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SWISS ECONOMIC NEWS

ECONOMIC AND MONETARY SITUATION IN SWITZERLAND IN 1978

In 1978, the need for adaptation and restructurisation weighed heavily on the Swiss economy, the economic climate having deteriorated right up to the autumn owing to the spectacular rise in the value of the Swiss franc. Since then however, the horizon has cleared somewhat. The repeated interventions of the Swiss National Bank aimed at creating greater stability in exchange rates, as well as the international efforts made in the field of monetary policy, exerted a positive influence by producing a limited drop in the value of the Swiss franc. In addition, more favourable economic news from Germany and Japan in particular had a stimulating effect. In spite of the particular difficulties of the period under review, the national product increased by about one per cent in real terms. Unemployment, which affected 0.4 per cent of the working population, remained the lowest in the world. The same is true of the rate of the rise in the cost of living which, according to the cost of living index, fell below one per cent. The fact that receipts of orders, output and employment dropped appreciably up till the autumn of 1978 was however a source of constant worry. The capital market, too, was marked by very moderate demand. The net value of calls on the Swiss capital market (evaluated on the basis of the issue value of home and foreign bonds and on that of home share capital, after deduction of conversions and refunds) totalled 3,068 million francs in 1978, a sum 42 per cent less (-2,246 million francs) than the figure for the previous year. Only the net amount of share capital loans increased (+306 million) while that of Swiss and foreign loans decreased compared with 1977. With regard to foreign loans, the issue value, after deduction of conversions, amounted to 4,350 million francs (3,684 million in 1977). Refunds having increased however (2,964 million compared with 1,938 million in 1977), net loans amounted to only 1,386 million francs.

TURBINE TESTS FOR THE BIGGEST HYDROELECTRIC POWER STATION IN THE WORLD

The Hydraulic Machines Institute (HMI) of the Federal Institute of Technology in Lausanne recently

carried out a series of turbine tests for the biggest hydroelectric power station in the world. Developing a power six times greater than at Assouan (eighteen turbo-generators totalling 12,600 megawatts), this gigantic power plant is in the process of construction on the river Parana, on the boundary between Brazil and Paraguay. The HMI has a testing centre unique of its kind in the world, but the experiments on the scale models of the turbines nevertheless called for very extensive preparations and in particular the construction of a high pressure pipeline. The model of the turbine was supplied by the builders themselves, which include a large Swiss electromechanical firm.

OFFICIAL SWISS TIMERS AT THE 1980 WINTER OLYMPICS

To coincide with the announcement of its selection as one of the official timekeepers for the 1980 Winter Olympic Games (three Swiss firms belonging to "Swiss Timing" share this honour, the other two being the Longines Watch Co. and Omega Louis Brandt Co., Ltd.), Heuer Leonidas Co., Ltd. has launched two new electronic timers on the market, which measure the time to 1/100th of a second up to 59 minutes 59.99 seconds with fly-back centre seconds hand. The precision is of the order of 0.001 per cent at ambient temperature. The two "Microsplit LCDs" were chosen by the Lake

Placid Organising Committee as official timers for the 1980 Winter Olympic Games.

NUCLEAR INDUSTRY: A SWISS FIRM GRANTS A LICENCE TO THE USA

In advanced technology, Switzerland frequently holds her own with the greatest. Thus, Luwa Co., Ltd. (Zürich) has granted to Struthers Scientific Corporation (USA) the manufacturing and distribution licence for its Luwa Deko decontamination technology for the United States, Canada and Mexico. This technology is based mainly on the use of the Luwa Deko evaporator for processing the contaminated waters of nuclear power stations. For several years now, it has been used with great success in Europe where decontamination factors of 10^7 and 10^8 have been able to be achieved. This licensing contract enables Struthers to complete its programme for the nuclear industry in the above-mentioned countries.

TELECOMMUNICATIONS: DEVELOPMENT OF A CONNECTOR FOR OPTICAL CABLES

A Swiss company, set up by three big Swiss cableworks, has just achieved an important step forward in the field of telecommunications: the development of a connector, unique of its kind in the world, which will greatly simplify the joining of optical cables. Up until now, joins

INDEX OF PRICES IN SWITZERLAND AT THE END OF MARCH 1979

	Wholesale price 1963 = 100	Difference in relation to	Retail price Sept. 1977 = 100	Difference in relation to
End of March 1979	145.6		103.0	
End of February 1979	145.1	+0.3%	102.5	+0.5%
End of March 1978	144.0	+1.1%	100.5	+2.5%
Evolution of the prices of	<div>... raw materials, semi-manufactured products and consumer goods.</div> <div>... main consumer goods and services included in the family budgets of wage-earners.</div>			

THE SWISS FOREIGN TRADE IN MARCH 1979

Switzerland's Balance of Trade

Period	Imports	Exports	Balance	Value of exports as a % of the value of imports
(in million Sw.Fr.)				
1978 March	3,850.6	3,533.7	-316.9	91.8
1979 February	3,683.3	3,327.3	-356.0	90.3
1979 March	4,187.6	3,866.5	-321.1	92.3
1978 Jan.-March	10,513.3	10,027.0	-486.3	95.4
1979 Jan.-March	11,224.5	10,359.8	-864.7	92.3

had to be made by welding together each of the fibres in the two cables, which obviously involves long and painstaking work, and can be very difficult in the field. With the new device resembling a simple male-female plug, connecting can be carried out by any fitter in about 30 minutes. The innovation is very important since optical cable communications seem to have a promising future ahead of them. Compared with conventional coaxial cables, the new system in fact undoubtedly offers considerable advantages: much higher transmission capacity, reduced weight, no leaks between fibres, easier handling, etc. Their field of application ranges from the telephone to the telex, from facsimile to data transmission, from television via cable to the control of aeroplanes or trains. For the production of the optical fibres themselves, the Swiss firm has signed a licencing contract with a British branch of the American company ITT.

THE SWISS CHEMICAL INDUSTRY IN 1978

While the Swiss chemical industry's production index showed a definite recovery during 1978 (+3.9 per cent compared with -0.5 per cent in 1977), the index for turnover progressed only by 1.5 per cent (+3.4 per cent in 1977). This slowing down in the rate of growth is due above all

to the uncertain monetary situation which has weighed heavily on sales abroad. The latter represent some 85 per cent of the total output of the Swiss chemical industry. During the year 1978 therefore, chemical exports increased by only 2.6 per cent (1977: 6.2 per cent) to total 8.44 billion francs, this result however being very encouraging when one compares it to the average increase in Switzerland's overall exports (1.1 per cent in 1978). The very big increase in exports of pharmaceutical products (+32 per cent) and cosmetics (+22.5 per cent) contributed largely to this rise. During the same period, imports of chemicals dropped 6.2 per cent (1977: +11.8 per cent); the rate of fall therefore largely exceeded the overall drop in Swiss imports of 1.6 per cent. Consequently the Swiss chemical industry's foreign trade once again recorded a very large favourable balance amounting to 4.12 billion francs (+13.8 per cent). Europe is its biggest trade partner by far both for exports (64.5 per cent) and for imports (85.7 per cent). Next comes Asia with 14.7 per cent for exports but only 2.8 per cent for imports. Sales OPEC countries total 5.5 per cent.

NEWS IN BRIEF

— The Swiss firm *Process Engineering Company, Ltd.* (a member of the

Chemap Co. group, Männedorf) has signed with a Yugoslav combine a contract for the supply of a whole plant for the production of organic acids for use by the food and animal feeding stuffs industries.

— The *Federation of Migros Cooperatives* has been awarded the 1979 *European Prize for Social Responsibility*. This prize, given by the Management Centre Europe, was awarded to Migros for its remarkable contribution to social and cultural life in Switzerland and the rest of Europe.

— The *International Food/Europe Award 1979*, given at the International Food exhibition in London, was won by the Swiss firm *Lausanne Dairy Products Co., Ltd.*

— *Swiss apple juice for Saudi Arabia*: of the 155,860 gallons of apple juice exported by Switzerland in 1977/78, over 132,000 gallons were exported to Saudi Arabia! Other buyers in the region are Libya and Kuwait.

— *Swiss chocolate*: in spite of a slight drop in sales at home during the year 1978, the Swiss — with 20 lb per head of the population — remain the biggest chocolate eaters in the world. Exports of the Swiss chocolate industry during the same period totalled 12,677 tonnes (-7.9 per cent compared with the previous year).



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