich with 350 employees.

■ The National Council has approved the increase in the **retirement age for women** from 64 to 65 years of age. Plans to make early retirement easier for people on lower incomes have been rejected. The left is threatening a referendum against the 11th AHV review.

■ The SVP has replaced the CVP as the strongest party in the cantonal **elections in Schwyz and St. Gallen**. The results mean the continuation for now of the triumphant progress of the Swiss People's Party (SVP) in cantonal elections.

■ This **Easter** was the coldest for almost thirty years. Temperatures dropped to freezing point in central Switzerland. Heavy, sustained snowfall caused a number of accidents on the roads over the holiday period.

■ After a takeover battle lasting almost a year, the UK hedge fund Laxey has abandoned plans to acquire Switzerland's

"If we had said 'No' to the free movement of people, there was a huge risk that the EU would have terminated the bilateral agreements with Switzerland. Then we would have been forced to join the EU."

DORIS LEUTHARD,
FEDERAL COUNCILLOR AND MINISTER OF ECONOMIC AFFAIRS

"Election to the Federal Council came as a surprise. I have not acted surreptitiously, and I have not lied to anyone. The allegations made by the national SVP are unfounded."

EVELINE WIDMER-SCHLUMPF,
FEDERAL COUNCILLOR AND JUSTICE MINISTER

"We are ready for the Federal Council. We will join it if the others are ready to accept us. We will take up office."

UELI LEUENBERGER, NATIONAL COUNCILLOR FROM GENEVA
AND PRESIDENT OF THE SWISS GREEN PARTY

"The size of the army has fallen from over 600,000 to a mere 200,000 in just a few years. Unfortunately, I fear this may spell the end of the militia system in the long term."

MICHELE MOOR, OUTGOING PRESIDENT
OF THE SWISS OFFICERS' SOCIETY

"The Swiss guardsman with the halberd provides a service of honour, not a security service. The Guard is equipped with modern firearms."

ELMAR MÄDER, OUTGOING COMMANDANT
OF THE PAPAL SWISS GUARD IN ROME

"The wearing of a headscarf is protected as an act of religious avowal through the freedom of religion and conscience in the Federal Constitution."

THE SWISS FEDERAL SUPREME COURT ON THE DECISION
OF AN AARGAU COMMUNE TO REFUSE A MUSLIM WOMAN A SWISS PASSPORT

"Genetic engineering was developed in Switzerland. It could have provided major economic gains. The technology is now in the hands of the Americans and the Chinese."

PETER BRABECK,
CHAIRMAN AND CEO OF NESTLÉ

"Renewable energy is a wonderful opportunity for Switzerland with huge economic potential. Why shouldn't we set ourselves ambitious goals?"

BERTRAND PICCARD, WHO WANTS TO FLY AROUND THE WORLD
USING JUST SOLAR POWER WITH HIS "SOLAR IMPULSE" PROJECT

largest construction company **Implenia**, but still remains by far the largest shareholder.

■ **Marcel Ospel** is stepping down as Chairman of the Board of Directors at major bank **UBS**.



■ The national Swiss People's Party (SVP) is seeking to force **Eveline Widmer-Schlumpf** to resign from the Federal Council and from the party. But the Grisons SVP is backing its Federal Councillor. 100,000 people expressed their solidarity with the Federal Councillor on the Bundesplatz in Berne.

Ospel's decision is in response to the write-down of a further CHF 19 billion in the wake of the mortgage crisis in the USA.

■ The Federal Council wants to restrict the export of military **training aircraft**. Exports to conflict zones are to be banned. A Swiss Pilatus aircraft had been converted for combat missions in Chad.

■ A youth court in Zurich has convicted two young men of the **rape** of a 13-year-old. The 19-year-old man received a prison sentence of three and a half years and the 17-year-old was sent to a young offenders' institute.

■ **FC Basel** beat Young Boys Berne 2-0 in front of 38,000 fans in Basel's St. Jakob's Park stadium to **win the Swiss football championship** for the 12th time and qualify for the European Champions League.

■ The **Glarus cantonal assembly** has elected liberal Marianne Dürst as its first female chief political officer, known as the Landammann. The outgoing Landammann, Röbi Marti of the SVP, will hand over the assembly sword to a woman for the first time ever.

■ The **Berne SVP** has declared its opposition to the expulsion of the Grisons cantonal party from the national Swiss People's Party (SVP). The national SVP called for the move as the Grisons party is still backing Federal Councillor Widmer-Schlumpf.

■ German Chancellor **Angela Merkel** has been received by the Federal Council. The main issue on the agenda is the aeroplane noise row between the two countries. New tests will be used to measure noise pollution in the border area.

■ **Jean Ziegler's** mandate as UN Special Rapporteur on the right



to food came to an end at the end of April. As he stepped down, Ziegler called for more aid for Palestine and more money for the World Food Programme.

■ Cows' intestines from Paraguay will help overcome supply shortfalls in the production of **Cervelat sausages**. According to the Swiss Meat Association, it should be possible to import intestines from Brazil again from next year.

Happy Birthday Soliswiss!

1 9 5 8
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at home worldwide

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