

**Closing remarks by Mr. Grégoire Bordier**  
**Chairman of the Association of Swiss Private Banks**  
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*Check against delivery*

Madam Federal Councillor,  
Members of the Federal Parliament,  
Ladies and Gentlemen Ambassadors,  
Mr. Banking Ombudsman,  
Dear colleagues, dear friends,

First of all, I would like to thank the previous speakers for the quality of their contributions. Allow me now to give you my conclusion. The world is facing a number of simultaneous challenges: geopolitical, climatic, demographic, inflationary, protectionist, etc. Globalisation is being reversed and we are witnessing polarisation around blocs. Russia, China, the United States and Europe are waging a war for influence. And in the middle of it all, Switzerland. What role can our country play in this world? How can we ensure our prosperity and security? And what are the consequences for Switzerland as a financial centre?

The two hours that preceded provided us with some food for thought. The topic of the day, the neutrality of Switzerland, straddles the line between politics and economics. I will therefore first analyse these two aspects separately, before turning to the link between the two: the weapon of economic sanctions.

Neutrality is an essential feature of Switzerland. It is permanent, recognised by international law, armed and freely chosen. Our country is even less likely to renounce it than it is to join the European Union! However, a closer look reveals that military neutrality is still interpreted strictly, while political neutrality is considered in a more flexible manner around the principle of good offices, as the Federal Council pointed out in a report in October 2022. In the absence of a binding resolution of the UN Security Council, the law of neutrality applies. This implies a ban on authorising flights over one's territory or the supply of goods for military purposes. The principle of equal treatment means that no belligerent should be favoured.

At the political level, our Federal Parliament considered this month possible easings of the ban on the re-export of Swiss weapons, without yet reaching a decision. In this respect, it is important to take a long-term view. To give in to pressure from the United States and the European Union would be to forget that only half the members of the G20 condemned Russia's military aggression. It would also mean forgetting the other conflicts, sadly all too numerous, that punctuate our planet. Switzerland is still widely perceived as neutral in the world. Should it favour one side, politically and militarily, just because the fighting is taking place closer to home? Will Switzerland really contribute to peace by supplying weapons?

Everyone is free to answer these questions as they wish. For the Swiss financial centre however, and for the prosperity of our country in general, it is important for Switzerland to carry out a genuine reflection based on its long-term vision of neutrality, in order to retain its unique status as a neutral, welcoming and tolerant country, free from increasingly sweeping value judgements. If we are to resolve the global challenges I mentioned earlier, we will need intermediaries like Switzerland that work towards less polarisation.

From an economic point of view, it is interesting to look at our relations with the European Union, the United States and China. In 2021, 51% of our trade (goods and services combined) took place with the European Union, 18% with the United States and 6% with China. A static view would suggest that the latter is not that important. But in 20 years our trade in goods has grown by 60% with the European Union (thanks to the bilateral agreements), by 250% with the United States (despite the absence of a free trade agreement) and by 900% with China (which managed to develop despite the absence of democracy)! Conclusion: all these partners are important in one way or another, and it would be preferable not to upset any of them. Especially as China, India and Russia are increasingly collaborating with each other, and more recently also with the Gulf States, Iran and Turkey.

Wealth management is also an export industry. Financial instruments and services are produced in Switzerland, but on average half of them are distributed abroad. The proportion is one-third for institutional asset management and two-thirds for private asset management. In 2020, 40% of cross-border private clients came from the European Union, 19% from the Middle East, 13% from Latin America and 12% from Asia. This represents greater diversification than in other export industries. Furthermore, major Swiss banks have subsidiaries in every part of the world. This is why the situation gets complicated when more and more geopolitical blocs are created, as this multiplies the risks of losing the trust of one of them. These risks are further exacerbated when Switzerland draws closer to some without wanting to talk to others.

This brings me to the subject addressed by my colleague Philipp Rickenbacher in his introduction: sanctions. Since the early 2000s, economic sanctions have become weapons, and they are being used more and more frequently. In Switzerland, the Federal Council took over on February 28, 2022, with immediate effect, the sanctions imposed by the European Union against Russia. In 2014, it had only taken measures to prevent the EU sanctions from being circumvented. It was the intensity of the conflict that justified a different reaction. Swiss banks have since then strictly applied the sanctions issued by the Federal Council, like the twenty or so other sanctions regimes based on the 2002 Embargo Act. But while sanctions target in principle specific individuals and entities, some have placed the entire Russian population under a cloud of suspicion, which goes too far and continues to pose numerous application issues in practice. I am thinking of the €100,000 deposit limit for many Russian citizens and residents, a measure that neither the United States nor the United Kingdom have adopted and which therefore only has negative effects.

Since it is to be expected that economic sanctions will be used increasingly, Switzerland should develop an autonomous sanctions strategy and be involved in international coordination from day one. To this end, SECO's organisation and resources must be strengthened. The National Council recently adopted a motion calling on the Federal Council to pursue a "coherent, committed and independent" sanctions policy. One could even imagine creating a Swiss body similar to the American OFAC.

Switzerland, with its long tradition of the rule of law, should also make its voice heard when some call for fundamental rights such as the guarantee of property or the presumption of innocence to be violated. On February 15, 2023, the Federal Council reiterated that private assets can only be confiscated without compensation if their origin is illegal. This position is in fact comparable to the one of the European Union or the United States, even if their rhetoric suggests that they would like to go further. The confiscation of private assets would also remove leverage in future negotiations with Russia, which could also argue that Western countries do not respect international law.

As Albert Einstein said, "You don't have to understand the world, you just have to find your own way around in it." I hope that Switzerland will follow the path of dialogue and reason. We will be able to verify this at the next Private Banking Day, which will be held on June 18, 2024 in Geneva. For now, I would like to thank you all for coming to this seventh Private Banking Day, in this magnificent building designed by Frank Gehry. I would also like to thank Mrs. Carolin Roth in particular for her efficient and multilingual moderation and I invite her to join me on stage to your applause.

Without further delay, I would like to invite you to share a moment of conviviality over a flying lunch served outside on the terrace.