

# Letter from Switzerland

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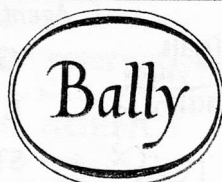
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# Switzerland



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### VARIOUS.

At the end of 1958 the number of Swiss without dual nationality living abroad and registered at Swiss Embassies, Legations and Consulates numbered 160,291, and the number with dual nationality was 95,317; altogether 255,608 registered "Ausland-schweizer".

Switzerland exported in February 1960 2,996,800 watches to the value of 85.5 million francs. [A.T.S.]

### LETTER FROM SWITZERLAND.

#### The economic situation in 1959.

For western Europe, the main feature of the past year was once again economic integration. As everyone knows, in 1956 Western Germany, Belgium, France, Italy, Luxembourg and the Netherlands signed the Rome Agreement marking the start of the European Economic Community (E.E.C.). The other eleven members of the Organisation for European Economic Co-operation (O.E.E.C.) sought to conclude an agreement with E.E.C. with a view to creating a free-trade area covering all the countries in question; unfortunately, the negotiations met with no success. The E.E.C. actually came into effect on 1st January 1959.

#### Switzerland and economic integration

These events created an altogether new situation for the western European countries outside E.E.C. Switzerland — which had always backed the efforts of the Organisation for European Economic Co-operation towards greater freedom of trade — remained convinced of the necessity of negotiating with E.E.C. once again. From the start, this country sought a solution in keeping with European aspirations, but one which would not oblige it to abandon its principles of neutrality and political and economic independence. Like Austria, Denmark, Great Britain, Norway, Portugal and Sweden, it envisaged this solution in the form of the creation of a free-trade area as the basis of future agreement with the six members of E.E.C.

Trade is enjoying a great boom throughout western Europe. The immediate aim of the Seven is to maintain this boom and to safeguard European economic co-operation, the driving force behind this economic expansion. Overseas countries, and in particular those in the process of development, can only benefit from such a situation. On the firm basis of O.E.E.C., negotiations between the seven countries concerned rapidly met with success. A pact was signed in Stockholm on 4th January. Subject to ratification by these countries' governments, it will enter into force on 1st July next.

#### Big increase in foreign trade

Another important feature of the year 1959 was the gradual overall recovery of Switzerland's foreign trade, after the falling-off recorded the previous year, and even as late as last spring. Imports rose 13%, to reach the amount of 8,300 million Swiss frs. This upward trend was due, among other things, to the stock building carried out in anticipation of the new Swiss customs tariff due to come into force on 1st January 1960, as well as to the evolution of prices on world markets. The increased demand for Swiss manufactured products led to a rise in exports of almost 10%, so that the total amounted to 7,300 million Swiss francs. From the point of view of volume, imports increased 8% and exports 26%. With regard to both

value and volume, Swiss exports reached the highest level ever recorded. As the increase in value was greater for imports than exports, Switzerland's adverse balance of trade rose over 45% to reach the figure of 994 million Swiss francs. The Six E.E.C. countries recorded a credit balance of Fr.2,095 million in their trade with Switzerland.

*The money and capital market*

The money market showed the repercussions of the general state of prosperity and the rise in the rates of interest in the main international financial centres. In Switzerland, after a record first quarter, the liquidity of money gradually declined. This phenomenon can be accounted for above all by the increase in economic activity and the differences between the rates of interest on international markets — which favoured the investment abroad of large short-term loans. Finally, the Swiss capital market dealt with issues of stocks and shares amounting to a total of 1,400 million Swiss francs, including conversions. Although this figure represents an all-time high, the new issues were favourably received on the whole, which proves the remarkable capacity of the Swiss capital market. Owing to its fundamentally sound position, it has once again been possible to maintain the Swiss capital market at the disposal of foreign issues and to continue, in this sector too, the relations with other countries that are of such vital importance to the Swiss economy. In all, 14 foreign loans amounting to a total of 480 million francs were issued on the market.

*For the good of the whole country*

The whole country benefited from the favourable trend of the economic situation in 1959. As a result of the fact that Swiss firms continue to rationalise and modernise their equipment, output was able to be increased last year, even though manpower became more and more scarce. Whereas in 1958 the average number of totally unemployed amounted to 3,400, this number fell last year to the very small figure of 2,400. As for foreign workers, their number increased considerably in 1959 as compared with 1958. This change was due above all to renewed activity in the building trade; after a temporary restriction of credits in 1958, building is once again in full swing. In industry, textiles and also to a certain extent watchmaking, i.e., the two sectors that were slightly affected by the 1958 recession, showed a definite improvement. It is also interesting to note that the cost of living index fell

slightly, while salaries and wages continued to increase.

*Conclusion*

This rapid survey of Switzerland's economic situation in 1959 shows that last year was marked by the return to a very favourable situation. The next few years hold some very important problems in store for Switzerland; her experience in the past and her faith in the future will enable her to solve them in accordance with her principles, and in keeping with the new spirit of European collaboration.

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