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## Banks did well

BUSINESS operations of the Swiss banks expanded strongly last year, according to banking statistics for 1980 just published by the Swiss National Bank.

The statistics contain a wealth of figures about banks and investment companies domiciled in Switzerland.

While the number of institutions went up slightly by three to 557 and that of branch offices by 33 to 4,958, balance sheet totals rose by an average of 11.7 per cent.

Banks which are heavily engaged in foreign operations (big banks, foreign banks and finance companies) scored above average growth rates in business volume, for which the higher valuation of dollar positions was, however, partly responsible.

The number of staff employed by all institutions increased in 1980 by 6.2 per cent to 86,575.

## World overproduction hits Swiss watchmakers

THE troubles of the Swiss watchmaking industry have been highlighted by a grim annual report from the country's largest group, ASUAG.

The news from ASUAG – Allgemeine Schweizerische AG – added to the gloom which has pervaded Swiss watchmakers since last May, when the second largest company had to be rescued from the threat of bankruptcy by Swiss banks with a Sfr. 300 million aid package.

ASUAG vice-president Heinz Haemmerli told a Press conference that 1981 losses would be manageable, but said there was little hope of a return to profitability before 1983.

The annual report said business fell back significantly from May last year, after a 12 per cent increase in turnover in 1980.

Board chairman Peter Renggli blamed inflation and stagnant growth in industrial countries,

high interest rates which are forcing distributors to reduce stocks, and overproduction in southeast Asia.

ASUAG, which markets the Longines, Rado, Certina and Eterna brands, plans to curb the losses by reducing staff by five per cent in both 1981 and 1982, and withdrawing partially from cheap watch manufacture and activities which are unrelated to the watch industry, Mr Haemmerli said.

World recession has hit the group's sales of components particularly hard, but business in finished watches continues to hold up relatively well, according to Mr Renggli.

ASUAG is now concentrating

on analogue quartz watches, which use the latest electronic liquid crystal display techniques, but show the time by hands rather than digits.

The whole world watch distribution system is clogged at present by over-supply of digital watches, mostly made in Hong Kong and selling at what the industry calls almost give-away prices.

In a separate announcement, the bankers put in last May to head the board of the second largest Swiss group, *Société Suisse pour l'Industrie horlogère* (SSIH), report that SSIH losses

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## Volksbank-Boss nimmt Hut – wegen Silber-Fiasko



● Dr. Hans Frey, Vorsitzender der Volksbank-Generaldirektion, trat zurück.

THE director of the Swiss Volksbank has resigned following an announcement that the bank has suffered "considerable losses" in silver trading.

The director, Mr Hans Frey, said he was resigning because he had to take "essential responsibility" for the bank at all levels.

An official statement by the Volksbank, which is the fourth largest Swiss bank, said the losses had occurred because its Geneva branch had failed to follow instructions in transactions on the United States silver market in 1979.

The price of silver later slumped from \$50 to \$10 an ounce, leaving the bank with


heavy losses to cover. As a result the bank had to withdraw Sfr. 139 million from its hidden reserves to cover the losses.

The statement said the bank would therefore have to cut "substantially" its 1981 dividend and that net profits could be well below the Sfr. 68.9 million recorded the previous year.

The bank stressed that none of its personnel had been guilty of criminal irregularities.



The Swiss Federal Banking Commission – the government's watchdog body – said the interests of Volksbank customers had not been jeopardised and that the bank's capital and open reserves remained intact.

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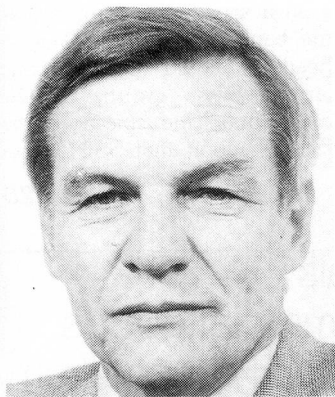
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for 1981 will be somewhat below Sfr. 70 million.

SSIH, which makes Omega and Tissot watches, lost Sfr. 162 million francs in 1980.

One consolation for Swiss watchmakers is the knowledge that competitors overseas are also being hurt by recession and overproduction. However, those elite Swiss companies which make very expensive watches in relatively small quantities say their business continues to flourish.

The Piaget company, for example, has just sold what's claimed to be the world's most expensive watch - a platinum timepiece studded with 286 diamonds. The price - Sfr. 20 million.



## Bank's new president

DR Fritz Leutwiler, head of the Swiss National Bank for the past eight years, has been elected president and board chairman of the Basle-based Bank for International Settlements.

He succeeds the retiring Dr Jelle Zijlstra of the Netherlands who has held the two posts for nearly 15 years.

Dr Leutwiler, who was born in Baden (Canton Aargau), is 57. He has been chairman of the Swiss National Bank's governing board and a member of the BIS board of directors since 1974.

The Bank of International Settlements was established in Basle in 1930, and is one of the oldest international institutions in the financial world. As a forum for international monetary co-operation, it is often referred to as "the bank of the central banks".

The BIS employs more than 300 personnel from 17 countries.

# Invest in UK, Swiss urged

A SENIOR British government trade official has urged Swiss companies to invest in Britain - "a country which has much to offer."

Sir Peter Carey, permanent secretary at the Department of Industry, told a British-Swiss Chamber of Commerce luncheon in Zurich: "The British government has never promised a quick and easy solution to the country's economic problems. But a start has been made.

"Retail price inflation is now 11.5 per cent after peaking at 22 per cent in May, 1980. These are not dramatic figures by Swiss standards, but they represent substantial progress for the UK.

"Britain has much to offer overseas companies - they will find that if the government's policies work, the climate for industry in Britain will improve significantly. They will find too that investment by overseas companies in Britain is welcomed, particularly when they bring the benefit of new skills and new technology."

*Why should Swiss companies want to invest in Britain?*

Sir Peter put forward the following reasons:

○ Britain has a large and sophisticated market of 56 million people.

○ It is a well-positioned base for exports to Commonwealth and other markets, particularly the Common Market.

○ There is a pool of skilled and adaptable labour, yet average labour costs are still among the lowest in Europe.

○ There is no discrimination of any kind against foreign-owned concerns which, like British companies, benefit from generous investment allowances and other taxation reliefs.

○ Alone among the major industrialised nations, Britain possesses vast energy resources.

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