Dissertation for Obtaining the Degree of Master in Business Administration

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Management Summary

In the second part of the previous century, Switzerland could claim to be one of the most well-known destinations for winter sports in the world. Some of the world-famous resorts include Verbier, St. Moritz, and Davos-Klosters. These places have gained lasting recognition over many of the past decades. Even though they have lost some of their lustre at times, Swiss winter sports resorts were able to attract numerous guests from both nationally and internationally, even during the difficult years of the recent financial crisis.

All this allegedly changed, however, in January 2015, when the Swiss National Bank unexpectedly removed the peg with the euro. This move immediately shot the Swiss franc to become one of the best performing currencies in the world, and its value rose significantly. All the industries dependent on exports were expected to be hit very hard. This type of sudden increase in the value of their currency would have reflected very damagingly on their revenues, especially since the currency in decline was the one in which most Swiss companies trade. Tourism industry operators started complaining immediately, noting their inability to do anything with regard to the sudden change. They had no time to adjust.

In hindsight, the much proclaimed end of the Swiss tourism industry did not materialise. The number of tourists from non-European nations has grown to record levels over the past two years. This might indicate the new focus that companies in the Swiss tourism industry have taken. It appears that they are attempting to divert the market attention towards developing nations. BRICS nations – along with the Gulf Nations – would be some of the best examples. Most importantly, it is possible to see that the number of tourists is going back up to previous levels. Politically, the nation was more or less happy with the overall outcome of the removal of the peg. There are no more fears of hyperinflation, and the EUR/CHF exchange rate stands at approximately the same level as during peg-times.

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1. Introduction

1.1. Background

Switzerland is one of the few exporting nations across the European continent. Recently, most of the exporting nations of the world have been involved in quantitative easing (QE) programmes with the aim to drive down the prices of their currencies and boost their exports. Switzerland has never undertaken this option. However, it had pegged its currency, the Swiss franc, to the major European currency – the euro. This was significant because of constant large-scale asset purchasing programmes undertaken by the European Central Bank. Switzerland was able to boost its exports – or at least prevent them from falling dramatically – by keeping the currency low against other major currencies, since the euro was low against them. This benefited the industries across the country that had foreign buyers.

Among them, the tourism industry was one of the major beneficiaries. Owing to the well-developed transportation system, tourists from neighbouring countries are able to visit numerous attractions across Switzerland. Given that the languages of the neighbouring countries match that of Switzerland, tourists often drop by to enjoy their weekends or vacations. The Swiss tourist industry provides high-quality services to the visitors. Some of the most popular activities at the Swiss resorts include: mountaineering, snowboarding, and skiing.

All this changed, however, in January 2015, when the Swiss National Bank (SNB) unexpectedly removed the peg with the euro. This move immediately shot the Swiss franc to become one of the best performing currencies in the world, and its value rose significantly. At the same time, the stock prices of Swiss corporations crashed following expectations of their inability to attract foreign buyers. There was a lot of speculation about the reasons for the SNB move. This was especially so because earlier, the SNB seemed to have enjoyed keeping the currency low. Increasing the supply of francs relative to euros on foreign exchange markets caused the franc’s value to fall (thereby ensuring a euro was worth 1.2 francs). Thanks to this policy, the SNB had amassed a sum of foreign currency equal to around 70% of the Swiss gross domestic product (GDP).

All the industries dependent on exports were expected to be hit very hard. This type of sudden increase in the value of their currency would have reflected very damagingly on the revenues, especially since the currency in decline was the one in which most Swiss companies trade. Tourism industry operators started complaining immediately, noting their inability to do anything with regard to the sudden change. They had no time to adjust. They would just have to cope with the new reality. This paper aims to examine the actual impact of the removal of the peg on the tourism industry.

1.2. Aims and Objectives

The main idea behind this paper is to examine all the possible problems generated for the tourism industry by the removal of the peg. The key objective is to assess the impact of the abandonment of the peg on the biggest Swiss ski resorts in Switzerland. Moreover, the present paper engages with the debate, and analyses various counter-measures ski resorts have taken in order to stop or minimize declining tourist numbers.

The work will further provide a review of the structure of the winter tourism industry. This means the full dependency of the tourism industry on foreign visitors will be reviewed. The purchasing power of the foreign visitors is just as important. Special attention will be paid to the development of hotel accommodation numbers and ski ticket purchases during the winter seasons. Furthermore, the work will analyse the way in which the SNB move affected the main competitors of the Swiss resorts in France, Italy, and Austria. All these industries should have benefited, but the true extent of their profits will be shown in the paper.

The essay will be structured in the following manner: In the second chapter, the basic features of the fluctuation in the Swiss currency will be explained along with its dependence on neighbouring economies. Chapter Three will see the Swiss tourism industry being described and, because of the focus of this paper, the winter tourism will get most of the attention. In Chapter Four, an insight into the latest moves of the SNB will be given, with an emphasis on the abandonment of the EUR/CHF minimum exchange rate. It will be shown in detail how Swiss ski resorts were hit by the SNB’s unexpected move and what this meant in quantitative terms. Chapter Five will discuss the ways in which the major Swiss ski resorts reacted to these market conditions and where they stand today compared to competitors. The paper will end with an appraisal, an outlook, and a personal conclusion by the author of this thesis.

1.3. Method of approach

This work is supported to a large extent by publications, scientific resources as well as articles and position papers. The work will provide a brief introduction to the abandonment of the EUR/CHF peg by the SNB, and will focus on the impact on ski resorts in Switzerland. It will further summarize the main steps taken by Swiss ski resort operators since the surprising change in the direction of the monetary policy strategy. After that, the considerations will be critically scrutinized. To conclude the thesis, the main findings will be repeated and then compiled.

2. Swiss Currency Fluctuation

2.1. Franc/Euro Peg

In the second part of the previous century, Switzerland could claim to be one of the most well-known destinations for ski sports in the world. Some of the world-famous resorts include: Verbier, St. Moritz, and Davos-Klosters. These places have gained lasting recognition over many of the past decades.[1] This was all a result of Switzerland not taking part in the Second World War. However, once the other countries rebuilt their infrastructures, the Swiss resorts became less and less important.

Since 1980, Switzerland has continuously lost part of its lustre, as too many operators started competing for the market in the Alps. All this caused in the companies across the Swiss resorts to go bankrupt. At the same time, Swiss resorts started concentrating on providing more luxurious holidays. The resorts essentially gave up trying to attract working class individuals and left this fraction of the market to nearby foreign tourism destinations, mostly in Italy and Austria. During the late 20th century and the first eight years of the 21st century, the number of tourists was increasing in Switzerland as a result of significantly favourable economic conditions. More and more people were able to visit Swiss resorts because of improved living standards and higher pay.

But this changed with the 2008 financial crisis, when Switzerland was seen as a safe haven by the investors and they all flocked to purchase Swiss francs. This caused exports to become much more expensive as also the holidays in the Swiss mountains. The Swiss National Bank decided to address the issue of falling exports, and introduced a cap on the value of the Swiss franc against the euro in September 2011. While not directly meant to act as a peg, it essentially proved to be one, since the Swiss franc did not ever decline in value against the euro. Additionally, there were problems for the Euro area, with a lot of its members experiencing economic difficulties and the bailouts. The Portuguese, Irish, Greek, and Spanish economies were the most troubled during this period.

The President of the SNB at the time noted that he believed the peg was necessary to prevent the overvaluation of the currency that could hurt businesses across Switzerland. According to him, the most important foreign currency was not the euro, but rather the US dollar, since a lot of the consumers of the Swiss goods were outside the Eurozone. This is true for the tourism market as well. Russia's economic ascendancy after the bankruptcy in the late 1990s proved heavily beneficial to the European nations, since it provided a huge market for them. Swiss resorts also benefited from this recovery. Similarly, the number of Asian tourists have been growing in Switzerland, and Swiss National Bank aimed to attract more and more of them. While these markets are emerging and have enjoyed signifi-

[1] See Abegg, Koenig 1997, p. 49

cant growth, most of the customers across Swiss resorts are still British, Germans, and French. Therefore, the cap was needed to hold the franc low against the euro and the pound as well.

2.2. Removal of the Peg

The SNB claimed that the overvaluation of the currency after the introduction of the cap had significantly lessened. This is how it justified the removal. The SNB president indicated that the US dollar was the currency that was no longer threatening the Swiss economy. However, the USD crashed immediately against the franc, along with all the other major currencies. Figure 1 shows the performance of the Swiss franc against the euro (in -Swiss francs per euro) since the removal of the peg.

Figure 1: The euro against the Swiss franc following the removal of the peg

When it came to the resorts in the mountains, they also felt the results of this peg removal. It became over 10% more expensive to spend a weekend in Swiss resorts. Despite this fact, the number of tourists from Asia and Russia still grew. However, the problem was once again the traditional customer base from the UK, France, and Germany. This can be explained by the fact that for Russian and Asian tourists, going to Switzerland is a matter of prestige, while traditional customers are more flexible with their destinations.

Figure 2 shows the increase in the number of tourists since the removal of the peg. As can be seen, only the Swiss visitors enjoyed the rise in the 2015/16 season. It has been reported that over the last

10 years, Swiss winter resorts have lost nearly 1.5 million overnight stays. Recent studies show that the proportion of foreign guests on Swiss ski slopes has dropped below the mark of 50%.[2]

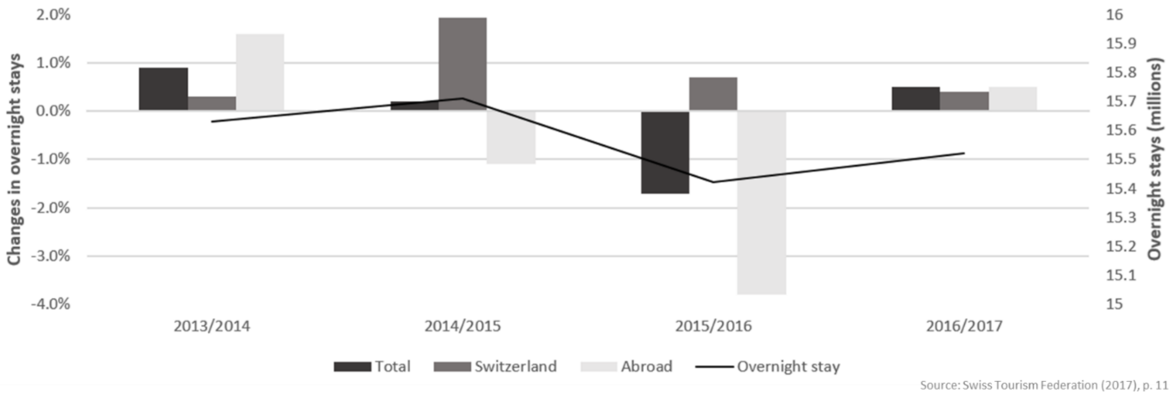


Figure 2: Development of overnight stays during the last winter seasons

In the same diagram, it is noticeable that foreign demand recovered slightly in the winter season of 2016/2017. The winter season typically starts in November and ends in April the following year. However, the increase in the overnight stays of 0.6%, according to the Swiss Institute for Business Cycle Research, is modest, in view of the sharp decline in the previous two seasons that were both affected by the hasty decision of the SNB. Besides, demand continued to decline from the neighbouring countries of Germany, France, and Italy, whereas a strong growth could be recorded in the so-called distance markets. Apart from the Americans, the guest count from Asia increased heavily as well. The overnight stays of Russian guests also rose again after two years of sharp declines.[3]

It is important to mention two important points in order to draw conclusions for the ski resorts:

1) The unfavourable weather conditions for winter sports in the last two seasons. This means that increased overnight stays do not necessarily result in increased ticket sales with the ropeway operators in winter sports areas.

2) Overnight stays during the winter season do not necessarily happen in ski resorts. The most dynamic growth was in the cities, especially in Luzern, Bern and Zurich, which benefited from the growth in the distance markets. In the remaining areas, the logging nights declined due to the lack of snow. It would, therefore, be misleading for this thesis to only look at the overnight stays during winter seasons.

2.3. Reaction to the Removal of the Peg

The immediate reaction to the removal of the peg was that of disbelief. If anything, Switzerland had benefited highly from the peg. This was because of the fact that the SNB had been able to accrue for-

[2] See Vanat 2017, p. 41
[3] See Abrahamsen et al., p. 4

eign currency reserves, while at the same time, the Swiss exporters had benefited from some of the best possible conditions for exports in the EU. Modern world banking prompts central banks to engage in behaviour that is very predictable so as to not become sources of shock for their respective economies.[4] The ECB and the Fed have mastered this policy, and they usually announce any type of policy change well before it happens. This is done to allow the markets to factor in the changes and ensure the shocks do not cause any wild fluctuations.

Politically speaking, there had been pressure on the government to drop the peg. Printing the francs with the aim of purchasing euros and other foreign currencies had been considered a path to hyperinflation. Given that the traditional economics and business studies teach hyperinflation to be perhaps the most dangerous economic catastrophe, it is no surprise that the majority of the Swiss public wished to avoid it at all costs. Despite the modern danger showing itself in deflation, rather than extraordinary levels of inflation, ordinary people seem to be more willing to risk deflation. As a result, the Swiss public immediately offered support to the government for removing the currency peg and stopping the print-and-exchange programmes.[5]

International reaction, too, was that of surprise. Stock markets crashed immediately, expecting a major rise in the value of the franc. The expected rise was not solely because of the Swiss franc being strong, but also because of the ECB decision to start another QE programme in the upcoming months. For this reason, the Swiss decision immediately drew a huge wave of criticism from the Europeans. It was criticized for being rushed. Similarly, the big companies operating across Switzerland also came out and expressed their disbelief. This included the tour operators, who claimed they would be unable to attract tourists for the upcoming seasons.

The SNB’s claim that the currency was no longer overvalued – and no longer required the protection of the bank – was also criticized because of the sharp increase. Other than the sharp increase against the euro, the currency also increased dramatically against the major trading partners with Switzerland, such as India and the US.[6] A stock market crash followed this news because of the fact that the Swiss companies would no longer be able to offer competitive rates for various products. Besides, the financial institutions operating across Switzerland immediately claimed that the country was unlikely to grow significantly in the coming years as a result of the inability of the Swiss companies to operate in international markets.

Some analysts blamed the SNB for staying without the chair once the music stopped, since every other major economy was involved in printing money in one way or the other during this period. The

[4] See Evans, 2015
[5] See Embrechts, et al., 2005
[6] See Efing, et al., 2015, p. 23

businesses across Switzerland noted that because of the upcoming large-scale asset purchasing programme in the EU, they would be unable to sell their products as successfully. Additionally, European goods were likely to replace Swiss ones across Switzerland. This was also likely to affect the tourism business across Switzerland since the country would be unable to prevent its citizens from going to the nearby EU nations that would be able to provide the same services at lower prices. The EU's citizens, too, would be unlikely to join the activities at Swiss resorts, thanks to the sudden hikes in prices.

3. Swiss Tourism Industry

3.1. Foreign Visitors and Their Influence

Switzerland—as a rather small country with a very high Human Development Index as well as an incredibly well-developed economy—relies significantly on foreign nations. The country is most famous for its watch and banking industries. However, tourism, too, is a considerable success story for Switzerland. The tourism industry rings in approximately 20 million foreign visitors for overnight stays. Though it is not one of the most profitable industries, it is vital for purposes of employment. The companies require many servicemen, which drives up employment in the country. It can also be used with the purpose of temporary employment so as to benefit the younger and older generations.

In 2014, it was noted that the highest number of tourists was from Germany, with almost 4.4 million individuals. The UK came next, followed closely by the US. Most of the nations in the top 10 were from the EU. This shows the high importance of the European markets for the Swiss tourism industry. Therefore, the removal of the peg was not justified by any means. It was a strong necessity on the part of the country to attract tourists from these nations. At the same time, it is possible to note that some other nations are rising through the ranks. Among them, the US and China hold the most important positions. However, Russia and the Gulf States are close behind, and will most likely displace a few European nations over the years. With almost 50,000 jobs being dependent on the industry, it is no surprise that the outcry from the tourism sector was very high.[7]

3.2. Importance of Tourism Sector for Swiss Economy

According to the latest figures, Swiss tourism is still unable to reach the sales record of 2014. However, growth has been noted since the removal of the peg. Tourism is not the only sector, however, with other industries also showing significant declines from their 2014 sales levels. The only industry that has successfully recovered so far would be the chemical industry, which now manages to sell more products than it used to previously.

The overall results can be seen in Table 1 below:

[7] See Swiss Tourism Federation, 2017, pp. 10–17

Industry	2016 CHF bn	2015 CHF bn	2014 CHF bn	2013 CHF bn	2012 CHF bn
Chemical industry	94.3	84.7	85.3	80.9	79.0
Metal and machine industry	58.2	57.3	60.5	60.0	59.4
Merchanting	26.3	24.8	26.5	23.3	26.9
Financial services	19.6	19.9	20.1	20.8	20.7
Watchmaking industry	19.4	21.5	22.3	21.8	21.4
Tourism (Tourism Balance of Payments)	16.0	15.8	16.3	15.6	15.1

Source: Swiss Tourism Federation (2017), p. 8

Table 1: Export Revenues of the Swiss Economy

Since the importance of tourism is so high for the country, the Swiss government should take its needs into account. However, normally, the tourism industry is unable to influence the political decisions in the country. This can be attributed to the fact that many citizens are also dissatisfied with the number of tourists visiting the country. They would prefer if these numbers fell, and would instead like to concentrate on other industries.

When it comes to foreign tourists, their importance is rather high. Some 20 million tourists means that the number of tourists, on an annual basis across the country, is about twice as much as the entire population of Switzerland. Additionally, these people are only willing to purchase goods from Switzerland and are essentially customers for the Swiss industries. For this reason, their importance cannot be underestimated. They are also the guarantors of the importance of the Swiss currency. As mentioned above, the Swiss citizens were afraid of hyperinflation. However, as long as there is demand for the currency from foreigners, high levels of inflation are unlikely to strike the country. As a result, the constant flow of tourists would guarantee the nation safer economic conditions for the future.

4. Effects of Abandoning the Peg

4.1. Unexpected Removal

The peg to the euro was abandoned very unexpectedly. As a result, Switzerland suffered a shock to its economy. The markets were unable to immediately factor in the overall movements. Instead, there was a large-scale run-off in the stock market. This caused high numbers of investors to abandon the Swiss markets. Instead, a lot of speculation took place. It was possible to track down the way the Swiss franc was rising against the collapse of the SMI Exchange.[8] The Swiss government was completely unable to stop the run on the companies and instead had to accept the results. The country seemed fully unprepared for any such event—and unable to deal with its consequences. It also caused

[8] See Evans, 2015

panic among the population, which was not sure how to respond to the sudden increase in the value of the currency.

All this was a result of the fact that the removal was unexpected. There have been many different theories to explain the reasons for the SNB to announce the move so unexpectedly. However, the most plausible of them seems to be the fact that the SNB was simply not waiting for another round of QE across Europe. Most likely, once it found out about it, it decided to get out of the euro. This can be explained by the fact that a further decline in the price of the euro would mean a lot of euros would rush towards the franc, implying that the SNB would have to print ever higher amounts of cash in order to offset these problems. Table 2 below shows the immediate losses of the SNB over two days after the removal of the peg.

Currency	USD	EUR	JPY	GBP	CAD	Other	Total
Amount at 31 December (in millions of foreign currency)	148,356	196,574	4,736,156	22,138	24,482	32,006	
CHF Equivalent at 31 December (in millions of CHF)	147,214	236,360	39,310	34,223	20,950	32,006	510,063
% of Currency Reserves	28.86%	46.34%	7.71%	6.71%	4.11%	6.27%	100.00%
FX Rate 14 January	1.0187	1.2010	0.0087	1.5519	0.8524	1.0000	
FX Rate 16 January	0.8587	0.9941	0.0073	1.3016	0.7168	0.8500	
FX Return	−15.71%	−17.22%	−15.92%	−16.13%	−15.91%	−15.00%	
MTM Gain/Loss (in CHF millions)	−23,737	−40,661	−6,545	−5,541	−3,320	−4,801	−84,605

Source: Ziegler, Alexandre (2015), University of Switzerland, Private Conversation

Table 2: Approximate losses of the Swiss National Bank in two days following the lifting of the peg

An even bigger problem was posed by the fact that there is very little knowledge of the companies and individuals about what to do during such situations. This is because there were hardly ever any currency appreciations occurring in the world. Currency depreciation is a far more developed and spread event, and is also well-studied. There are plenty of ways in which individuals can deal with devaluations. However, currency appreciation caused a different kind of chaos.

The firms with large foreign currency exposure were the ones that were hit the hardest by the news.[9] They were seen as the companies that would be unable to compete after the removal of the peg, and their stocks immediately collapsed. The smaller businesses stayed largely unaffected. Furthermore, the smaller companies were unable to avoid the consequences of the peg removal. These were mainly the companies with exposure to the tourism industry. It meant that the firms with connections to the tourism industry, such as the ones providing supplies to the tour operators, were also hit hard.

[9] See Adler, Dumas, 1984, p. 43

The aspect of the removal that most angered the people was its unexpected nature. Nobody seemed to understand the reasoning behind it. In order to understand the reasoning behind it, the SNB's structure needs to be examined. It has, in many ways, a unique structure compared to the other central banks. This is because 55% of the national bank is held by the public institutions, including the local governments, while the rest is publicly traded. At the same time, the dividends paid on these shares are limited by the law, meaning that the bank is unable to give a lot of the profits to the public. In many ways, this kind of share structure can be compared to preferred stocks. This means that the SNB requires political authority along with fiscal needs. The people are able to directly affect the results in it.

If the central bank accumulates foreign reserves, it negatively affects the overall returns for the shareholders. This is because accumulation essentially accepts the higher risks for future losses.[10] Recently, Switzerland also hosted a referendum on the topic of gold. It asked the Swiss public whether it wished to back the currency with gold. While the referendum failed to pass, it still showed public support for the possibility of a gold-backed currency. It meant that the Swiss public was demanding safer choices for the franc.

Barring these domestic points, some of the foreign crises could have also been involved in this unexpected decision. First of all, the European Union – and especially the countries using the Euro – were in the process of bailing out Greece yet again. Many experts have claimed that the Greek crisis will repeat over and over again, since it has not been dealt with properly. There are also questions about other European economies, such as Italy, Spain, Ireland, and Portugal. These countries have either had a bailout, or have had to bail out the major financial institutions. None of these records are good enough for a country like Switzerland that is looking to ensure the stability of its currency.

Additionally, the Ukraine crisis was going on at the border of the European Union, in which the union was heavily involved. It meant that a lot of attention had been diverted to this topic, and with the German and French leaders participating in the talks, it seemed highly likely that the crisis would exert some sort of pressure on the exchange rate of the euro.

In the end, it can be claimed that Switzerland had to protect itself from too much exposure to the euro.[11] In hindsight, it is now possible to show the results of the fluctuations in the euro. It has been rather volatile. In fact, in early 2017, it was trading very close to USD 1 per euro, though it has recovered some ground since then. This recovery was mostly because of the failure of the Fed to increase rates at an expectedly rapid pace, but, currently, the euro is trading at approximately USD 1.2. Similarly, the CHF has also declined, which may prove that the Swiss national bank was actually right in its decision.

[10] See Rockafeller, Ziemba, 2000, p. 12
[11] See Bartram, et al., 2013

It is possible to compare the SNB's reaction to others with the help of that of Denmark. Its economy, too, is heavily exposed to the euro and the European Union. Therefore, it has been highly necessary for the Danmarks Nationalbank to peg its currency to the Euro.[12] However, the 2015 fluctuations were rather difficult to handle. In order to keep the peg with the Euro, Denmark lowered its interest rates four times in three weeks. Such behaviour is almost unimaginable, especially considering that there is not much room for these nations to manipulate their interest rates. Denmark eventually lowered it to -0.75%. Negative interest rates obviously cause huge public dissatisfaction among savers and pose a great risk in the case of a crisis.[13] Figure 3 shows the historical development of policy rates among major economies:

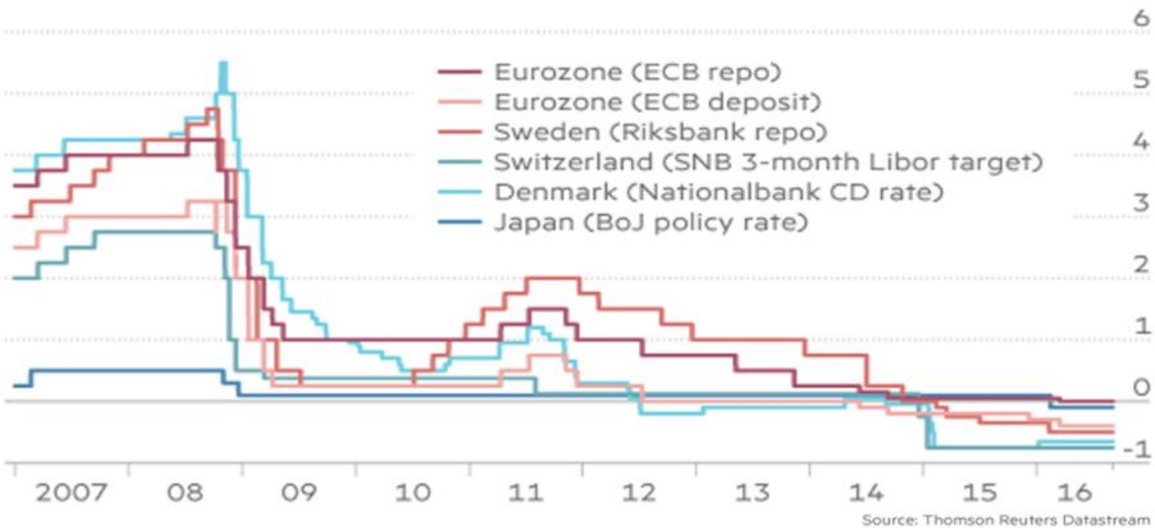


Figure 3: Major central banks policy rates (in %)

4.2. Adjustments of the Ski Resorts

One of the main adjustments for the ski resorts was to lower prices for their foreign visitors. While this was not easy to accomplish, since the Swiss ski resorts are known for their high prices, it was done through various promotional measures. The hotels and restaurants in the resorts started to produce more deals for the foreign customers that were available in the country for the tourism season. Unfortunately, most of the companies in Switzerland are highly specialized, meaning that they are not public, and do not have to display their information to the people across the world. Therefore, it is impossible to forecast the exact losses for these firms. It is pretty safe to assume that there were large margins of losses, since the ski resorts in Switzerland were offering basically the same services as the ski resorts across France and Austria for double the prices. Given the fact that it was rather easy for

[12] See Krugman, 2015
[13] See Rockafeller, Ziemba, 2013, p. 505

people to go to either of these countries, it is no surprise that the Swiss resorts lost some of the tourists.

According to Credit Suisse, one of the measures introduced by the tourism industry was to lower the number of employed people. The lower employment was one of the major ways used to offset the losses incurred because of the removal of the peg. Indeed, if the statistics are checked, Switzerland experienced approximately 1.4% loss of the number of workers in the tourism industry in 2015. Similarly, the country had to deal with almost 3% loss the year after that. It shows that the immediate effect of the currency removal was felt by the most common employees.[14]

At the same time, while the highly paid workers were shown the door, the hospitality industry also started to employ the younger generation more intensively. This meant that there was a significant need to train them, while t they were far cheaper. As a result, the overall outflows of employees were cut significantly. Such a move is likely to benefit the economy over the long term as the youth were highly trained.

Other than getting rid of the excess employees and attempting to cut costs, Swiss hoteliers started looking for alternative tourists for the country. Europe is currently the wealthiest region in the world. However, it is losing its dominance in this respect. While before, the middle class of Europe and the US amounted to some of the wealthiest individuals in the world, currently, other regions have managed to catch up. Therefore, the Swiss resorts that are so highly dependent on the foreign visitors had a chance to promote their resorts to other nations more successfully. Therefore, the Swiss resorts that are so highly dependent on foreign visitors had a chance to promote their resorts to other nations more successfully.

This was also a result of the fact that the European currencies dropped significantly. As mentioned, euro declined immediately after the removal of the peg. It kept declining afterwards because of the large-scale asset purchasing programme that started in the union. However, the UK's currency, the British pound, also declined because of the so-called Brexit. This was the name given to the proposed exit of the UK from the EU, which succeeded on the basis of a referendum. The country is set to leave the union in the coming years and is currently full of uncertainty. That is the reason why foreign investors have tried to avoid the currency as much as possible and instead opted for other, more stable nations. Incidentally, Switzerland could have experienced the same because of the removal of the peg from the Euro. However, it appears the Swiss government handled the situation better than the UK, since investors have already started returning.[15]

[14] See Swiss Tourism Federation, 2017, p. 21f.
[15] See Lindsell, 2015, p. 85

Admittedly, the Swiss franc, too, has appreciated against other currencies. However, given the distance that visitors from other nations would have to cover, it is no surprise that the main promotional campaigns were conducted for the richest individuals. For them, it is usually no different whether they go to France or Switzerland. This gives Switzerland's tourism and its economy an extra angle from which it would be possible to attract funds.

Given a high dependence of the Swiss economy on foreign investment, the country and the companies operating there need to constantly appeal to foreigners. Most commonly, Switzerland attracts investments from Italy, France and Germany. More recently, it has been more involved with investors from the US as well as the UK. However, recent developments in the world economy have shown that the country also requires strong investments from the developing BRICS nations.

Swiss tourism companies immediately attempted to appeal to the Russian and Gulf nations. While Russians are not usually considered to be on the same level in economic terms as the Europeans, there are many wealthy individuals in the country who could inject investments. Furthermore, as is known, the European Union imposed sanctions against many Russians, meaning that they were no longer able to go for a vacation in the EU. Most of the people in the sanctioned list were wealthier individuals, meaning that Switzerland could benefit significantly by attracting at least some of them. Indeed, the Swiss government took a decision to attract these individuals.[16]

Similarly, other nations – such as the Gulf States – have found Switzerland to be one of the best attractions in the world because of the freedom it offers. Swiss tourist resorts have been able to adjust successfully to the needs of people with different religions. As long as they are able to pay for their vacation, there are no limitations for anyone. Switzerland is firmly sticking to the neutrality law in order to avoid any such misunderstanding. In terms of the tourism-weight average rate index, the industry is on a par with the other exporters.

Another major improvement in the operations of Swiss ski resorts was undoubtedly the specialization practices undertaken by the companies. Instead of trying to attract a broad spectrum of tourists, Swiss agencies instead started targeting particular groups of people. Many Swiss businesses are already involved in such kind of behaviour. This is because the entire economy is highly specialized and requires such individuals that allow for the economy to exist in this condition. Such an economy is bound to be highly successful as long as it maintains its technological advantage. Given that the country invests heavily in education, this advantage is likely to be held for a longer period.[17]

[16] Ibid., p. 73
[17] Ibid., p. 91

Finally, the operators in the tourism industry started concentrating more on local tourists. Swiss nationals often visit other countries because they are unable to spend as much as is necessary for their vacation in the Swiss Alps. The sudden appreciation of the currency gave local businesses a rare opportunity to feel the need for local support. The locals were already able to provide a more valuable currency and it was no longer necessary to spend much for foreign tourist attractions. As a result, holiday makers started promoting these attractions locally, providing as many of the attractions for locals as possible. Such a concentration also benefited the local population – it is likely to have given the SNB more popular support for the removal of the peg, though most of the reactions from the media and general business establishments were highly negative due to its unexpected nature.

4.3. Conditions for Other Stakeholders in the Industry

The tourism industry, unlike many other labour-intensive industries, is also customer-intensive.[18] This means that there is a heavy need for the consumers to feel satisfied with the service. There are no general standards and the expectations are individual for every single tourist. Therefore, it is highly important that the tourism industry is able to provide exactly what the tourists require. They are, by far, the most important stakeholders. At the same time, other people are clearly important in the industry. Some of the best examples would be the local population at the popular tourist destinations or the local governments. Their reactions to the removal of the peg as well as their views on the future development of events are also necessary if we are to fully understand the situation for the tourism industry.

First of all, tourists from foreign nations were mostly unhappy with respect to the increased prices for all services. This was because they would have to increase their budget for a trip to Switzerland. Admittedly, some of the visitors claimed to be happy about the increase in prices, since they regard Switzerland to be an elite tourist destination – and earlier it had become way too cheap.

On the other hand, the importance of foreign tourists for the economy of Switzerland was also shown. This meant that holiday-makers started reducing their costs or profits in exchange for reduced prices. Therefore, some of the foreign tourists were able to obtain much better deals on the packages for their holiday in Switzerland. Simlarly, those locals who had previously been unable to have a holiday in their own country were finally able to get themselves a nice vacation. It facilitated their satisfaction, as mentioned above, and it can be claimed that this type of satisfaction was the exact objective of the removal of the peg in the first place. It was supposed to give locals the opportunity to feel happier about the government's actions.

Another group was the employees of the tourism industry. Some of them lost their jobs, meaning that it was a terrible development for them. This included many jobs in the service sector. While it is a

[18] See Erel, et al., 2012, p. 1059

terrible result for the country as well, given the loss of a number of taxpayers, it is also the most acceptable, since the service sector jobs are being created in Switzerland most often. Therefore, these people had the highest opportunity and probability of finding new work. The employees were also given additional pressure to attract customers as well as provide the best service. The best quality service is measured against potential competitors, such as the resorts in other nations in France, Italy, or Austria, in particular.

Overall, among all stakeholders, employees were probably the hardest hit. They were no longer able to claim that the job they had was one of the prestigious ones because of the sudden higher demands on the part of the employers. They were unable to move forward in a job either as they were employed in a seemingly declining industry. Another important aspect here was the training of employees. A number of hotels and restaurants that were attempting to specialize in new categories, such as Russian or Chinese guests had to be retrained in order to obtain knowledge about the possible consumer culture. This imparted another chaotic aspect to the overall lives of employees and can, therefore, be considered a significantly negative development for them.

On the plus side, the younger employees were able to acquire more education and training because of such schemes. It enabled them to obtain important lessons for the future as well as training and the possibility of employment in one of the largest sectors of the country. This kind of opportunity could have easily been used by the nation to enhance their overall skills. Indeed, along with technological improvements, the country was able to achieve skill improvements for the tourism sector.

Local populations were not much affected by the change in the SNB's policy. The noise levels or the amount of money in the local economy changed very insignificantly. The major problem for local populations would be that the majority of them are employed by the hospitality sector. This means that from the perspective of employment, they would be affected. Given that most of the tourist areas are in the mountains, it is not even possible for these people to engage much in agriculture. Thus, they are mostly busy setting up the roads and courses for the tourists.

Ski resorts are mainly located in more rural cantons with high mountains, that have virtually no other income apart from tourism. These areas include Grisons, Valais, Bernese Oberland, and Bernese Alps. All these places are highly popular and generate much income for local governments. Indeed, local governments can be seen as some of the most important stakeholders overall. This is because their incomes are fully dependent on tourism. As mentioned, local governments also own the SNB's shares. This means that it was possible for them to benefit significantly from the removal of the peg through dividends. At the same time, they were also highly likely to lose revenues from taxes on tourism.

It must be mentioned that tourism is one of the least taxed industries across Switzerland. This is mostly because of the high importance given by the government to it. Despite this, it can be extremely necessary for local governments to obtain the taxes in order to be able to survive. Overall, it can be claimed that local governments showed the most neutral reaction to the removal of the peg. Another benefit they received from the action – other than the obvious fact of the dividends – was the additional votes for the standing government because of the satisfaction of locals as regards their ability to have a holiday in a local destination. There was also a greater chance of long-term stability, which appealed to the local population.

5. Reaction and the Future Plans

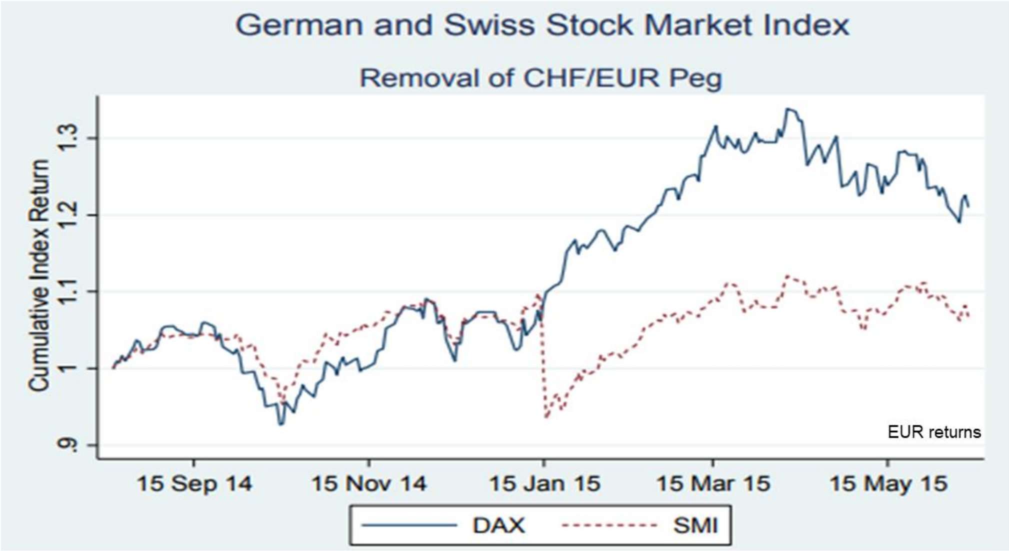
5.1. Current Investments in Resorts

One of the biggest fears associated with the removal of the peg was the loss of investors in the Swiss tourism industry. This is because, as explained above, many of the Swiss industries are heavily dependent on foreign investments. The government has attempted to attract these investments through various policies, such as neutrality, and by not criticizing foreign governments, ever. It also promotes peace, often holding meetings among world leaders. This indicates the willingness of the country to be involved in peace processes rather than causing any harm abroad. As a result, most of the countries are pleased with this type of attitude and ready to cooperate with Switzerland in various activities.

It is well-known that Swiss businesses are some of the most heavily investing ones in the world.[19] This is because they are unable to expand their business without international cooperation. For this reason, the country and businesses operating there benefit significantly from good relations with foreign nations.

Foreign businesses are also heavily involved in Swiss industries. They are the ones that provide the highest amounts of capital to move the economy forward. With the removal of the peg, the sudden decline in the numbers of investors was immediately noticeable. The rise of the franc meant that Swiss companies would be less able to sell their products to foreign buyers and, so, there was not much point in holding their stocks. The decline in the stock markets was considered the greatest problem caused by the removal of the peg, especially considering that their direct competitors from neighbouring countries continued their rise.

[19] See Ziemba, Ziemba, 2013, p.44



Source: Efing, Matthias et al. *2015(, p. 36

Figure 4: Comparison of German and Swiss stock market indexes

Other than the immediate withdrawal of stock market investors from the economy, there were also fears regarding the loss of long-term investors. This was a problem because of the outflow of tourists from Swiss resorts. The country needed to stop this from happening, and local businesses were able to do this with the help of greater specialization. The number of events increased significantly. This included sports events. Indeed, for the coming winter, numerous sports activities have been planned. It is done in order to be able to attract as many tourists from the winter sport community as possible. Some of these events include the world championships in curling, cross-country skiing, and skijumping.[20]

Such events automatically attract numerous people because of the kind of event they are holding. They give opportunity to attract investors as well. These people would then be able to show the best possible development path for the Swiss tourism industry. Switzerland requires high levels of investments, thanks to the nature of its economy. It needs to stay highly specialized and focused on particular activities.

Over the past two years, the stock market has been making a comeback, showing that the Swiss economy has passed the hurdle. This was also supported by the recent recovery of the euro, which brings the current exchange rate close to the original peg, showing that the SNB was correct about the medium-term consequences of the removal. They claimed to believe that the currency no longer required the peg because of the adjustments made over the past four years.

The return of the stock market indicates the interest in the overall Swiss economy. Also, companies are looking to enter the Swiss market. Growth prospects have been set to positive, also including this

[20] See Myswitzerland.com

year. This means that the shock of the removal of the peg is mostly over. It can be claimed that so far, it has only had a positive impact on the overall economy. Not only did it help get rid of the wasteful spending by various companies, it also gave a major shake-up to the overall standing of firms in the tourist market. There are always new opportunities that arise, and gaps in the market appear after such shakeups.

5.2. Future Sources of Investment

It is no secret that companies across Switzerland had seen a decline in their value because of the removal of the peg. It must be noted that countries or currency unions that had been engaged in large-scale asset purchasing programmes for years were able to attract plenty of investors not only from foreign nations, but also internally. This is because it gave them a weapon to reduce interest rates as much as they wanted and investors were seeking gains from riskier sources.[21]

The European Union and the United States would be some of the best examples of this sort of behaviour. Because of the high numbers of populations in these states, it is possible for them to engage in massive QEf programmes. These individuals are all potential investors, and Switzerland was one of the countries that initiated attempts to attract their attention. While they had been successful while the peg was in place, its removal repelled them. However, recent announcements by the European Central Bank (ECB) and the Federal Reserve (the Fed) regarding the future of interest rates must be encouraging for the Swiss economy.

This is because the Fed has not been aggressive enough in increasing interest rates in the US. There are many reasons for this, but it is ultimately the cause for a weaker dollar. While the US dollar is still a major currency, it holds much less weight now than a year earlier. Arguably, with the arrival of the current administration in the US, Switzerland is a much safer place to store money. Therefore, it is likely that the country will attract many US investors over the coming years. Similarly, the ECB has had a lot of problems while dealing with deflation in the economy. The large-scale asset purchasing programmes do not seem to be able to provide significant advantages over others. They just keep the EU economy alive.[22] The ECB is hoping that the growth across the Eurozone will finally drive the economy out of the deflationary spiral. However, low rates as well as the highly fluctuating euro can be considered positive signs for the Swiss economy. Those investors willing to get out of the euro would be easily able to get into Swiss companies.

Since tourism is highly important for the Swiss economy, it comes as no surprise that investors evince high interest in it. Tourism provides a platform of high liquidity as well as international exposure. It is one of the safest investments in this sense. As a result, companies are highly likely to wish to invest in

[21] See Ziemba, Ziemba, 2013, p. 37
[22] See Chupka, 2015

Swiss tourism. There are certain risks associated with it as well, but tourists will always want to have a holiday, and Switzerland provides a lot of transportation systems along with other utilities in order to attract investors to the country.[23]

There are possible negative aspects as well. It is well known that Europe has been struggling with terrorist attacks for the past few years. For this reason, the country needs to be highly secure. While there has been no terrorist incident across the country, its neighbours have suffered from such attacks. As a result, investors from across the world may be afraid to invest in such an area.

Another disadvantage for Switzerland is that there is not much scope for growth. This is because most of its territory and places that can be used for resorts are already used up. Every single place with the possibility of a tourist destination has been used up in a bid to increase profits. Switzerland does not have a huge landmass and, as a result, it is highly likely for resorts to wane in quality in the end. In order to avoid this, the country would need to put in massive efforts to improve the currently available infrastructure, so as to attract some of the wealthiest individuals from across the world.

All this indicates the safety of the Swiss tourism industry for investors. At the same time, there is not much scope for growth. Such terms will suit most of investors in the current climate of very low interest rates. It would be interesting to see whether the SNB is able to deal with the hikes in interest rates in other nations. As mentioned earlier, the US has already accomplished it a few times, and the European Union is likely to follow suit soon. Given that the Swiss economy is far more uncertain about the future and more dependent on the other economies, the SNB has a tough job steering into the coming world of rising interest rates.

5.3. Concentration on Non-European Tourists

One of the ways in which the Swiss economy could deal with the rising interest rates would once again be specialization. This is because the Swiss economy is internationally known as a safe haven – not just in regard to money. As a result, it could easily offer such safety as a service. Switzerland has already been doing practically the same thing for the past few centuries. The major difference is that the traditional investor nations have reached the same levels of stability. This means that the Swiss government will need to find less stable countries and attempt to influence the decisions of the wealthy individuals as to where their money would be the safest.

The Swiss tourism industry is considered one of the most well-known in the world. This is especially true for winter tourism. The number of tourists rises significantly during the winters, stretching the limits. It shows improvements during this period because of the available winter sports infrastructure.

[23] See Danielsson, 2015

Skiing is the most popular activity, since it is considered one of the most enjoyable of the sports among the winter season attractions. It is highly important for the overall touristic activities.

The country, therefore, is able to attract the investors from less stable nations. Some of the best examples here would be Russia, China, and the Gulf States. This is because all these countries have regimes that are highly dependent on their respective leaders. There is always huge uncertainty as the law is not strictly enforced. Switzerland has been able to use such problems in other nations to advance its own interests. Its international stance has usually helped it.

These countries also have the advantage that they have not lowered their interest rates close to zero. Therefore, they have much more room to manoeuvre during the crises, and much less room to raise their interest rates. For this reason, the Swiss government and the resorts could easily use the stability advantage to their benefit and attract tourists as well as investors from these countries. Such a move will undoubtedly give Switzerland more chance to adjust to the newest economic demands.

Investors from other nations are also likely to feel safer in Switzerland than anywhere else because of the tolerant laws.[24] Oftentimes, it is impossible to have a certain type of business in other countries, or it is not possible to use the money with the purpose of safe banking. Tax rates might be a problem, especially in the case of the Gulf States, since some of them do not have any taxes at all. However, there have been talks about the possibility of imposing taxes in Saudi Arabia and the UAE recently. Therefore, this problem might not exist in the coming years.

Another major economy that the Swiss government could attract would be India. While it is generally considered a Third World country, there are more than enough wealthy people who could benefit Switzerland. The country already has a special relationship with India, since almost 20% of its exports go to India. However, it remains to be seen whether this type of relationship is sustainable, since India seems to be one of the nations that is heavily exposed to the risks of the financial crisis.

The abovementioned countries are undoubtedly some of the most important sources for tourism as well as investors. China has perhaps become the biggest investor by far across the world. This is because the Chinese government has allegedly been meddling with its currency, the yuan. It has been alleged that the country has been actively involved in ensuring there are no particular competitors for its products across the world. Essentially, the Swiss government was also involved in a similar scheme before the removal of its peg. Unlike Switzerland, China does not officially have a peg. However, it is likely that the currency will eventually rise, and the Chinese tourists will have the ability to visit Switzerland in large numbers. Already many tourists from the country visit Switzerland, and the numbers are likely to rise in the coming years.

[24] See Ziemba, Ziemba, 2013, p. 71

While the countries that were previously economically important were right next door to Switzerland, the modern highly developed economies are rather far away. Though Germany, France and Italy are still far away from completely losing their appeal to the Swiss entrepreneurs, doubtlessly everyone's eyes are set mainly on China and other developing nations. Over the long term, they are the most likely customers for any product Switzerland will provide, including tourism and allied activities.

5.4. Revival of Entrepreneurship

Apart from seeking tourists and investors, the country could also attempt to find and attract entrepreneurs. Given the long history of business in Switzerland, it is not always possible to find the gaps in the market. However, Switzerland has some of the most educated individuals in the world. This means that there is enormous potential for them to become entrepreneurs. It would give the country a huge boost in economic terms.

Oftentimes, entrepreneurs are the people on whom the entire economy rests. This is especially true in countries where it is not possible to find a job. The major economic downturns can normally become a time when entrepreneurs get an opportunity to show their skills. It is the time when they are able to finally accomplish their dreams.

With the current very low interest rates, going into negatives, entrepreneurs are able to borrow money very cheaply, and have a higher margin for failure. This is because they have to pay much lower percentages to the banks. As a result, these types of conditions heavily benefit entrepreneurs. While the Swiss economy did not experience a crisis similar other European countries, the low interest rates are still beneficial for entrepreneurs. Given the status of Switzerland, the country is also able to attract some of the most talented individuals from across the world. The standards of living in the country are extremely high, with entertainment also at an incredibly high level.

Entrepreneurship is also boosted by the fact that the Swiss governments generally impose less taxes compared to other major European countries. The country is able to afford this because of its unique historical position as the major financial institution worldwide. Hence, entrepreneurs from across Europe would also benefit from starting their business in Switzerland. It would give them the opportunity to check out the possibilities for developments in the tourist sector. With such high-quality entrepreneurs, it is likely that Switzerland would be able to withstand any economic pressure from the EU.

6. Current Outlook from an Objective Perspective

The removal of the peg was undoubtedly a huge shock for the entire Swiss economy.[25] While doubts were cast on establishing the peg in the first place, its removal was almost unanimously agreed to be a mistake. There have been many instances of the removal of a peg or leaving a currency. However, these have usually been bad for the lesser country. Greece's example would be one of the best from recent history. It was deemed to be leaving the euro. However, it almost resulted in a complete default of the nation.

Fortunately, for Switzerland, it is not in the same situation as the one in which Greece found itself. This is because it did not join the currency union. As a result, the country has been able to act in its own interests. In order for Switzerland to show where its interests lie, it can act completely independently. Arguably, the removal of the peg was one of the indications of such independence.

With hindsight it appears, the removal of the peg has been a positive endeavour. The country has more or less successfully survived the most important period. Two years later, the CHF/EUR exchange rate is almost at the same level as it was during the peg. The economic outlook is positive and the country is looking to grow further on the world stage. Therefore, it appears that the decision to remove the peg was the right one. As the graphs and tables above showed, however, there are still problems regarding the overall ability of the Swiss government to deal with the economic problems. This is because the previous year still showed mostly worse results than in 2014.

Tourism is a highly dynamic industry. It changes all the time. In fact, it is even connected with fashion, since it changes so fast. Therefore, the Swiss operators need to make sure that they stay 'trendy'. Since the main appeal is going towards wealthy individuals, it is highly unlikely that the resorts would benefit by lowering their prices. The margins for people operating in tourism are incredibly high, meaning that they could earn a lot of money by owning a place in Switzerland.

Furthermore, it appears that the number of Swiss tourists is growing internally. This is incredibly positive, since it enables companies to be sustainable from within the borders. In such an event, the currency exchange rates will have almost no bearing on the overall outlook of the companies and the economy.[26]

On the negative side, Switzerland is a small country, and if it finds a successful formula to attract tourists, this can easily be replicated by their neighbouring nations. France, in particular, has been targeting international visitors for a while. It has done so in order to ensure the same type of success as that enjoyed by Switzerland over the years. In order to be able to withstand these types of pres-

[25] See Evans, 2015
[26] See Dewenter, et al., 2005

sures, Switzerland will have to come up with new entrepreneurial ideas, and provide new services to customers and tourists from across the world.

There are constant positive developments that can be noticed for Switzerland in the private sector. One of the most important details there would be the private investment in infrastructure. Lately, the number of private roads has grown significantly. Along with it, their popularity has grown, too. Private roads currently provide some of the best ways of transportation and, as a result, have seen a surge in popularity, with nearly three-quarters of tourists using them in 2015.

The country also has a network of leisure activities in which it is possible to completely forget about one's work and enjoy one's vacation. It includes services like hiking, cycling, mountain biking, skating, canoeing, etc. All this indicates how ready Switzerland is for guests and how much it matters to have the necessary infrastructure. All these networks are able to attract certain numbers of people and, therefore, improve the overall quality of tourism in the country.

SWITZERLANDMOBILITY ROUTE NETWORK

	National routes	Regional routes	Local routes	Number of kilometres
Hiking	7	63	287	12 000
Cycling	9	55	68	12 000
Mountain biking	3	16	192	9 000
Skating	3	13	2	1 000
Canoeing	1	8	23	350
Total	**23**	**155**	**572**	**34 350**

Status as of 31.12.2016

Source: Swiss Tourism Federation (2017), p. 40

Table 3: SwitzerlandMobility Route Network[27]

Hence, it can be claimed that Swiss tourism is in a rather good shape, and the removal of the peg created for it the tough conditions that were necessary to increase efficiency. Owing to the high number of competitors available in the neighbouring countries, it is very important to not lose the overall edge. This has been more or less successfully achieved with the help of the great education system as well as the fiscal handling of the nation's economy.

7. Conclusion and Recommendations

Overall, the Swiss economy, including tourism, underwent a shock when the peg was removed. While it can be argued whether the removal of the peg was a smart idea, doubtlessly it did have its effects.

[27] See Swiss Tourism Federation, 2017, p. 40

The SNB chairman argued at the time that there were no problems and the peg was no longer required. Since the stock market has recovered successfully since then, it is now possible to realize that he was right.

In fact, the Swiss economy managed to respond to the market rather quickly. There is still some speculation as to whether or not the Swiss stock market would have followed the German model, but the overall idea still stays the same. The stock market recovered, and proved that the investments were still flowing towards the country.

For the tourism industry, some of the simplest adjustments were to get rid of a number of employees and, instead, hire other ones for much lower wages. This kind of a move is a well-known trick, and it is completely possible for it to improve overall productivity. The short-term problem of training the newly acquired staff was also handled relatively successfully. Table 4 shows the variety of job designations available in the Swiss hospitality industry and the amount of apprenticeships offered in the last two years. This undoubtedly gives an edge to the Swiss tourism industry over competitors in the coming years.

	Certificates of qualificaton issued		Apprentices hired	
Hotel and Restaurant	**2016**	**2015**	**2016**	**2015**
Hotel - and Gastronomymanager	16	18	23	18
Hotelmanager (SCC)	307	306	315	328
Cook (SCC)	1463	1537	1626	1750
Catering professional (SCC)	553	603	566	589
Systems catering expert (SCC)	44	-	62	58
Transport services				
Inland waterway transport sailor (SCC)	11	13	10	13
Ropeway mechatronics engineer (SCC)	23	28	35	30
Public transport technician (SCC)	-	-	70	34

Source: Swiss Tourism Federation (2017), p. 47

Table 4: Vocational Education and Training in Switzerland

The number of tourists from non-European nations has grown to record levels over the past two years. This might indicate the new focus that companies in the Swiss tourism industry have taken. It appears that they are attempting to divert the market attention towards developing nations. BRICS nations – along with the Gulf Nations – would be some of the best examples. This is a long-term plan. If Switzerland is able to become a desired tourist destination for these countries, it is likely to provide the money for many decades to come. These countries are likely to dominate the world economy for the coming century, and the wealthiest of individuals are likely to arise from them, too.

Most importantly, in hindsight, it is possible to see that the number of tourists is going back up to previous levels. Politically, the nation was more or less happy with the overall outcome of the removal of the peg. There are no more fears of hyperinflation, and the exchange rate at the moment stands at approximately 1.15 francs to the euro.

In terms of infrastructure and investments, Switzerland is also doing rather well. The country is hosting several major winter sports world championships in the coming months. This will give a boost to the economy once again. It is possible that 2017 will be the year in which income from tourism will overtake the one from 2014.

Swiss tourism is highly unlikely to be in trouble anytime soon. The number of visitors has stayed high even during the worst periods after the removal of the currency peg. While numbers from the UK and the EU have declined, other regions are gaining ground and replacing them. Switzerland appears to be fully ready for any challenge presented to it, at least in the short to medium run.

8. Appendix

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8.2. List of Abbreviations

BRICS	Brazil, Russia, India, China, South Africa
ECB	European Central Bank
Fed	Federal Reserve
GDP	Gross Domestic Product
SCC	Swiss Certificate of Competence
SMI	Swiss Market Index
SNB	Swiss National Bank
QE	Quantitative Easing

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