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- Notiz an - BJ/EJPD (Frau A. Imobersteg)
- EFV/EFD (Vizedirektor D. Kaeser)
  - IB - EDA/EVD (Hr. G.A. Colombo)
  - DV/EDA
  - DIO/EDA
  - Polit. Abteilung I/EDA
  - Polit. Sekretariat/EDA

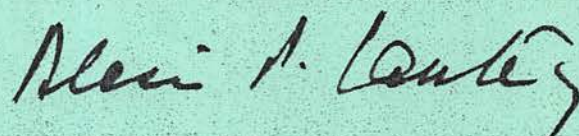
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Interview mit Herrn Bundespräsident A. Koller

Für Ihre Mitarbeit bei der Beantwortung der Interviewfragen des "Arab Business Report" an Herrn Bundespräsident A. Koller danken wir Ihnen bestens. Zur Information erhalten Sie in der Beilage die endgültigen, dem Magazin übermittelten Antworten.

Finanz- und Wirtschaftsdienst



(Alexis P. Lautenberg)

Beilage erwähnt

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To the attention of His Excellency Professor A.KOLLER  
President of the Swiss Federation

EDA /  
Pol. Abt. I

1.- Although Switzerland has hardly been mentioned in respect of the changes taking place in Eastern Europe, what impact do these changes have on your country ?

EFV / EFD

2.- The Ecu can be expected to further increase in strength with the unification of Germany and the entry of the British pound. This can be seen as increased competition with the Swiss Franc as an investment currency. How do you view the future evolution of the Swiss Franc ?

EDA / DV

3.- Is Switzerland's policy of neutrality still relevant ? With the ending of the East-West confrontation there is no longer a need to take sides. What role the "island" Switzerland envisage to play in the post cold war period ?

EDA /  
FWD

4.- There is a widespread view that Switzerland is run by a political business elite dominated by the banking community and large companies. Is this compatible with democracy and will Switzerland not be forced to move into line with practices in the rest of Europe and for how long the politico-business establishment can retain the allegiance of the majority of voters ?

EDA /  
FWD

5.- It is believed that much of the debt of the third world countries are held by private deposits in Switzerland. Luxembourg has been making special efforts to replace Switzerland as the best place in Europe to place money. Are you concerned about this challenge and do you envisage any change in banking policy in Switzerland to combat it ? Would your country consider either by international pressure or discussions to repatriate these funds to the legitimate owners of the respective countries of origin ?

EJPD / BJ

6.- The headline grabbing stories about money being laundered to Switzerland by crime syndicates and by the Marcos, Duvallier and other families appear to have tarnished the image of Switzerland banks. Will you be able to retain the same level of confidentiality for your clients and effectively eliminate money laundering operations ?

IB / EDA-EVD

7.- What are the particular demands of Switzerland in their negotiations within the EFTA to join the European Economic Space ?

EDA / DIO

8.- Historically, Switzerland did not favour joining the UNO, the Worldbank and the IMF. Recently Switzerland has applied for membership to I.M.F. What is the anticipation of the evolution in Swiss attitudes towards the United Nations and other organisations ?

EDA /  
Pol. Sekret.

9.- How does Your Excellency describe the Swiss Foreign Policies within the different political regions of the world ?

Question 1:

The recent changes in Eastern Europe have had, and continue to have, a profound worldwide impact in general and on all European Countries in particular including Switzerland. Above all there is our keen awareness that after a long period of strife and division, Europe as a whole is converging again and could prosper for the benefit of its various people and our partners in other regions of the world. It is the firm will of our government, and certainly of a large majority of my fellow countrymen, that the Swiss contribution to this new Europe will not be to the detriment of our traditional worldwide links. On the contrary, we are convinced that the outside world cannot but benefit from a peaceful and prosperous Europe. Specifically my country has seized the opportunity presented by the democratization of Eastern Europe in a bold and sweeping manner. Early on we have put together a package of assistance to these countries which is blooming into various forms of cooperation in fields ranging from political culture (e.g. federalism) to various training programs, assistance in environment protection and on to outright economic and financial aid.

Over and beyond bilateral assistance, we are actively engaged in multilateral discussions and negotiations on the future architecture of Europe, held in fora such as the CSCE (Conference on Security and Cooperation in Europe), the Council of Europe and the OECD (Organisation for Economic Cooperation and Development). We furthermore are fully committed in the financial area by participating in such undertakings as the EBRD (European Bank for Reconstruction and Development) as well as multilateral financial assistance as in the case of the stabilization fund for Poland.

Question 2:

The changes on the integrational front have had and will continue to have a positive impact on the monetary stability and the macro-economic convergence in Europe.

The Swiss Franc will remain a valuable alternative for those seeking portfolio diversification.

Question 3:

Neutrality is not a goal of Swiss foreign policy, but a means with a long-standing and successful tradition to safeguard the freedom and national independence of Switzerland. For the time being, neutrality has not lost its effectiveness and other policies more suitable are not yet viable.

The end of the East-West confrontation clearly had an impact on the role of the neutral State. However, the rapid changes and the resulting instabilities make it that the People and the Government of Switzerland continue to view neutrality as a viable policy. As a neutral State in a changing environment, Switzerland represents a factor of stability and thereby makes an appropriate contribution to international co-operation at both the European and world level.

Question 4:

I would not subscribe that view. While it is true that the economic establishment - covering not only the banking community and large companies, but also for example the small-scale industry - which is of utmost importance in our country - and a variety of occupational groups - is in a position to form an efficient pressure group, the same holds true for other interest groups. The possibility to do so in order to promote certain ideas and interests is a direct outflow of democracy and certainly compatible with this principle as long as it does not hamper the free formation and expression of opinions. In this light I dare say that our democracy is functioning well even if the new challenges often call for very rapid responses. This becomes manifest when looking at the large number of permanent and ad hoc interest groups, the way they debate the interests at stake and the outcome of the numerous public votes. It is worth mentioning in this context that a considerable number of decisions directly taken by the voters run counter to the interests of the so-called politico-business establishment.

Question 5:

There is no doubt that capital from third world countries is held in private deposits in Switzerland, and there is no doubt that the same holds true for other efficient financial centers. However, there is a tendency to overestimate the so-called flight capital. In absence of any reliable figures I would like to stress first that a considerable amount of money from third world countries has been transferred abroad in complete accordance to the laws of the country of origin. Second one must take into account the fact that the liabilities towards Central Banks in Africa, Asia and Latin America constitute a large position of the third world's capital in my country.

Another differentiation needs to be made. When this capital is of criminal origin neither international pressure nor discussions are necessary to repatriate these funds. Based on a bilateral treaty or on our "Federal Law on Mutual Assistance in Criminal Matters" any country guaranteeing reciprocity can be granted judicial assistance under the condition that the offence concerned is considered as a crime under the Swiss law (double incrimination) and the foreign Authorities agree to respect the principle of speciality which means that the informations obtained are used exclusively in the proceedings specified in the request for which judicial assistance was granted.

It follows from the latter, that we will not grant assistance when a certain action does not constitute a crime in our view. As we are strongly committed to liberal economic principles it is for example inconceivable to us to consider the transfer of capital as a crime. The evasion of foreign currency regulation does therefore not constitute a crime in our legal understanding.

Let me finally point out, that one must not forget the real reason for capital flight. It is not so much the confidentiality offered more or less by all of the major financial centers, but rather the political and/or economic uncertainty and instability in the countries concerned. In my view it is quite understandable to shift capital to stable places with an efficient financial industry when this capital is threatened f.ex. by galloping inflation.

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Other financial centers, you mention Luxembourg, have made special efforts to improve the competitive position of their financial markets. While this certainly constitutes a challenge to our market place and requests new efforts of both our financial institutions in terms of efficiency and the State in terms further improving the framework conditions, I see no reason to combat foreign efforts. As long as the soundness of the financial system is not in danger, I strongly believe in the positive effects of worldwide competition. Both our markets and institutions are willing and able to face this competition.

Question 6:

I would like to draw a line between what you call the crime syndicates on one side and the Marcos, Duvallier and other political families on the other. Switzerland being a state of law has never condoned criminal activities and the Swiss banks which want to keep up to their reputation of integrity have also tried not to trade with criminals. In that respect, since 1987 - and even 1977 - the Swiss Bankers Association has committed itself through an internal code of conduct (Agreement of July 1st 1987) to exercise due diligence and not to accept dirty money.

The cases of the named political families are much more delicate and subtle as there is no clear basis and no obligation on which a banking institution could refuse the assets of a person as long as this person is not being prosecuted on legal charges. Even today there are political leaders whose behaviour or policy are being questioned or reproved who might have bank accounts in Switzerland or in other European countries but are not prosecuted, and there are those whose policy is not presently criticized but who may appear one day to have been engaged in unlawful or immoral activities. It is up to the bank to appreciate if it can accept money from such a person, on the grounds of its own ethical values and assessment of the situation.

As far as Switzerland is concerned, our country prosecutes crimes and cooperates on international level to that effect. However, as you know, criminality has evolved into new forms like, for instance, money laundering.

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Our criminal code had to be adapted to that new reality. A new legislation criminalizing money laundering has entered into force on August 1st 1990. Thus, the prosecuting authorities will be able to fight that crime more efficiently and on a clear basis. I say more efficiently because the laundering of assets proceeding from drug trafficking is a criminal offence since 1975. The new legislation on money laundering sets Switzerland on the forefront of the fight against money laundering, making our law a model for several countries.

The new law makes it compulsory to any financial institutions - and not just the banks - not only to identify the customer - which had always been the case in the Swiss banking system - but also the beneficial owner. Furthermore these institutions will have to keep records of these data and make them available to the penal authorities in case of crime. This new law is expected to have no special effects on the conduct of affairs of the banks, as they already comply with the Agreement on the Swiss bank's code of conduct mentioned earlier. The major difference as far as the banks are concerned is that the bank will now be liable to criminal prosecution instead of being only submitted to the discipline of its peers. However the new legislation is expected to have a considerable effect on people working in financial institutions which have not undertaken the Agreement. It is exactly what this new law is aiming at, in accordance to the will of the Swiss people that all our financial institutions be submitted, whether willingly or not, to conducts that are morally acceptable.

As to confidentiality granted to the clients, it is important to have a clear understanding of what the Swiss banking secrecy really is. Swiss banking secrecy was never meant to allow the customer to hide himself/herself behind a total anonymity. His/her identity has at least always been known by the bank's executives. Besides, the banks have always been compelled to provide relevant informations when required by a penal judge prosecuting a crime. The new legislation against money laundering does not go any further.

Though Switzerland wants to remain a strong financial center, we would not fear to see the assets coming from criminal activities leaving our country.

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Only people or organizations that fear criminal prosecution will have grounds for anxiety. Those who want for legitimate reasons to rely on the traditional qualities of competence and discretion offered by the Swiss banks over the years will still be able to do so.

Question 7:

Like its partners of EFTA, Switzerland wants to negotiate with EC a Treaty on a European Economic Space (EES), encompassing the free of movement of goods, services, capital and persons and enhanced cooperation in the field of the so called "Flanking policies" such as environment, research and development, education.

As a general rule, we have accepted that the basis for the achievement of the four freedoms will be the EC legislation in these areas. We will however need some exceptions to cope with fundamental interest and transitional arrangements to take care of the fact that we will have to incorporate in our national legislation rules that the EC Member countries have had 30 years to accept. Our demands include for instance the possibility to maintain our policy of quantitative ceilings of foreign workers in Switzerland, the possibility to keep our higher technical standards aiming at the protection of health, security and environment, the continuation of our policy of limitation of the acquisition of real estate by foreigners.

We are also aiming at an appropriate legal and institutional framework for the EES. This framework should in particular provide for joint shaping of the EES rules and joint decisions on them. The establishment of a genuine joint decision-making mechanism is for Switzerland and for the other EFTA countries a key prerequisite for the political acceptability and legal effectiveness of an agreement. I cannot see how we could accept a Treaty where we would take over most of the EC rules on the common space without being integrated in a real joint decision making process on the future development of these rules.



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Question 8:

It is a fact that Switzerland is not a member of the United Nations. This was decided by the Swiss people in a national referendum four years ago. Switzerland is, however, a member of most of the specialized agencies and other organisations of the United Nations' system, and participates in various UN activities as for instance in peace keeping operations. For the United Nations Transition Assistance Group (UNTAG) in Namibia we provided a medical unit of more than 350 people and a group of 30 observers assisting in monitoring the elections.

Our participation in UNTAG is just one step in the process of intensifying our involvement in United Nations operations. We now also provide military observers for the UN, while at the same time increasing the financial means destined to be used within the framework of UN activities.

All this has to be seen in the context of the enlargement of our concept of peace policy, which also implies a more active participation in world wide cooperation.

Another important element of our cooperation with international organisations is our role as a host country. The city of Geneva is the seat of more than 200 international institutions, about a quarter of which are agencies and organisations belonging to the UN system . Geneva has also been chosen for accommodating the Secretariat of the United Nations Conference on Environment and Development (UNCED) to be held in Brazil in 1992. The frequent and intense contacts between these organisations and Swiss authorities contribute substantially to the close integration of Switzerland within the international community.

So I can assure you that while not belonging to the UN the Swiss attitude towards the Institution and other international organisations is and will remain very positive. We will continue to fulfill our international obligations, being aware of the fact that no country can exist by itself, and that we all share the same responsibilities. Our application for membership in the IMF is a sign of this awareness. It is the logical consequence

of a fruitful pragmatic cooperation which has taken place for already a long time in form of Swiss contributions to various IMF facilities, co-financings with I.D.A. and the adhesion of Switzerland to the General Agreements to Borrow in 1984. It is also the sign of recognition of the increased role of the Bretton Woods Institutions as to the solution and management of the international debt crises and the achievement of worldwide monetary and financial stability.

Question 9:

For obvious geographical and economic reasons, Switzerland's relations with other European countries are particularly close. Bearing in mind the global impact of what I might call the new European architecture we have and want to actively involve ourselves in the building of new security, political and economic structures for Europe as a whole. Let me mention, as an example, the importance we attach to the CSCE process and particularly to the questions of the protection of minorities and dispute settlement. Nonetheless, our foreign policy is based on the concept of universality. At this stage of history, we live in an interdependent world in which all the major challenges facing mankind are of a global nature. Our aim is therefore to maintain meaningful political, economical and cultural relations with as many countries as possible. But rather than commenting on our relations with specific countries or regions, I should like to mention some of our priorities in our foreign policy.

One of our prime concerns is the future of the world trade system. As a small land-locked country deprived of raw materials, Switzerland has a strong interest in free trade, both on the regional level and world-wide. Even though our trade flows are largely oriented toward the European Community, the Swiss economy has traditionally intense trade and investment links with Non-European partners. The current Uruguay Round of trade negotiations gives Switzerland an opportunity to stand for the extensive liberalization and the abolishment of protectionist policies in a multi-lateral framework, including at the same time new areas such as intellectual property, trade related investments and services.

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Switzerland's contributions to the solution of global problems are obvious in other areas as well. Like other industrialized countries, Switzerland devotes a considerable part of its budget - currently about 1 billion SFr. per year - for development aid in order to reduce the gap between the North and the South. Most of the development projects are implemented in twenty countries which rank among the world's poorest nations.

As far as ecology is concerned, we are aware of the increasing need for international cooperation and of the North-South dimension inherent to environmental issues. Switzerland has come forward with constructive initiatives such as organizing the 1989 Conference which has led to the signature of the Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Our country participates actively in all international bodies and organisations devoted to the protection of the environment.

Last but not least, Switzerland traditionally provides good offices to states which are parties to a conflict. Switzerland may represent the interest of a State having interrupted its diplomatic relations with another country, or it may place personnel equipment at their disposal with a view to bringing the conflict to an end or at least establish a dialogue between the parties. In Korea for example, officers of the Swiss army have participated at the Neutral Nations Supervisory Commission from the outset. More recently, Swiss medical units carried out several missions in Namibia as part of the UNTAG-operation. In South Africa, Switzerland is sponsoring a programme of "positive measures" to promote the dialogue between Blacks and Whites. Recent developments seem to confirm that this initiative was a step in the right direction. In this context, reference should be made to the International Committee of the Red Cross. Although it does not depend on the government, the Geneva-based ICRC is supported to a great extent by Switzerland. Since the late 19th century, it has been striving to alleviate the suffering of the victims of armed conflicts.