



Fédération de l'industrie horlogère suisse FH
Verband der Schweizerischen Uhrenindustrie FH
Federation of the Swiss Watch Industry FH

Annual Report 2019



Annual Report 2019





ISSN 1421-7384

The annual report is also available in French and German in paper or electronic format, upon request.

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The word of

the President



2019 closed on a slight increase in Swiss watch exports, in line with the forecasts announced at the start of the year. Their total value was 21.1 billion Swiss francs, an increase of 2.4% compared with 2018. However, growth was uneven across the different price segments, increasing at the top of the range and decreasing

at the entry-level end of the market. Volumes declined sharply, particularly for entry-level products. As I write, the uncertainties we are witnessing all over the world make it difficult to offer a prognosis for 2020.

Nonetheless, the FH has continued to work hard on behalf of the sector. It has been particularly active in the area of standardisation, joining the highly skilled delegation from the Swiss watchmaking industry at the ISO/TC 114 conference. Standards play an important part, first, in the relationship between industrial partners, since all parties are able to refer to recognised requirements. Secondly, formally adopted international standards facilitate trade, since they reduce or even eliminate the risk of technical barriers to doing business.

Trade facilitation remains a priority for the FH. It has been working particularly closely with Russia, successfully preventing a new regulation from complicating the trade in Swiss watches made from precious metals. As long as these bear the official Swiss hallmark, they will be exempt from the new marking requirements imposed by the Russian authorities.

Our federation has also made strenuous efforts in respect of new environmental protection legislation. While climate targets are to be welcomed, it is important to ensure that the measures envisaged can be implemented on a reasonable time scale and that they do not result in checks that simply become a form of protectionism. This often involves seeking a compromise or securing temporary exemptions.

One area in which seeking a compromise is quite inappropriate is combating counterfeiting, a real scourge that requires a constant response. The FH has broadened the scope of its interventions by tackling new targets, in both Egypt and Saudi Arabia.

This report describes the various activities in these areas that we have been involved in throughout the year and provides a comprehensive overview of all our actions in 2019. I hope you find it interesting.

I would like to take this opportunity to thank our members, whom we are delighted to serve, for their support, and to express my gratitude to all FH staff for the dedication and professionalism.

A handwritten signature in black ink, appearing to read 'J. Pasche'. The signature is fluid and cursive, written on a white background.

Jean-Daniel Pasche





Highlights

of 2019

2019 saw some notable achievements in combating counterfeiting, work on hazardous substances, standardisation and improving framework terms and conditions in Russia. The FH extended its hunt for fake watches to Egypt and India through market analyses and carrying out operations in the field. At the same time, it increased its expertise in regulatory affairs by hiring a member of staff who specialises in the field, and made this the theme of its traditional end-of-year seminar. In terms of standardisation, the FH took part in the international ISO conference held in Marseille and made an active contribution to the review of watchmaking standards. Finally, following two years of work with the Russian authorities, the FH secured exemption from additional marking for Swiss watches made from precious metals.



Combating counterfeiting

Conquering new targets

Egypt

In 2019, the FH embarked on an initial campaign to combat counterfeiting in this part of North Africa. Tourism plays an essential role in the Egyptian economy and attracts millions of visitors every year. While holidaymakers bring in foreign exchange that the region both welcomes and needs, they also, unfortunately, drive the scourge of counterfeiting.

The FH offered to try to resolve the problem on behalf of its members and take action on the markets. In practice, this was one of the first large-scale operations by the FH in this area, which was why it set itself some clear objectives at the outset.

The first consisted of finding a reliable partner in the region, who could monitor each stage in the process in minute detail. The FH activated its network and swiftly identified a firm of lawyers specialising in intellectual property, and with solid experience of organising raids. The two organisations have worked well together, to both sides' satisfaction.

Subsequently, the FH carried out a market analysis to identify the most problematic areas for counterfeiting in Egypt. Its investigations focused primarily on Cairo, Alexandria and the coastal tourist destinations of Hurghada and Sharm El Sheikh. A total of 52 targets were analysed and 21 shops identified as selling counterfeit goods. The market analysis produced some interesting but at the same time, disturbing findings. First, the investigators were surprised by the significant presence of counterfeit watches in luxury hotels. Large quantities of counterfeits were found in several hotels owned by renowned, international chains. Secondly, there were also significant numbers of counterfeit watches found in city-centre shops. The investigators found between 100 and 500 watches openly on display in the windows of numerous outlets. In some cases, the counterfeits were quite carefully presented, in a way that was likely to mislead genuine consumers as to the watches' actual origin.

There is no question that the watches identified during the market analysis were clearly counterfeits. An initial analysis, carried out by investigators appointed by the FH's partner, was based primarily on the price of the items and the information provided by the sellers. Subsequently, the FH carefully analysed all the photos taken and was able to confirm, beyond doubt, that the ems concerned were indeed fakes.



A significant number of counterfeit watches are found in luxury hotels, including renowned international chains, as well as in shops in Egypt

The FH then sought the necessary powers of attorney from the rights holders and prepared to file criminal complaints against the shopkeepers concerned. Initially, the FH has concentrated on a few, highly visible targets selling a significant number of fake watches, to test out the new process. If these cases are successful, it will then be able to threaten other sellers with legal proceedings and send them a formal notice demanding that they cease selling counterfeit watches immediately.

India

India has also been in the FH's sights with regard to combating counterfeiting since 2019. An initial operation took place at the port of Surat, to the north of Mumbai. Some 12,000 counterfeit watches, including 2,240 allegedly of Swiss origin, were seized by the customs authorities. Several brands represented on the FH's anti-counterfeiting group were involved in the operation, which was managed locally by a long-standing partner in the fight against counterfeiting, namely the Dutch association, REACT. The organisation's Indian office has been particularly active and carried out numerous lobbying campaigns to make procedures more straightforward for rights holders. In practice, the local customs procedure requires a substantial bank guarantee that is only recovered once the procedure is complete, which takes several years. Inevitably, this acts as a disincentive to rights holders to work with the local customs authorities to combat counterfeiting in the country.

A second operation was carried out at Sutar Shawl market in Mumbai. Raids were carried out on two storage areas, resulting in the seizure of 9,000 fake watches, including almost 4,400 items that infringed the trademarks of members of the FH's anti-counterfeiting group. Since the raid was carried out by the police, it was a "standard" criminal procedure, the progress of which is being monitored by the FH in conjunction with its local agents.

These actions reflect the growing interest in protecting intellectual property among the Indian authorities and strongly encourage the FH to continue along the same path.



Seizure operation at Sutar Shawl, in India



Regulatory affairs

Legal seminar and position statement



The FH's legal seminar attracted a large number of participants

The FH is particularly active in regulatory affairs and decided to make this the theme of its traditional legal seminar, which took place at the Congress Centre in Bienne on 12 November 2019. The topics covered related to changes in European regulations on watch alloys and their surface treatments, legislation equivalent to REACH and RoHS around the world, changes in Swiss legislation on chemical products, news from the field of control of precious metals, changes to Proposition 65 and requirements linked to the trade in crocodile and alligator leather products in California, and finally, the detailed introduction of a procedure aiming to guarantee the compliance of items such as leather straps. The event was a resounding success, with over 80 attendees. The numerous questions and comments from members of the audience were a clear indication of members' interest in the topics addressed.

As well as organising the seminar, the FH is also involved in defending the interests of the watchmaking industry through its contacts with numerous state and other organisations. It also takes part in various public consultations associated with topics that could have a significant impact on its members. The case of its published position statement on substances in leather and textiles with the potential to cause a skin reaction is a good example.

The Swiss watchmaking industry has adapted to the requirements of the European Union's REACH regulation, which has been in force since 2007, and aims to provide better protection for human health and the environment from the risks associated with chemical substances. In particular, there are restrictions on the use of lead and the release of nickel.

More recently, Sweden and France have filed a joint proposal to restrict substances with the potential to cause a skin reaction in leather and textiles. The main impact of the proposal in the watchmaking sector would be on watch straps, which are included on the list of items affected.

The proposed molecules are substances classed as skin sensitising - category 1/1A/1B as defined in Annex VI of the EU Regulation on the classification, labelling and packaging of chemical substances and mixtures (CLP) - and a list of allergenic disperse dyes defined in the draft. In simple terms, this technical vocabulary covers all substances that are recognised as allergenic in their pure state, as well as certain disperse dyes used in leather and textiles.

The number of molecules currently classed as skin sensitising is over 1,000. However, not all of these are used in the leather and textiles industries; the draft sets out a primary list of 93 substances currently in use. Three options have been submitted: RO1a covers all the molecules listed, RO2 only restricts skin sensitisers and RO3 only restricts disperse dyes.

The draft stipulates that RO3 is the option with the best cost-benefit ratio. However, it suggests choosing option RO1a, which would offer the best reduction in health risks. Should the draft be accepted, the proposal is to grant a transition period of 36 months.

Certain regulatory thresholds have been recommended for the molecules concerned. For leather, formaldehyde, for example, would be limited to 75 mg/kg and hexavalent chromium to 1 mg/kg, while the disperse dyes listed would be strictly prohibited.

The FH set up a dedicated working group, in which several brands took part, to study in detail the consequences that the planned restrictions could have for the Swiss watchmaking industry and be ready to defend its members' interests.

Protecting consumer health is a fundamental value defended by the Swiss watchmaking industry. In general terms, it was therefore decided to support the planned restrictions. Accordingly, option RO1a emerged as the best choice, but with the suggestion that substances listed in Annex VI for which there was no proven risk be removed from the scope of the restriction. The issue of analytical techniques was also raised to

support this point, on the basis that most allergens where there is a proven risk are subject to specific standards to determine their concentration, which is not the case with other substances.

The regulatory thresholds proposed in the planned restriction appear reasonable, with two exceptions. First, hexavalent chromium is already restricted in leather by the REACH regulation, with a threshold of 3 mg/kg. If this value were to be lowered to 1 mg/kg, it would be difficult to guarantee compliance in leather tanned using chromium, even with an ambitious programme of chemical analyses, because of the dispersal of concentrations within a single hide. Secondly, it is technically impossible to determine the total absence of the disperse dyes listed by analysis if no threshold is set, and similarly impossible to guarantee for the manufacturer. According to the information obtained, it appears that these dyes are not used in leather, except possibly in some highly plasticised finishes. It was therefore decided to focus the argument on the case of hexavalent chromium.

These various points were set out in a position statement that the FH sent to the European Chemicals Agency (ECHA) on 12 August 2019, in relation to the public consultation on the proposed restriction. The document was also sent to the Standing Committee on European Watchmaking (CPHE) which forwarded it to the ECHA on 15 August.

The public consultation remained open until 19 December 2019 and the two assessment committees of the ECHA must now formulate their view on the proposal, before the European Commission decides whether - or not - to adopt the restriction.



ISO/TC 114 – Horology

Biennial meeting

The Vieux-Port is Marseille's cultural and historic centre and the city's oldest port area. This picturesque setting formed the backdrop for the 24th international standardisation conference ISO/TC 114 - Horology, organised by the French delegation and attended by almost 40 experts from Germany, China, France, Hong Kong, Japan, Russia and Switzerland.

The welcome message from the Chair, Silvano Freti, was about consumer expectations. From a general perspective, standards change. Initially and mainly focused on quality control, they evolve by helping to facilitate exchanges along the supply chain and incorporate a consumer information and in some cases, a consumer protection component. The same trend can be found in the ISO standards applicable to watchmaking.

The conference began with a full day's training based on ISO guidelines and procedures. This was mainly aimed at people involved in various ISO functions, such as chairing a sub-committee, leading a working group or acting as the secretariat for one of them. The day was very interesting, useful and appreciated by everyone who attended.

In general terms, international standardisation efforts are proceeding satisfactorily, although in some cases rather slowly. The main topic was the subject of water-resistant watches, since the report of the working group created following the 2017 conference recommended a review of the standard *ISO 22810 - Water-resistant watches*. Following numerous discussions, the review was ultimately not launched, however the working group remains in place and work continues on condensation testing. A possible review of the standard could be decided in 2021.

Among other standardisation topics, primary cells and batteries – including those used in watches and dealt with by a technical committee (IEC/TC 35) in conjunction with the ISO/TC 114 committee – were the subject of two resolutions, adopted in relation to the dimensions and tolerances of button batteries.

The review of standard ISO 764 on magnetic-resistant watches begun in 2016 is coming to an end and the new version should be released during the course of 2020. Recent discussions have focused on the minimum value for resistance to magnetic fields, testing methods and marking of magnetic-resistant watches.



Delegates in Marseille for the 24th international conference on standardisation ISO/TC 114 Horology

The review of the standard on anti-reflective treatments for watch glasses has also advanced significantly and the new standard ISO 14368-4 will be published in 2020.

The project on a standard for watches made from hard material has reached its end. The final section, on the mechanical behaviour of assembled components, has now been finalised and the new standard *ISO 18684 - Timekeeping instruments - Watch external parts made of hard material - General requirements and test methods* can be published.

In addition, the project on a standard for radio-controlled clocks has made considerable progress and should be finalised during the course of 2020.

Finally, the sub-committee ISO/TC 114/SC 5 - Luminescence has decided to withdraw standard ISO 4168 and incorporate the relevant sections into the review of standard ISO 17514 on photoluminescent deposits. The first comments on the project for the revised standard have been discussed and will be incorporated into the next iteration, after it has been put to a vote.

On the final afternoon, delegates had the opportunity to visit the Compagnie maritime d'expertises (COMEX), which specialises in deep-sea dives, before agreeing to meet again for the next international conference, which will take place in China in the spring of 2021.



Russia

Swiss watches without QR Code

Exemption from additional marking

The FH has worked tirelessly with the Russian authorities for more than two years, to secure exemption for Swiss watches under the bill requiring compulsory additional marking on watches made from precious metals (laser marking of a QR code). The aim of the legislation, which is set to enter into force in 2020, is to ensure the identification and traceability of every item made available for sale on the Russian market, whether it is produced locally or imported.

In addition to the principles of administrative simplification, the application of WTO rules on trade barriers and the existence of the manufacturer's mark in effect in Switzerland, the FH emphasised in particular, the provisions of the bilateral agreement on reciprocal recognition of official marks on watches made from precious metals, which came into effect in 2013. Negotiated by Switzerland as part of Russia's accession procedure for membership of the WTO, the agreement specifically states that the parties waive their right to any additional checks, analysis or marking on watches within its scope.

The decision had been in the balance for a long time, but was finally reached in the early summer of 2019, during a visit by State Secretary Ineichen-Fleisch to Moscow, in which the FH took part. Vice-Minister Oreschkin confirmed the exemption for marked Swiss watches during talks with the Minister for Economic Development and the decision was later communicated in writing. Switzerland is the only country to have been granted an exemption from the forthcoming Russian regulation and it has obviously not been offered as a favour. However obvious and logical it may appear, in practice it was not a given, hence the strenuous efforts by the FH to protect the sector's legitimate interests.

In the same vein, and given that jewellery products will not be covered by the exemption, the FH has argued for a procedure that is as simple as possible and that would protect product integrity as a priority, for example by allowing compulsory marking on labels.

Eurasian Economic Union

In 2018, the Eurasian Economic Union - Armenia, Belarus, Kazakhstan, Kirghizstan and Russia - adopted legislation aimed at limiting the use of hazardous substances in electrical and electronic equipment (EAWU 037/2016, also known as EEU-RoHS). For reasons internal to the Union, the effective date of the legislation has been postponed to 1 March 2020.

The current provisions of the EEU-RoHS are problematic in at least two areas: first, its scope and secondly, in terms of its administrative formalities, which are far more stringent than those currently in effect in the European Union, for example.

In practical terms, there are still differences in interpretation concerning product definitions and classifications, and therefore a lack of clarity over whether electronic watches fall within the scope of the new legislation. As a consequence, similar uncertainties exist over the product categories that are explicitly targeted. At an administrative level, the Eurasian legislation includes, among other things, an obligation for the manufacturer to register their certificates of compliance. This is exceptional, given that it is not required by any other country with similar regulations, not to mention the additional costs and administrative delays it would cause, to the detriment of the whole sector.



On the right, the QR code that the Russian authorities want to impose



The Swiss delegation that took part in the joint Swiss and Russian commission

The FH has contacted the Eurasian Economic Commission on two occasions to request first, additional clarifications with regard to the watch products concerned if necessary and secondly, a review of the planned administrative procedures. In the FH's opinion, RoHS rules should be harmonised at the international level, which means that the obligation to register certificates of compliance should be abandoned in favour of simple "EAC" marking as a valid certificate of compliance. Similarly, the FH has asked the Commission to abandon any other testing procedures or additional product registration requirements, on the understanding that these already fall within the scope of the manufacturer's competence and responsibility.





Panorama of the

2019 activities

As the leading organisation for Switzerland's third-largest export industry, the FH has many objectives: improving the underlying conditions in the sector in Switzerland and the rest of the world, dealing with the challenge of counterfeiting and, for example, supporting its members and keeping them – as well as the media and consumers – fully informed. The following pages present a selection of actions carried out by the Federation in 2019.



Improvement of framework conditions

As evidenced by some of the actions described in the “Highlights” section, the FH continued to pursue its objective of defending the interests of the sector. It was active in numerous markets, for example in relation to negotiations on entering into new free-trade agreements or revising existing agreements, attending official meetings (during state visits or joint bilateral commission meetings) or in response to requests from members.

The Federation intervened in this way in around 15 markets, including Argentina, Azerbaijan, China, Colombia, Indonesia, Japan, Kazakhstan, Kenya, Mexico, Uzbekistan, Peru, Serbia, Turkey and Ukraine.

Market access conditions, technical or administrative regulations, technical barriers to trade, the organisation of distribution, the protection of intellectual property rights and even temporary imports were among the main areas of intervention. A few of the actions undertaken during the year are outlined below.

Changes to the free-trade agreement with China

Discussions continued with China, notably on the occasion of Swiss Confederation President Ueli Maurer’s state visit to Beijing in April. The FH continued to argue in favour of a re-examination of the customs duties defined in the bilateral free-trade agreement that came into effect in 2014, citing the evolutionary clause contained in the agreement.

The FH believes it is necessary to re-examine these duties to truly liberalise the Chinese market. In practical terms, fewer than around ten watch tariff headings are affected, but these account for over 90% of the total value of exports.

On the one hand, further reducing or even eliminating customs duties on some or all of these headings would be in line with the long-term aim of the authorities in Beijing, namely repatriating consumption to the domestic market. Such a change also seems reasonable in light of the limited level of final duties negotiated, of around 4 to 6% from 2023. Finally, it would help ensure the quality and proximity of after-sales service, which is becoming increasingly important in light of the growing volume of watches in circulation on the market.

Get Brexit Done

The Brexit outcome in the United Kingdom remained very uncertain throughout 2019, which saw numerous meetings with *economiesuisse* and the State Secretariat for Economic Affairs (SECO).

Following Boris Johnson’s victory in the general election in December, Brexit became a reality on 31 January 2020. The withdrawal agreement, which covers financial commitments, citizens’ rights and the Irish border, provides for an implementation period until the end of 2020. During this period, the rights and obligations of the United Kingdom and the European Union will remain unchanged. The same applies to Switzerland.

Thanks to its *Mind the Gap* strategy and the various bilateral agreements concluded so far, including a trade agreement signed on 11 February 2019, Switzerland has managed to avoid a legal void in its future relationship with the United Kingdom. That said, the transition period that has just begun should also provide an opportunity to adapt these agreements, depending on the outcome of the bilateral negotiations between the United Kingdom and the EU.

For the Swiss watchmaking sector, Great Britain is the largest of its European markets and the fifth-largest worldwide.

Brazil removes the IPI stamp from watches

In a positive move, the obligation to affix an IPI stamp to watches, confirming payment of the tax on industrial products, was removed by decree on 11 April 2019, with an effective date of the following day.

The FH had long campaigned for the removal of a costly, time-consuming administrative burden that also damaged products, in this instance in conjunction with a number of local watch distributors. Until then, watches – alongside liqueurs and tobacco – had been the only products still subject to this obligation.

All watches under tariff headings 9101 and 9102, whether imported and/or numbered are not, are now therefore exempt from the requirement. IPI duty, which varies between 20 and 25% depending on the tariff heading, remains payable.

Federal Council mission to Japan

Japan is the world's third-largest economy, behind the United States and China but ahead of Germany; with a population of 127 million, it is an essential economic partner for Switzerland, ranked fourth after the European Union, the United States and China. The trade balance between the two countries heavily favours Switzerland. Watches are Switzerland's second-largest sector for exports to Japan, behind pharmaceutical products but ahead of the "precious stones / precious metals / jewellery", "optical and medical instruments" and machinery sectors. Imports are concentrated mainly in the "precious metals / jewellery", "vehicles and aircraft", pharmaceuticals and machinery sectors. It should also be noted that Japan is the largest Asian investor in Switzerland, while we are the seventh-largest investor there.

Japan has therefore been an important market for the Swiss watchmaking industry for a very long time. In fact, 155 years ago, the ambassador appointed by the Federal Council to establish diplomatic relations with the country came from the watchmaking sector and was called Aimé Humbert-Droz. Swiss watches have been sold in Japan ever since, and are now more popular than ever.

In 2019, watch exports to Japan were worth around 1.6 billion Swiss francs, an increase of 19.9% compared with 2018.

It was against this background that the official Swiss mission, led by Guy Parmelin, took place, with the FH also represented. The mission began at the Nicolas G. Hayek Center (Swatch Group Japan) in Ginza and continued in various ministries and Japanese business organisations. The discussions, in particular with the Minister for Economic Affairs, Trade and Industry, Yoshihiko Isozaki, focused on bilateral relations, which are, in fact, excellent. They could still be strengthened, however, by modernising the free-trade agreement between the two countries. There is room for improvement, particularly in agriculture (for example, processed products), public contracts, technical barriers to trade and certain biotechnological processes. It should be pointed out that the EU and Japan have entered into a free-trade agreement that goes further than the agreement between Switzerland and Japan. It is therefore important to avoid a situation where Swiss businesses are less well placed than European firms.

The question of services, particularly in the financial arena, also merits re-examination. The various conversations were encouraging, but now need to be applied in practice. However,



Guy Parmelin and Yoshihiko Isozaki

it appears that Japan is now keen to emphasise multilateralism (through the WTO) and regionalism (through the Trans-Pacific Partnership and the European Union) rather than bilateralism. It therefore remains to be seen how the new negotiations will develop.

As far as Swiss watchmaking is concerned, framework conditions in Japan are good and the FH will ensure that they remain so.

Indonesia and administrative difficulties

The FH is delighted by the signature of the free-trade agreement between EFTA and Indonesia in December 2018. In principle, the agreement will be ratified in 2020, following which, Indonesia customs duties on watches will be gradually withdrawn, up to a maximum of eight years after the agreement comes into effect. A free-trade agreement cannot resolve everything, however, and the meeting of the joint bilateral commission in July was an opportunity for the FH to talk to the Indonesian authorities about a number of administrative difficulties affecting the issue of CITES certificates. At the same time, it argued for a relaxation of Indonesian regulations on the size of commercial premises, which penalise foreign businesses by imposing a minimum size that is significantly higher than local standards. These regulations are an obstacle to foreign brands that want to open outlets in the country.

Precious metals: close to an agreement with Kazakhstan

While experts made good progress with their discussions in the first part of the year, Switzerland – and the FH – are still awaiting a response from Kazakhstan on the draft agreement on mutual recognition of hallmarks on items made from precious metals. The draft, which includes watches and jewellery, is very closely based on the bilateral agreement entered into with Russia in 2011 for watch products. The aim of signing an agreement at the meeting of the joint commission in November was therefore not achieved, but it is only a matter of time. It is worth noting that Kazakhstan does not currently recognise Swiss hallmarks and that an import licence is required, with each item subject to checking and marking.

Luxury watches hit with a discriminatory tax in Argentina

The FH took part in the third meeting of the Switzerland-Argentina joint commission, which was held in Bern in June. Once again, it emphasised the difficulties of developing the market in Argentina, in particular because of taxes on imports and sales of luxury watches.

While the future free-trade agreement with Mercosur will provide a response in respect of import duties, the additional tax on luxury goods (impuesto suntuario), charged at a rate of 20%, remains prohibitive for local consumers and discriminatory for Swiss watches, even more so when we know that the same tax was reduced substantially for other similar products, such as cars, a few years ago.

The current political and economic context in Argentina (marked by a changed of political majority and a financial crisis) does not, unfortunately, look favourable for the prospect of a reduction or even withdrawal of the tax, which the FH has opposed for many years.

REACH: Turkish regulation goes too far

Although it is based on its European equivalent, the REACH regulation in effect in Turkey has been in the FH's sights for several months. In practice, products that are subject to import controls, including wristwatches, must be registered in the TAREKS imports system, on the basis of which, inspections and random audits are carried out by the Turkish authorities. In certain cases, specific documents, such as test reports from accredited laboratories, must be provided.

This is a major difference from the European and Swiss systems, insofar as a certificate of compliance issued by the manufacturer is not sufficient. In addition, the import procedure under the TAREKS system is cumbersome in many respects, and numerous shipments of watches have been blocked at customs for inspection, in spite of strenuous efforts by the brands.

The FH has therefore done everything in its power to intervene on several occasions with the Turkish authorities, to encourage them to adopt harmonised, internationally recognised procedures, i.e. first and foremost, rules that recognise the validity of certificates of compliance issued by manufacturers. The FH is also requesting that the authorities abandon futile laboratory tests for substances which, by definition, cannot be found in products (for example, lead or cadmium in stainless steel). It is also arguing for a drastic reduction in the lead times (up to three weeks currently) and costs (between €60 and €90 per watch) associated with the procedure. Finally, it wants to see the end of potentially destructive tests.

Intellectual property protection and combating counterfeiting

The various economic missions and other bilateral meetings in which the FH has participated once again proved very useful in also addressing the issues associated with protecting intellectual property, the protection of geographical indications (“Swiss made”) and combating counterfeiting.

This was particularly true in Indonesia, with reference to the numerous examples of abuse of Swiss-made watches and the extreme difficulty of taking direct action against the offending businesses. On this basis, the FH has reiterated its requests for better cooperation from the police and judicial authorities concerned.

From the FH’s perspective, the counterfeit watch situation in Turkey is still as much of a concern as ever. Sales outlets exist throughout the country, including in some hotel complexes. In addition, the country acts as a transit point for a significant proportion of Asian counterfeits destined for the European market. Once again, procedural weaknesses present serious obstacles to actions against the forgers and their networks, not to mention the fact that not all the products seized are systematically destroyed, instead returning to distribution channels. A clear commitment by the Turkish authorities, alongside the FH, rights holders and their representatives is an essential condition for dealing successfully with the challenge of counterfeiting in the country.

Finally, the FH has made strenuous efforts with China (see also the section on the Switzerland-China watches working group on page 35) where the problem is found not only in production but also in online and offline sales. It is particularly important to note that several online marketplaces and other social media still lack any proper coercive measures for dealing with the sale of counterfeit watches on their platforms (such as checks, blocking accounts or withdrawals). Where they do exist, withdrawal procedures are partial, excessively long and therefore, ultimately ineffective. In addition, combating the spread of lookalike watches and registering stolen brands has become an important issue in China.

The ATA carnet: a very useful passport

The ATA carnet, an international customs document recognised in 87 countries and territories, is used for temporary imports and exports as well as for duty-free transit of goods. The Swiss watchmaking sector is a regular user of the ATA carnet, which is why the FH regularly encourages the authorities in certain countries to join the international convention that regulates its use. In the year under review, it approached Azerbaijan, Colombia, Kazakhstan, Kenya and Uzbekistan for this purpose.

Inevitably, given the increasing use of digital technology, a digital ATA carnet was presented for the first time at Zurich international airport on 20 October 2019.



Information and public relations

Media relations

The FH remains a key contact for the media, who regularly approach it for comment on developments in the sector or specific watchmaking topics. The introduction of the new “Swiss made” designation and interpreting the text of the revised ordinance gave rise to numerous interviews and articles, as did the current situation of the watchmaking sector. Combating counterfeit goods, particularly those sold on the internet, and the issues around social media led to several reports, especially on Swiss television channels. Separately, the FH regularly publishes press releases.

Apart from regular contact with the watchmaking press and numerous approaches at industry events – SIHH in January and Baselworld in March – the President also granted interviews to various Swiss and international publications. He also gave several talks, notably at the Rotary Club in La Chaux-de-Fonds and Neuchâtel, the Association suisse des cadres (French-speaking Switzerland section), the Cartier Watch Industry Institute in La Chaux-de-Fonds, the Fédération horlogère française and the Gymnase français in Bienne.

General Meeting

The 2019 General Meeting was held in Fribourg on 27 June, in the presence of FH delegates and members, as well as numerous guests. Among them were members of the National Council Jean-François Rime (UDC Fribourg and president of USAM), Philippe Bauer (PLR Neuchâtel and president of the Convention patronale de l'industrie horlogère suisse, CP) and Kurt Bisang (head of section at the Swiss Federal Office of Energy), the day's speaker

Berner Dictionary

The FH continued its work on updating the Illustrated Professional Dictionary of Horology, widely referred to as the “Berner Dictionary”. This involves reviewing and updating thousands of definitions and drawings, as well as incorporating new words and definitions. The project is being led by the FH with the help of a standing group of experts, whose members are as follows: Bernard and Marlyse Muller, designers and authors of books about watchmaking; François Klopfenstein (ETA);



FH General meeting

Antoine Simonin, former WOSTEP Director and publisher of books about watchmaking, and Pierre-Alain Vuille, a former ETA staff member. By the end of the year under review, the content and form of all words and definitions had been reviewed. The final proofreading has begun and will continue through 2020.

Watch industry statistics

The statistics produced by the FH reflect the changes in the sector from numerous angles. Based on the export declarations compiled by the Federal Customs Administration, it is possible to track trends in the watchmaking sector in detail every month, by price segment, markets and materials, among other things. The corresponding figures are modelled to produce medium-term forecasts. As the only regular, reliable source of quantitative data, aggregate export statistics for the sector also provide a basis for comparison for the brands.

Nonetheless, export statistics are only the starting point for a global analysis of the market. Every three months, the business magazine *Tendances* [Trends] summarises developments in the watchmaking market in light of the many factors that influence it. In 2019, *Tendances* tackled topics such as the luxury market, tourism and duty-free goods, smart watches, e-commerce, distribution, the pre-owned market, sustainability and blockchain technology, among others.

Revue FH

The *Revue FH* continued to keep members of the Federation and subscribers informed of all the latest news in the watchmaking sector in its 18 published issues. It produced a regular and comprehensive round-up of information about the sector, but split over two issues fewer than in 2018. Among the subjects covered were the FH's activities, news from watchmaking companies and subcontracting, new products, extracts from the Register of Commerce and so forth. Highly appreciated by both readers and advertisers, the publication is also available as a digital copy on the FH extranet (FH members' area).

Website

Regarded as a reference for matters relating to the watch industry, the FH website proved popular with visitors in 2019. Of all the millions of pages viewed, statistics and the Illustrated Professional Dictionary of Horology (Bernese Dictionary) gen-

erated a significant amount of traffic. Visitors also regularly viewed the News section, which reports on the latest developments at the FH, watch companies and new product launches.



Baselworld

Presence at Baselworld

The World Watch and Jewellery Exhibition ran from 21 to 26 March 2019. For this 102nd event, Baselworld attracted 520 exhibitors from all over the world, including 108 from Switzerland, who presented their new products to 81,200 visitors and 3,300 representatives of the international press.

The FH was on hand to talk to its members and visitors throughout the exhibition, thanks to a partnership with the Committee of Swiss Exhibitors. The services offered by the Committee this year included a USB stick and access to an electronic platform, providing the press packs of around 80 Swiss brands.

The FH is also represented each year on the World Committee of Exhibitors, which takes place on the final day of the event and includes delegates from the main participating countries.





Launch of watch.swiss Japan, aimed specifically at the Japanese market

watch.swiss

The promotion of Swiss watchmaking abroad has enjoyed a great year. The FH installed its travelling exhibition *watch.swiss* at Helsinki airport for one month and even created a little sister dedicated to the Japanese market.

Following the success of the first-ever showing of the exhibition in Japan in 2016, the decision was taken to create a version specifically dedicated to the Japanese market. Twin sister of *watch.swiss* in its design, content and interactivity, but in a more compact presentation, *watch.swiss Japan* was launched in Tokyo at a watch week organised by one of the capital's main department stores. Two similar events were held during the autumn in Nagoya and Fukuoka.

WATCH • SWISS

By addressing Japanese consumers directly, *watch.swiss Japan* is seeking to make an active contribution to the promotion of Switzerland – and above all Swiss watches – in this important market. The exhibition, fully translated and adapted for this audience, provides thematic support for the presentation and sale of timepieces from our nation. Like its big sister, it can be implemented in the form of joint endeavours with local distributors or stores, in order to create ties with actual products and increase the impact of this promotional platform. The FH centre in Tokyo will naturally continue to operate *watch.swiss Japan* by targeting other exhibition venues, while consistently focusing on end consumers.

During the same period, the original version of *watch.swiss* took up residence in Finland, more specifically at the heart of Helsinki airport. While this choice may seem surprising, it is in fact a perfect way of meeting the exhibition's objectives, namely to present Swiss watchmaking to the widest possible international audience. Helsinki is ideally located on the most direct route between Europe and the Far East. Many Asian travellers, as well as Americans, travel via this hub to visit Europe.

Installed after security checks, along the mandatory route of passengers in transit through the airport, *watch.swiss* was bound to attract attention. It certainly did not fail to convey its primary message – Watches are synonymous with Switzerland and vice-versa – including to travellers glimpsing it only briefly in passing. For others with more time between flights, it provided an opportunity to interact with the different modules of the exhibition, to take an interest in the content on the many screens or to ask a question to the staff in charge of promotion. There were indeed thousands of “active” visitors, while more than 600,000 people passed through the area during the 30-day exhibition period.



watch.swiss at Helsinki airport in Finland



The fight against counterfeiting

Scope of activities

In 2019, the FH pursued many activities to prevent counterfeiting on behalf of members of the Anti-Counterfeiting Group (GA) and the Internet Unit. We are reporting only the most salient points here, since a separate report is available to interested readers on request.

Seizure operations on the markets

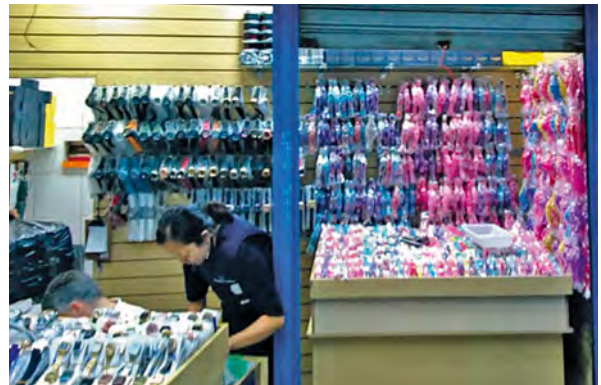
During the course of 2019, FH services (in Bienne and Hong Kong) dealt with over 3,200 cases around the world, ranging from the seizure of small postal packages to large-scale operations in assembly workshops and on storage premises. In total, these cases represented the confiscation of some 1,331,300 counterfeit watches. At the same time, the FH ran several lobbying campaigns, to raise awareness among the authorities of the importance of taking action against counterfeiting. Details of a few major operations conducted during the year are set out below.

Brazil

The Galerie Korai, in the well-known 25 de Marzo district of São Paulo, was the target of a major seizure operation in the early hours of 7 May 2019. Over the course of three days, over 300 people (officials from the authorities and carriers) worked to clear the 123 stores in the shopping centre.

Known as “Opération Chronos”, the Brazilian authorities viewed the raid as one of the biggest ever carried out in Latin America, with over 1,500,000 products seized (mainly watches and spare parts for various brands). They included around 40,000 watches and over 200,000 spare parts that infringed the trademarks of members of the Federation’s Anti-Counterfeiting Group.

It was interesting to note that assembly workshops were discovered in the rear of several stores, confirming suspicions that have been circulating for several years, namely that watches are shipped as spare parts and then assembled and marked in situ.



Seizure operation in São Paulo, Brazil

India

In addition to the raid on the Sutar Shawl market in Mumbai in October (see Highlights section), the authorities pursued their investigations, resulting in the discovery of new storage facilities. In November, a second operation, targeting five premises in the Maharashtra region (Mumbai), resulted in the seizure of 1,325 counterfeit watches. These were intended to supply resellers in the Maharashtra, Gujrat and Goa regions. Legal action is underway and the investigations continue.

Asia

On 7 September 2019, the company Selective Trademarks Union (STU), the Federation's partner in south-east Asia, was awarded a special prize in recognition of the efforts it makes throughout the year to combat counterfeiting and to thank it for the technical support it provides, day after day, to the customs authorities in Macau. The award illustrates the solid relationship established between STU and its director, Thierry Dubois, with the institutions involved in combating forgery, in particular with the customs authorities in the various countries it covers.

United Arab Emirates

As part of the programme of police actions in the United Arab Emirates, 23 raids were carried out between August and November 2019, resulting in the seizure of over 120,000 fake Swiss watches, which have been stored until they can be destroyed.

Most of the raids were conducted in the Karama markets in Bur Dubai and in the streets of Deira, in "old" Dubai. They mainly targeted hidden showrooms, either in secret parts of stores or in anonymous apartments. Criminal charges have been brought and the passports of the perpetrators confiscated while the legal proceedings are ongoing.

Universal Postal Union

The boom in e-commerce has been remarkable in recent years. In Europe, over four billion parcels of goods ordered online are delivered every year and the figure is increasing all the time.

Among all these packages are large numbers of counterfeit goods, which are most often sent by post. This is a particularly useful distribution channel for counterfeiters, since it is quick, very cheap and carries minimal risk. Not to mention the fact that the sheer quantity of small parcels sent every day makes it impossible for the authorities to check every single one.



Thierry Dubois (centre), director of the FH Centre in Hong Kong, received an award on behalf of STU

In January 2019, representatives from the FH attended a meeting of the Postal Security Group of the Universal Postal Union (UPU), to explain the problem in respect of combating counterfeiting and outline a number of proposals, with the aim of making the authorities' work easier. Among other things, the Federation is calling for postal service providers to require clear identification from senders (including the traceability of payment systems), which is not currently the case with e-packets, preventing the authorities from tracking them back to the source. It would also be useful to introduce a prior electronic data transmission system, to provide better risk analysis, and to cease any cooperation with identified bad actors.

Since then, the FH has established contact with the British and Belgian customs authorities and with DG TAXUD (the European Commission's Directorate General for Taxation and the Customs Union). Among other things, the FH passed on a list of the names and addresses of repeat senders of counterfeit goods, so that the data can be included in future risk analyses.

An FH representative also took part in a seminar on the topic organised by the EUIPO (European Union Intellectual Property Office) in Alicante, to raise awareness of the issue among the European authorities.



Hong Kong Watch & Clock Fair

Hong Kong Watch & Clock Fair

The Hong Kong Watch & Clock Fair took place from 3 to 7 September 2019, in a complicated political and economic climate. Like all events of this kind, the fair is suffering from a general lack of enthusiasm among exhibitors. Just 500 took part in 2019, compared with 800 in 2018. The political situation, which had been unstable for several months, alongside the numerous uncertainties associated with the trade war between China and the United States, were both aggravating factors. Neither was likely to brighten the start of this 38th fair.

Nonetheless, the challenges of the situation did not prevent the surveillance activities that the FH has traditionally carried out, for over 12 years now. During the year under review, the FH teams filed 23 complaints (31 in 2018). The judges on the panel agreed that 16 of these were breaches. The seven remaining cases were dismissed, the judges appointed having assessed the models concerned from a somewhat different perspective.

A total of 33 brands placed their trust in the FH to defend their interests at the 2019 event. Ultimately, the complaints involved 11 of them. As always, the rights invoked were mainly around designs (20 cases) and to a lesser extent, trademarks (three cases).

Actions on the internet

The Internet Unit managed to remove over a million counterfeit watches from e-commerce platforms and social media for the fourth year running. Nonetheless, it was not a foregone conclusion. Indeed, counterfeiters are using increasingly sophisticated sales strategies to reach as many consumers as possible, while remaining under the radar of both the authorities and rights holders. Unsurprisingly, the techniques used include advertising on social media, which ensures optimal segmenting of the target audience. They are also making use of more subtle strategies, such as creating lawful generic products on the major e-commerce platforms, and using online storage services to host detailed photographs of the counterfeit products they are offering for sale. This allows counterfeiters to take advantage of the payment facilities and the ability to get in touch with customers offered by the platforms, while escaping the surveillance efforts of trademark owners, since the incriminating images are hosted by a third-party provider.

Another technique is to exploit the weaknesses of certain platforms by offering unmarked watches for sale, and then giving the customer the option of having the logo of their choice engraved on the product. It goes without saying that these watches are sufficiently recognisable for the buyer to know precisely which logo they want, but not to the extent that the platforms will agree to remove the items concerned on the basis that they infringe a registered trademark. This type of case therefore involves protecting the design itself. Some platforms accept this as an argument for removing them in accordance with the relevant conditions, while others simply refuse. The situation has therefore become extremely complex, both in terms of detecting offers of counterfeit goods and with regard to reporting. The imbalance between rights holders and counterfeiters is increasing year by year. In practice, it is becoming increasingly time-consuming and difficult to have content removed from a platform, while an increasing number of tools are now offered to sellers so that they can post details of items quickly and simply, whether they are genuine or not.

In 2019, the Internet Unit embarked on the development of a new surveillance tool for monitoring both social media and e-commerce platforms, which aims to improve the detection of items offered for sale and simplify the reporting process. The tool will be launched in late 2020.

In terms of dedicated sites, the FH continues to run efficient surveillance activities through its WebIntelligence platform. Domain name seizure operations were also carried out over

the course of the year, particularly for “.top”, “.nl”, “.uk” and “.io” extensions. At the same time, there has been a particular focus on financial intermediaries. Accordingly, the Internet Unit took part in the Rogue Block programme of the International AntiCounterfeiting Coalition which aims to shut down shopping-basket systems on counterfeiting sites.

The Internet Unit has also made outstanding efforts in terms of strategic actions, successfully bringing legal proceedings against an uncooperative hosting provider in early 2019, as well as proceedings to seize the assets of sellers with a PayPal account, thus directly targeting the counterfeiters’ wallets.

Finally, the Internet Unit was kept busy for a large part of the year on a case that involved reselling Chinese counterfeits in Europe. Behind the sales is a methodical, well-organised network. Numerous investigations have been conducted to identify those responsible. A claim based on the information gathered will be filed in 2020.

Technical analyses

During the year under review, FH watchmakers carried out a technical analysis of 271 samples, i.e. eight fewer items than in 2018 (-3%). The outcome of these analyses was recorded in 267 reports on origin, five fewer than in the previous year (-1.5%). The items listed made unlawful use of 22 different marks (28 in 2018). The samples examined in 2019 were seized or acquired in 22 countries (18 in 2018). The watches and reports were forwarded to the rights holders, as well as to the bodies that had originated the confiscation actions. In parallel, in the course of the same financial year, the FH anti-counterfeiting service processed 1,618 requests for certificates of counterfeiting (1,309 in 2018, an increase of 24%).

The reduction in the volume of activities linked to technical investigations, which began in 2017, stabilised in 2019. The Federal Customs Administration has been forced to review the implementation of its austerity programme under combined pressure from rights holders and the FH. As readers may recall, this programme resulted in a very significant reduction in inspections and seizures in commercial traffic (-75%) in 2017 and 2018. In 2019, border inspection activities regained some momentum, resulting in a doubling of seizures, which increased from 301 reports in 2018, to 638 last year. In total, combining certificates from the Federation’s joint submission and those from subcontractors, over 1,600

Swiss consumers were reminded to stay within the law after ordering a fake watch on the internet in 2019. We hope that most of them will have learned their lesson.

On the technical front, 2019 was marked by a new “arms race”. This developed in two different directions:

- downmarket, with poor-quality counterfeits aimed at online platforms such as Wish or AliExpress,
- upmarket, with higher-quality pieces aimed at sales sites such as Prestige Replica.

This development is taking place in an environment of unbridled competition, resulting in a broader range of products on offer and an increase in the number of labels. The fake watches market in 2019 could be described as an eclectic amalgam of crude counterfeits, manufactured in industrial quantities, and sophisticated copies produced by a small number of workshops equipped with highly advanced technologies. This contradicts the arguments of those who believed that very cheap fakes would disappear. On the contrary: an app such as Wish has boosted the market for a category of products of such poor quality that they seem to have turned the clock back by 15 years, targeting customers who are attracted solely by a price that defies any kind of competition. At the other end of the scale, while the best-made counterfeits, with a so-called “similar finish” still only account for a tiny percentage of the overall market, they drastically undermine consumer confidence and have a much more damaging impact on brand image than the most common products. In the era of social media, “making a buzz” is no longer reliant on selling thousands of items. The market has therefore broadened, with prices ranging from around 10 Swiss francs to almost 2,000. At this level, identifying fakes becomes highly complicated.

“Swiss made” still highly desirable

As usual, the vast majority of the samples involved counterfeit brands and/or models. The remainder consisted of unlawful indications of origin, in other words, all the items that used a Swiss geographical indication (“SWISS MADE”, “FABRIQUE EN SUISSE” or a derivative such as “GENEVE” or “INTERLAKEN”) in a misleading manner or in breach of the regulations in force in Switzerland or the destination country. During the course of the year under review, the anti-counterfeiting service drew up 17 reports on this issue (14 in 2018), taking a detailed look at 17 samples (15 in 2018). These came from test purchases made

to flesh out existing cases and provide evidence for current legal proceedings, and in certain cases, to check that a company is fulfilling the commitments it has made.

Alongside copies of brands or models, we also find unlawful technical indicators, mainly the “CHRONOMETER” label and the Geneva hallmark, as well as fake precious metals hallmarks. In recent years, the “CHRONOMETER” label, which nowadays enjoys high prestige, has proved attractive to the counterfeiters. In 2019, the FH recorded 100 cases of unlawful use of this label or its derivatives on both watches and the commercial documents that accompany them (80 in 2018).

After processing in the database, all the information gathered during the year was used to produce six summary reports (eight in 2018) to supplement individual reports on origin. These reports provide a statistical panorama of counterfeiting by brand and model, offering further points for consideration that can be incorporated into the preventive strategies developed by the companies concerned. The FH now has access to a huge volume of data (91,000 records of fake watches, 107,000 examples of illegal marking and 6,700 records of seizures). In the era of big data, using and summarising these data is now a major objective and will no doubt become a routine activity in the fight against counterfeiting.

Fake watches under the researchers' microscope

The FH has been working regularly with the School of Criminal Justice at the University of Lausanne for several years now, suggesting research topics to students in relation to counterfeit watches. This initiative began in 2007 and was crowned in 2019 by the publication of a PhD thesis, the first, to our knowledge, on the issue of combating counterfeiting.

Any PhD research project is always the result of a long process, with many questions and much trial and error along the way. The starting hypothesis was simple but ambitious: namely, working out how to examine sample watches with “forensic precision”, to gain a better understanding of the mechanisms governing criminal counterfeiting activities. The thesis referenced various research projects carried out in the drugs field and demonstrated that a rigorous analysis of connections between samples in spatio-temporal, physical, analytical or contextual terms can produce a map of the criminal network involved. In other words, gaining a better understanding of counterfeiting

means analysing it from multiple perspectives as part of a broader ambition, which consists of exploiting the full potential of any traces, of any kind whatsoever.

According to this approach, a counterfeit watch should be considered as a piece of evidence, which reveals physical and chemical data that can be observed at several analytical levels, combined with spatio-temporal data. Combining all these sources provides access to the underlying structure of the criminal networks involved. It is therefore understandable that the difficulty of grasping this structure results less from the fact that it exists on multiple levels and more from the complexity of the links between them. Accordingly, using the data sources available – whether they are physical, chemical or spatio-temporal – even if it does not result directly in a clear and simple explanation – allows the systematic formulation of hypotheses that are either verifiable or verified in the field.

At the same time, the research demonstrates that a significant volume of information can be extracted from a limited sample in terms of the number of items: the size of the sample does not therefore appear to be a limiting factor.

Until now, combating fake watches was a matter for specialist lawyers, working with watchmakers on a case-by-case basis. Today, thanks to this first thesis and all the work done upstream by the School of Criminal Justice at the University of Lausanne, forensic science has entered the fight against counterfeiting on an equal footing, shedding new light on the “scene of the crime”.



The trade routes of fake goods (source: OECD)



Standardisation

With the help of its Standardisation Committee (SC), the FH coordinated and followed up several national (NIHS) and international (CEN and ISO) projects.

At the level of national standardisation, the main projects involved the reorganisation of work with the revision of the document NIHS 00-01 on standards development, the creation of a new standard on gauges for miniature threads (NIHS 06-12), the development of a standard on quality control of small diamonds (NIHS 67-01), and a revision of the standards on the shocks absorbed by watches during wear (NIHS 91-30 and NIHS 93-20). Seven watchmaking standards were subject to detailed examination during the year. One was confirmed and the others were transposed into guides, which allows them to be kept for teaching purposes. The ninth edition of the extract of NIHS standards, aimed principally at training for future watchmakers, was published.

The NIHS service at the FH has been asked by the Swiss Association for Standardisation (SNV) to provide the secretariat for the interdisciplinary committee *INB/NK 164 - Jewellery and precious metals*, an institution that mirrors the five corresponding committees at European (CEN) or international (ISO) level. Working in cooperation with the appointed experts, it is therefore responsible for acting on the votes initiated by these committees and then forwarding a representative position statement for the whole of the Swiss industry to the SNV. Over 25 votes were coordinated in this way during the past year. A plenary meeting was held at the end of April; the main subjects discussed were the new structure of the INB/NK 164 committee, the reports by the heads of delegation on the mirror committees, the QR Code in Russia, the draft standard on the clarity of watchglasses and the issue of nickel release. The establishment of an action plan will ensure better follow-up of tasks and activities.

The FH continues to have an excellent relationship with the European Committee for Standardization (CEN), mainly on draft standards with an indirect link to watchmaking. This relationship has been further strengthened with the appointment as the chair of the Technical Committee *CEN/TC 347 - Methods for analysis of allergens* of Patrick Lötscher, the head of the NIHS service, who attended a training course aimed at the heads of European Technical Committees.



Ninth edition of the extract of NIHS standards

Turning to international standardisation, the main event in 2019 was the organisation of the international conference *ISO/TC 114 - Horology* which took place in Marseille from 17 to 24 May (see Highlights section, page 12). Steady progress is being made on ISO draft texts, in areas such as ISO 18684 - Timekeeping instruments – Watch external parts made of hard materials – General requirements and test methods, anti-reflective coatings ISO 14368-4 - Mineral and sapphire watchglasses - Part 4: Coatings or radio-controlled clocks (ISO 23346). The revision of the standard *ISO 764 - Magnetic resistant watches* is coming to an end, while the review of the standard on luminescence *ISO 17514 - Time-measuring instruments — Photoluminescent deposits — Test methods and requirements* began at the conference. In addition, the working group examining the potential for improving standard *ISO 22810 - Water-resistant watches* continued its work with the establishment of an experimental plan for condensation testing.

Finally, we should note that four standards examined as part of the systematic examination process were confirmed for five years. These concern the battery life of battery-powered watches (ISO 12819), qualitative criteria for watchglasses (ISO 14368-3), functional and non-functional jewels (ISO 1112) and crowns and sealed tubes (ISO 10552).

Legal and economic services

Several services are available on the FH extranet site. These are reserved for its members, giving them access to privileged information and useful working tools. Topical news items linked to FH activities or matters of direct concern to its members are updated regularly.

Legal services

Rules of origin, competition law, guarantees, reptile leathers in California and other regulatory affairs were just a few of the many and diverse topics examined in 2019. The FH was very busy throughout the year, providing legal assistance to its members and responding to hundreds of questions, four examples of which are outlined below.

In 2019, the Californian legislature decided to end the moratorium on imports for commercial purposes of products made from crocodiles and alligators and allow them to be sold temporarily in the state. Art. 653o of the California Penal Code therefore entered fully into force after a fierce political battle. The victory for supporters of the ban on these products was short-lived, however, since several associations involved in crocodile farming and the leather industry decided to bring two cases against the State of California. Both targeted Art. 653o(b), which bans the import for commercial purposes and particularly the sale of the skins of these reptiles, and challenged its constitutionality given that the new laws in California were contrary to US Federal law. During the trial, the judge ordered provisional measures that allowed the import and sale of items made from alligator skin, such as watch straps, to be reinstated for a few months. However, the situation in California remains very uncertain.

Regulatory affairs become increasingly important every year. In 2019, a proposal to restrict allergens in leather and textiles was put forward as part of the European REACH regulation. The proposal relates to a number of disperse dyes and chemicals classed as skin sensitisers in category 1/1A/1B, as defined in the CLP regulation, which represents a significant number of substances. A working group of the FH legislative monitoring committee examined the proposal and a position statement was produced. This focused on three main points. First, the proposal concerns over 1,000 chemical substances, a number that is likely to grow over time. Secondly, the classification concerns pure products, although substances may behave differently when they are incorporated into another material. Thirdly, for leathers, hexavalent chromium is already restricted under REACH. If the proposal were accepted as it stands, the

maximum concentration of this heavy metal would be reduced from 3 mg/kg to 1 mg/kg. This would be a difficult threshold to achieve for tanning using chromium.

On geographical indications, the FH supported a proposal for Switzerland to accede to the Geneva Act on the Lisbon Agreement on appellations of origin and geographical indications. Unfortunately, the protection of geographical indications (GI) at the international level suffers from a lack of harmonisation, particularly in the non-agricultural area. A degree of harmonisation exists only for wines and spirits as part of the TRIPS agreements. The result is that the holders of Swiss GIs can only secure adequate protection abroad through national procedures or bilateral agreements. The Geneva Act now offers a very interesting opportunity for holders of Swiss GIs to secure increased protection in a large number of countries, at a lower cost than for national procedures. In addition, the Geneva Act offers GIs a high level of protection that also applies to translations and indications such as “style” or “type”. Moreover, a protected GI cannot be viewed as a generic description. In light of these advantages, it goes without saying that the position statement by the FH, which was produced in conjunction with its legal committee, was broadly in favour of the proposal. The Geneva Act can enter into force three months after five parties have filed a valid accession instrument.

Still in the area of geographical indications, the FH pursued its plan to register “Swiss” as a collective mark in the European Union. Unfortunately, it is currently impossible to object to the registration of EU marks that include Swiss designations. Registering the mark will allow the FH to defend Swiss designations more effectively in the European Union, particularly against registrations of marks that are deemed unlawful. A draft regulation has been produced, which replicates some of the conditions defined in the Ordinance governing the use of the word “Swiss” for watches. As a result, the FH will have more means at its disposal to protect its members from parasitic uses of Swiss geographical indications.

Economic services

Members of the association had access to extensive statistical and economic information via the FH extranet. This provides access to the complete database of watch export statistics, quarterly analyses of trends in the sector in the magazine *Tendances* and information on exports from other major global players. Distribution of the magazine was broadened and targeted more closely at the relevant people in businesses following a promotional campaign, with some very positive feedback.



Relations with the authorities and economic circles

Watchmaking associations

For the 21st year in succession, watchmaking associations from different parts of the world met at Baselworld, at the invitation of the FH, to discuss topics of interest to the sector as a whole. The meeting was attended by representatives of the following countries: Germany, China, France, Hong Kong, Italy, Japan and Switzerland.

The initial overview of economic trends affecting the watch industry confirmed that, after a prosperous year in 2018, the prospects for 2019 overall were more measured, with some industries already seeing a reversal of the trend. The major role played by China in the watch trade, including the China Horological Association itself, attracted a great deal of interest.

Another permanent feature of these meetings, the strengthening of the Swiss Made label, was an opportunity for the FH to remind participants that the two-year transition period to sell through products made under the old law – before the new Swiss Made legislation came into effect, i.e. before 1 January 2017 – had now expired. Moreover, the obligation to ensure that technical development took place in Switzerland

came into effect on 1 January 2019. Finally, it was noted that all the relevant information on the new Swiss Made label was available on the FH website.

The technical aspects of environmental legislation were another recurring theme. An update was provided on the situation on the use of lead in the European Union, in light of the REACH and RoHS regulations.

economiesuisse

As an active member of economiesuisse, the FH is represented on the following bodies: General Meeting (Jean-Daniel Pasche, FH), Committee (Thierry Kenel, Swatch Group, Me Theda Koenig Horowicz, Rolex, and Cédric Bossert, Richemont), Executive Committee (Thierry Kenel, Swatch Group), Board of Association Managers (Jean-Daniel Pasche, FH), Legal Commission, WTO Working Group, Working Group on questions of origin and customs issues, Expert Group on intellectual property, Working Group on short-term economic issues, Expert Group on relations with the European Union, Competition Commission.



Meeting of global watchmaking associations at Baselworld

Switzerland-China Watch Industry Working Group

Established under the bilateral free-trade agreement between Switzerland and China, the four-party working group met for the fifth time in Bienne in October.

The Chinese delegation was led by Gao Yanmin, Director General of the Department for the Consumer Goods Industry within the Ministry of Industry and Information Technologies, and Zhang Hongguang, President of the China Horological Association. For its part, the Swiss delegation was led by Fabienne Wassermann, Head of the “Bilateral Asia-Pacific Economic Relations” section at the State Secretariat for Economic Affairs (SECO) and Jean-Daniel Pasche, FH President.

Most of the discussions centred on protecting intellectual property rights and the fight against counterfeiting. While the FH welcomed the improvement in cooperation with the various Chinese authorities concerned, it also reiterated its call for action to tackle the counterfeits found on the internet and particularly on social media, on an ever-expanding scale. While there has certainly been an improvement in cooperation from some marketplaces, significant efforts are still required, including a tangible and effective commitment from other platforms operating in China, transparency around methods of combating counterfeiting, simplifying the procedures for withdrawing products offered for sale, coercive measures to deal with repeat offenders and dealing with so-called no-name or other lookalike products.

The inevitable corollary was that the FH reiterated the pressing need to strengthen the protection of geographical indications as well. Several clear cases of abuse of the Swiss Made label and other emblematic references to Switzerland were highlighted to illustrate the full scale of the problem, not to mention the endless succession of tactics employed by the counterfeiters, who have no hesitation in falsifying FH documents, including signatures, to support their claims that the products they sell were made in Switzerland.

Two memoranda, duly documented, and a black list of brands notorious for making unlawful use of the Swiss Made label were handed to the Chinese representatives so that they could follow up on the FH's requests.



Meeting of the Swiss-China working group at the FH

Both parties were also able to make significant progress on cooperation arrangements for training for the Chinese authorities responsible for combating counterfeiting. The FH has extensive experience in this field and regularly delivers similar training all over the world. It should be possible to set up a similar system in China as well, starting next year.

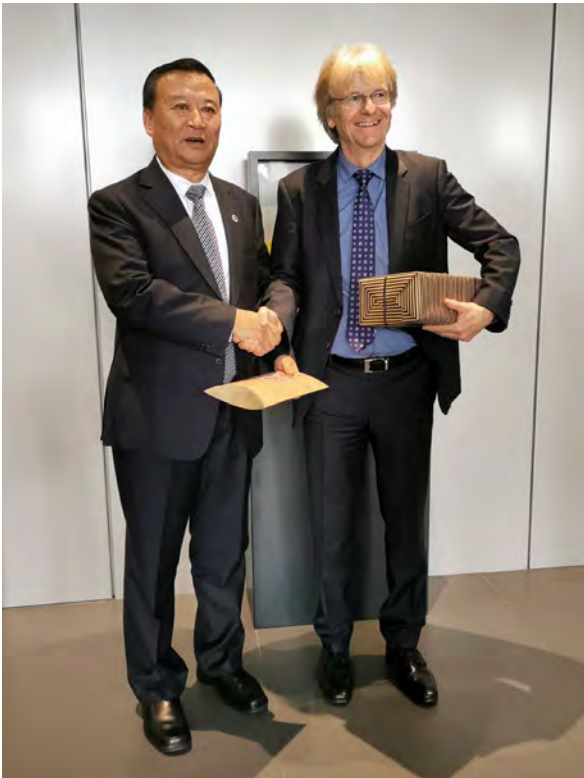
The Chinese delegation emphasised the importance of the Chinese market for the Swiss watch industry and its decisive role in distribution. It also explained a number of activities that Chinese watchmakers were organising in the country, such as the Watch and Clock Fair in Shenzhen, in June each year.

The working-group meeting ended with a visit to Omega and the chance to explore the Cité du Temps (Omega and Planet Swatch museums).

Standing Committee of the European Watch Industry

At the invitation of the FH, the German, French, Italian and Swiss delegations to the Standing Committee of the European Watch Industry (CPHE) met in Lausanne at the end of 2019.

Chaired by Jean-Daniel Pasche, the meeting first provided an opportunity for a review of the situation with regard to projects and other initiatives aimed at protecting geographical



Zhang Hongguang and Jean-Daniel Pasche

indications. In this instance, the work underway on the “Made in France” indication is focusing on defining specifications and examining criteria that are likely to be included in the requirements for the French label. In Germany, the charter introduced by the BV Schmuck + Uhren association is based on the commitment and individual responsibility of each manufacturer in terms of satisfying certain additional quality criteria.

In terms of the Swiss Made indication, the European delegation was informed about the steps taken by the FH to register “Swiss” as a collective mark in the European Union, in light of similar registrations already in place in the United States and Hong Kong. The aim of registration is to strengthen efforts to combat unlawful use of the Swiss Made indication on watches throughout the European Union.

Turning to standardisation, the CPHE reviewed the progress of work at the ISO/TC 114 conference, held in Marseille in the spring, which examined water resistance, magnetic resistance, batteries and anti-reflective coatings on watch glasses, among other things.

The committee devoted a considerable amount of time to the proposed REACH restriction on skin sensitisers (allergens) in leathers and textiles, as well as the procedure for reviewing the CLP (Classification, Labelling and Packaging) classification for silver (see Highlights section, page 10).

Finally, there was a wide-ranging discussion among the delegates on various subjects of topical interest, such as the institutional agreement between the European Union and Switzerland, the availability of spare parts (a law on the obligation to offer repairs was thought to be being drafted in the French Senate), the responsibility of e-commerce sites with regard to sales of counterfeit goods, and recent free-trade agreements.

The meeting ended with a very interesting – and much appreciated – visit to the Swiss Federal Institute of Technology Lausanne (EPFL), with a focus on the theme of innovation and including the chance to explore the ArtLab, which is home to the Venice Time Machine, as well as the Montreux Jazz Heritage Lab.

FH centres abroad

FH Centre in Hong Kong

The FH Centre in Hong Kong once again pursued a series of activities to benefit the sector and members of the Federation. First, it provided practical assistance to several dozen delegates from FH member companies who were travelling to the region, along with their Asian representatives. This regular assistance covers such varied domains as putting commercial or industrial partners in contact with each other in Hong Kong, China or elsewhere in the region, identifying qualified personnel, helping with company formations and accompanying staff on their visits to markets in South-East Asia.

At the same time, the FH Centre increased its contacts with the media, local professional organisations, the authorities and diplomatic representations throughout the region, particularly in Hong Kong, Beijing, Guangzhou and Bangkok.

Finally, the Hong Kong Centre also responded to many requests made by FH members, especially in the legal field and on preventing counterfeiting throughout the region. In particular, it provided assistance to many brands to facilitate their registration with the Chinese and Korean customs authorities. Similarly, it conducted several dozen investigations of local companies and filed a number of objections each month against the registration of marks in Class 14 (watch industry), both in Hong Kong and elsewhere in the region.

FH Centre in Tokyo

On the Japanese market, the FH Centre in Tokyo responded to numerous requests from FH members and their local agents, by supplying commercial information, establishing business contacts and providing linguistic assistance, among other things. It also acted on requests from the media and maintained a

close relationship with local professional organisations and diplomatic representations, as well as responding to specific requests received on a daily basis from Japanese consumers or companies.

The FH Centre also provided regular follow-up in the area of after-sales service, for a number of FH members (through the after-sales service pool). In spring 2019, it worked particularly hard to identify a new partner to provide the necessary service for watches still under warranty and those whose warranty has expired. A new cooperation contract was agreed to the satisfaction of both parties.

The second watch industry seminar organised by the Centre in July focused on the theme of “The current situation of infringements of intellectual property in Japan and its solution”. Around 60 participants, all from the brands’ Japanese representations (CEO, marketing directors, brand directors, etc.) particularly appreciated the quality of the various presentations, including the one by Thierry Dubois, director of the FH Centre in Hong Kong. They also clearly reiterated their interest in this type of event being organised by the FH, and a follow-up was therefore set up for the end of the year.

The year’s main project, creating the Japanese version of the travelling exhibition *watch.swiss*, began in August, as part of the “watch weeks” organised regularly by the main commercial centres (see page 24). Events in 2019 were held in Tokyo (Tobu World Watch Fair), Nagoya (Mitsukoshi Sakae World Watch Fair) and Fukuoka (Daimaru Fukuoka World Watch Festival). Several dozen Swiss brands participate regularly in each of these promotional events, which are a typical feature of the Japanese market. The themes presented by *watch.swiss Japan* certainly supported the watch industry by underlining the message, “You can’t talk about watches without Switzerland, and you can’t talk about Switzerland without watches”.



Watchmaking seminar organised by the FH Centre in Tokyo



Japanese version of the travelling exhibition watch.swiss





The Swiss watch

industry in 2019

The statistics processed, distributed and analysed by the FH are a key indicator for the sector. Prepared by the Federal Customs Administration on the basis of declarations made by firms, they constitute the main official, regular and reliable source for monitoring the development of watch exports. Through a wealth of detailed information concerning markets, products and price segments, the FH can pinpoint recent or historic trends in the Swiss watch industry.



Watch industry statistics

General situation

The watch market has faced a complex environment, marked by some fundamental and increasingly rapid changes. The new rules of the game echo a number of trends that are often observable, sometimes measurable and in some cases, can even be modelled. Accordingly, the sector needs to adapt and brands need to define their strategy to respond to the changes and continue to attract interest among consumers.

From an export perspective, the Swiss watch industry performed well in 2019, with two reservations. First, growth was not consistent and not all actors benefited. There were sometimes marked differences between the main markets and price segments. Secondly, the number of items exported fell to a record low. Eighty-five percent of the decline was in the entry-level segment and is a particular concern for sub-contractors, for whom volumes are essential to the way production plants operate and maintaining both their workforce and investments.

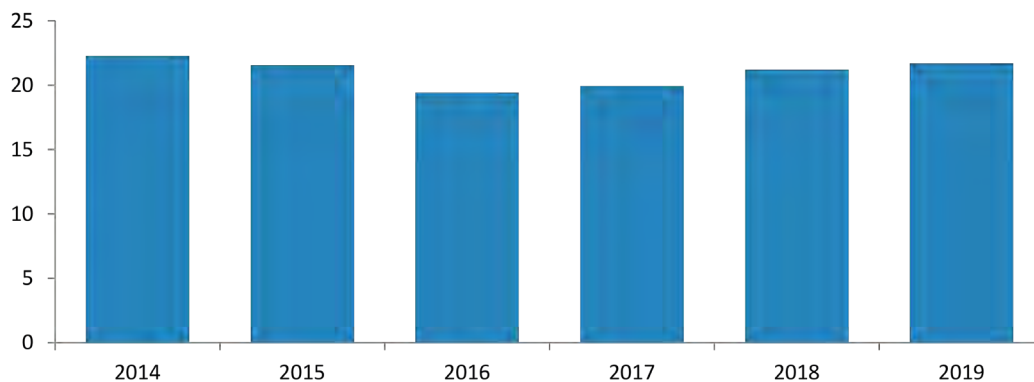
In this respect, the Swiss watch industry is in line with a trend that is favourable to luxury products, particularly in China, but also numerous other markets in Asia and the United States. The complexity of the general situation requires watch brands to make continued efforts to adapt. The high level of the Swiss franc, restrictive regulations in Russia and Turkey, changes

in both physical and digital distribution, the consumption patterns of generations Y and Z, the sharp increase in the *pre-owned* market and the measures needed for sustainable development are all factors that need to be built into strategies for the next few years. Some of these factors are not new, however, and the sector is already moving in this direction.

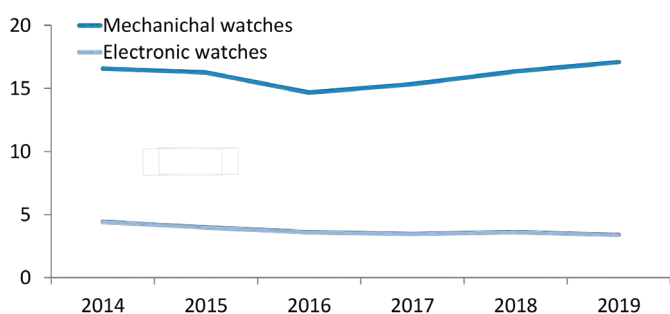
The events in Hong Kong since the summer have made it particularly complicated to analyse the watch market and have dramatically reduced visibility. The demonstrations there have affected sales in the region since July and had a significant impact on exports since October. The paralysis in the market seems likely to last, given Beijing's view of the protestors' demands. The slowdown in Hong Kong in the fourth quarter of 2019 reduced the growth in watch exports worldwide by four points.

Swiss watch exports

The Swiss watch industry saw exports exceed the already high level achieved in 2018, in line with the forecasts produced a year ago, in a complex and fast-changing environment. They were also faced with increased competition, both in the higher value segment and at entry level, where volumes were particularly hard hit. Ultimately, Swiss watch exports were worth 21.7 billion francs in 2019, an increase of 2.4%



Swiss watch exports (in billion francs)



Exports of wristwatches (in billion francs)

compared with 2018. Growth in the second half of the year (+3.2%) was twice as strong as in the first six months of the year (+1.5%), however the rate of growth slowed in the fourth quarter (+1.1%), as a result of very poor performance in Hong Kong.

Swiss exports of watches

Wristwatches set the tone for 2019, representing almost 95% of total exports by value. Exports passed the 20 billion francs threshold (to 20.5 billion), an increase of 2.6% compared with 2018. Conversely, the number of items declined by 13.1%. The downward trend seen for many years worsened during the summer of 2018 and had a marked impact on every month in 2019, without exception. Switzerland shipped 20.6 million watches to other countries, 3.1 million fewer than in the previous year. This historically low level, below even the crisis of 2009, is comparable to the volume exported during the dip in the early 1980s.

Exports by price range

A line can be drawn at 3,000 Swiss francs (export price), below which results were down both by value (-6.5%) and number of items (-14.4%). Over 85% of the fall in volumes was attributable to watches priced below 200 Swiss francs. At the other end of the scale, watches priced at over 3,000 Swiss francs grew strongly.

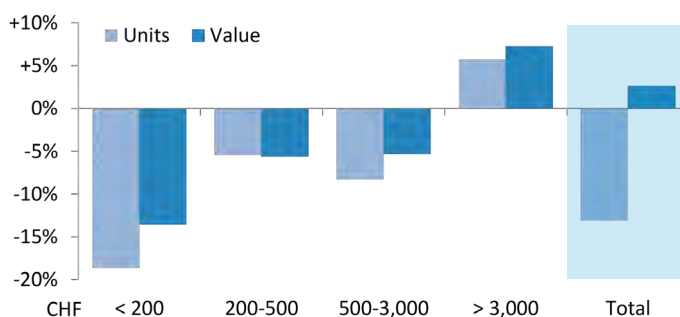
Exports by material

Most of the main groups of materials saw an increase in export turnover in 2019, with steel (-1.9%) the notable exception. Growth has been driven by precious metal and bimetal watches. In volume terms, the main categories (*Steel, Other materials* and *Other metals*) recorded double-digit declines.

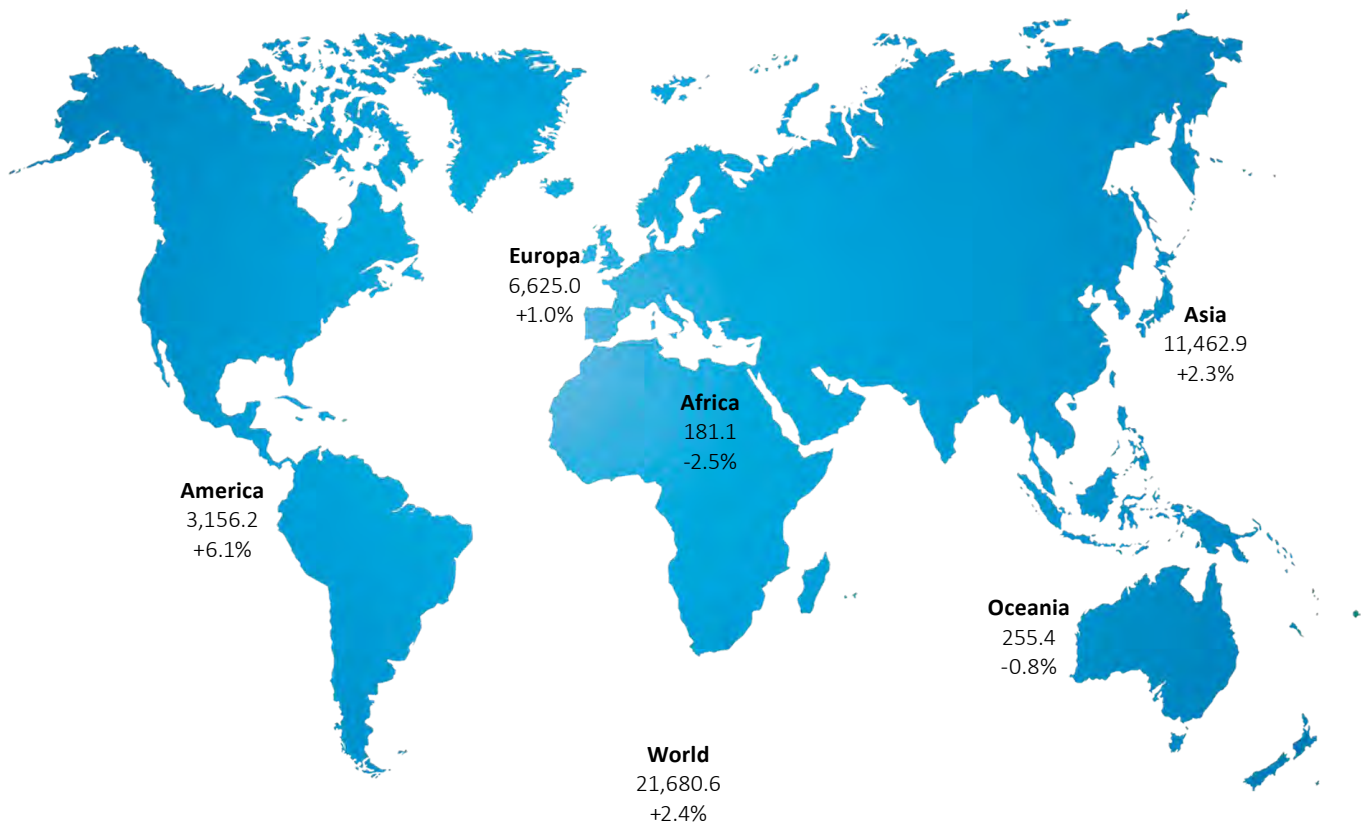
Main markets

Asia's share of Swiss watch exports decreased slightly, because of the negative impact of Hong Kong. Nonetheless, Asia still accounted for more than half (53%) of the export turnover generated by Swiss watches in 2019. Europe represented 30% and America 15%.

Overall, watch exports to Asia increased by 2.3% compared with 2018. Not all the main markets were close to the average, however. Hong Kong was heavily penalised by the protests that have been taking place there since June, finishing the year with a fall of -11.4% (-25.9% during the fourth quarter). Conversely, China regularly increased its pace of growth, ending on +16.1%, while exports to Japan grew by +19.9%. Singapore (+14.6%) was the third market to achieve strong growth, thanks to an excellent second half. Growth in South Korea (+4.9%) was more moderate. In the Middle East, exports increased to the United Arab Emirates (+2.4%) but declined in Saudi Arabia (-6.4%).



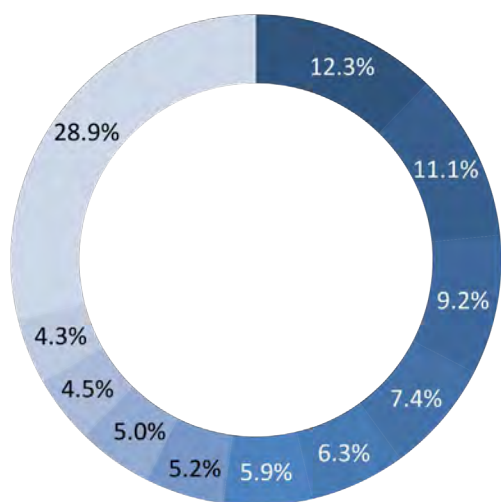
Exports by price segment (variation compared with 2018)



Total value of exports in 2019 (in million francs)

The lowest level of growth was in Europe (+1.0%), driven mainly by the United Kingdom. Germany (+0.2%) and France (+0.2%) stagnated, while Italy (-4.2%), Spain (-1.1%) and the Netherlands (-3.0%) fell back slightly.

America (+6.1%) was the most dynamic region, thanks to the United States (+8.6%), which alone absorbed three quarters of watch exports to the continent.



- Hong Kong
- USA
- China
- Japan
- United Kingdom
- Singapore
- Germany
- France
- Italy
- UAE
- Oth. Countries

Main export markets in 2019

Other exported products

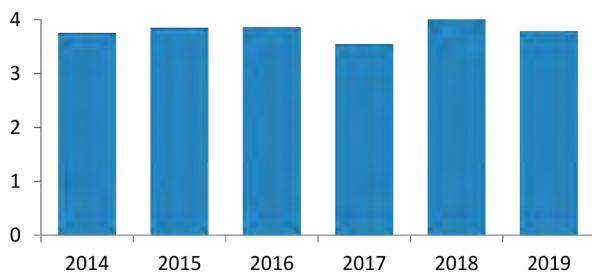
As well as wristwatches, the Swiss watch industry exported a range of other products in 2019, such as clocks, alarm clocks and pocket watches, as well as spare parts. The total value of these items was 1.2 billion Swiss francs, a fall of 1.4% compared with 2018.

After three years of negative performance, exports of alarm and other clocks returned to growth (+16.9% by value). Conversely, exports of pocket watches fell by 27.2%. Swiss watch movements proved less successful on the export market. The number of items fell by 10.2% compared with 2018, to 4.4 million units.

Exports of watch cases and wristlets fell, mainly reflecting processing traffic.

Watch imports

Swiss watch industry imports passed the 4 billion Swiss francs mark in 2018 but dropped back to 3.8 billion in 2019 (-5.5%). At a more detailed level, wristlets followed the same trend (-6.0%), as did supplies of components. Imports of watch-cases and wristlets recorded a steep decline, in line with the fall in volumes.



Swiss watch imports (in billion francs)





Structure of

the FH in 2019

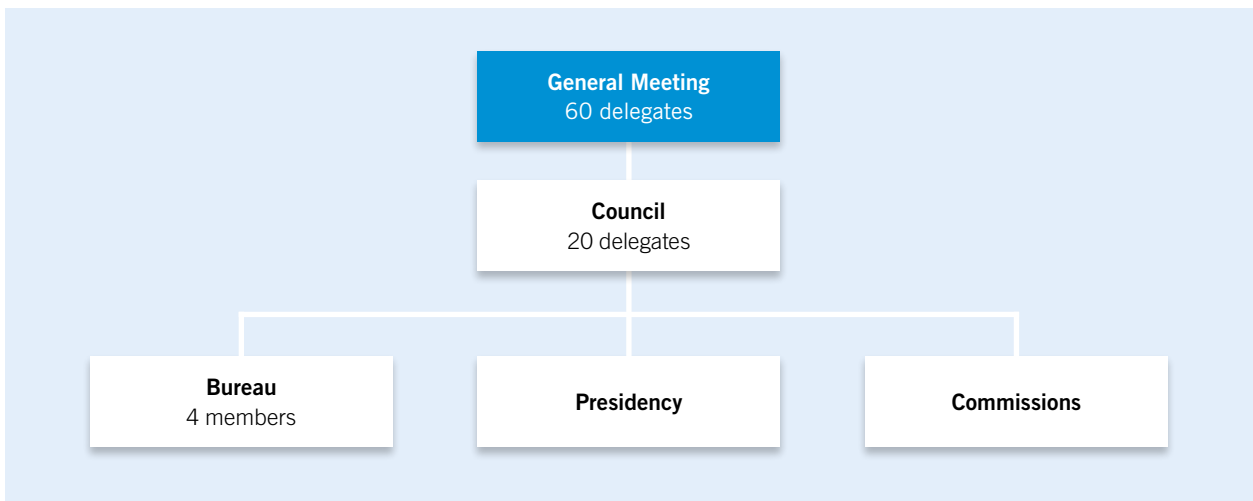
An organisation representative of the Swiss watch industry as a whole, the FH has the following main tasks and objectives: helping to defend and develop the sector, establishing a permanent link between its members in order to promote their shared interests, representing the Swiss watch industry in its dealings with Swiss and international economic authorities and organisations, asserting the interests of its members during consultation procedures preparing the ground for national and foreign legislations, defending its members' interests in the legal arena, and fighting actively against infringements of intellectual property rights and acts of unfair competition.



The FH in 2019

On 31st December 2019, the FH included 428 companies, associations and institutions (approximately 90% of the Swiss watch industry manufacturers), including 167 firms in the finished products sector. In terms of products, markets and busi-

ness size, the Swiss watch industry is characterised by its very great diversity. The FH is therefore structured with a view to harmonising the different interests of its members through the balanced composition of its statutory organs.



The General Meeting

Governing body of the association, the FH General Meeting comprises a maximum of 60 delegates totalling 60 votes. Lasting three years, terms of office are renewable.

The General Meeting takes decisions on issues submitted to it by the Board concerning the interests of the Swiss watch industry and the association's general policy; it elects mem-

bers to the Board, as well as the president of the association, and appoints the auditor; it discusses and approves the annual report and the accounts, as well as the scale of subscriptions.

On 31st December 2019, the FH General Meeting was composed of the following delegates (some with more than one vote):

Grégory Affolter

Pignons Affolter SA

Karlheinz Baumann

Richemont International SA

Denis Bolzli

Aéro Watch SA

Cédric Bossert

Richemont International SA

Patrick Brandelet

Joray & Wyss SA

Pascal Bratschi

Manufacture des Montres Rolex SA

Pierre-André Bühler

ETA SA Manufacture horlogère suisse

Jérôme Cavadini

Richemont International SA

Dino D'Aprile

Rubbattel & Weyermann SA

Pascal Dubois

Dubois Dépraz SA

Joris Engisch

Jean Singer & Cie SA

Christian Feuvrier

Nivarox-FAR SA

David Guenin

Gimmel Rouages SA

Jean L. Guillod

Guillod-Günther SA

Philippe Gurtler

Rolex SA

Thierry Kenel

The Swatch Group SA
(FH Vice President)

Christian Klever

Breitling SA

Aurélien Le Bigot

Zenith, Branch of
LVMH Swiss Manufacture SA

Giuseppe Maesano

Universo SA

Alain Marietta

Métalem SA

Pierre-André Meylan

Piguet Frères SA

Olivier Montavon

Simon et Membrez SA

Corine Neuenschwander

Neuenschwander SA

Marianne Pandiscia

Multitime Quartz SA

Jean-Daniel Pasche

FH President

Flavio Pellegrini

MGI Luxury Group SA

Adrianna Pozza

Victorinox Swiss Army SA

Sébastien Roche

TAG Heuer, Branch of
LVMH Swiss Manufactures SA

Alain Sierro

Fraporlux SA

Manuela Surdez

Goldec SA

Alberto Tellan

Manufacture des Montres Rolex SA

François Thiébaud

Tissot SA

Pierre Verdière

La Montre Hermès SA

Andreas Voll

IWC Schaffhausen,
Branch of Richemont International SA

Roger Wermeille

Le Castel Pendulerie Neuchâteloise

Eric Yersin

Raymond Weil SA

Vladimiro Zennaro

Bergeon SA

Vacant

Patek Philippe SA Genève





The Board

Comprising twenty members elected for three years by the General Meeting, the FH Board, which meets four times a year, has the following main attributions: it defines the association's policy and monitors its application; it rules on the admission of members; it gives its opinion on issues to be submitted to the General Meeting and executes the latter's decisions; it elects the Bureau and appoints the vice-president(s); it appoints heads

of division and commission members; generally it assures a permanent link between members of the association, the authorities and third parties; it approves agreements concluded between the association and its members or third parties; etc.

On 31st December 2019 the Board was composed of the following members:

Raynald Aeschlimann

Omega SA

Karlheinz Baumann

Richemont International SA

Denis Bolzli

Aéro Watch SA

Cédric Bossert

Richemont International SA

Pierre-André Bühler

ETA SA Manufacture horlogère suisse

Christian Feuvrier

Nivarox-FAR SA

Philippe Gurtler

Rolex SA

Thierry Kenel

The Swatch Group SA

Christian Klever

Breitling SA

Massimo Longo

Roventa-Henex SA

Alain Marietta

Métalem SA

Olivier Montavon

Simon et Membrez SA

Arianna Pozza

Victorinox Swiss Army SA

Sébastien Roche

TAG Heuer, Branch of LVMH Swiss Manufactures SA

Alain Sierro

Fraporlux Swiss SA

Peter Steiger

The Swatch Group SA

Alberto Tellan

Manufacture des montres Rolex SA

Andreas Voll

IWC Schaffhausen, Branch of Richemont International SA

Vacant

Patek Philippe SA Genève

The Bureau and the Commissions

Comprising the president, the two vice-presidents and one or two members, the Bureau examines issues delegated to it by the Board and, exceptionally, questions of an urgent nature.

At the end of 2019, its composition was as follows:

Jean-Daniel Pasche

FH

Carole Décosterd

Rolex SA

Thierry Kenel

The Swatch Group SA

Alain Marietta

Métalem SA

The president of the Financial Commission is regularly invited to attend the Bureau's meetings.

The FH also has six permanent Commissions responsible for examining issues of general interest dealt with by the association.

The Commissions and their presidents:

Economic Commission

Thierry Kenel

Financial Commission

Pascal Bratschi

Legislative monitoring Commission

Olivier Blanc

Legal Affairs Commission

Jean-Daniel Pasche

Standardisation Committee

Silvano Freti

Anticounterfeiting Group

Jean-Daniel Pasche



The Divisions and the Departments

At 31 December 2019, the FH employed 32 full-time equivalent staff in Bienne (31 in 2018). Its organisation chart is as follows:



The network of partners

The FH would be nothing in the globalised world without a solid network of partners, which can be found both within and outside the sector on all five continents. Non-exhaustive, the list below provides a summary of this network.

Watchmaking Partners

- ♦ All India Federation of Horological Industries
- ♦ American Watch Association (AWA)
- ♦ Association des fabricants de décolletages et de taillages (AFDT)
- ♦ Association patronale de l'horlogerie et de la microtechnique (APHM)
- ♦ Association patronale des industries de l'Arc-horloger apiah
- ♦ Association pour l'assurance qualité des fabricants de bracelets cuir (AQC)
- ♦ Association suisse pour la recherche horlogère (ASRH)
- ♦ Associazione Ticinese Industria Orologiera-ATIO
- ♦ Assorologi (Italy)
- ♦ BV Schmuck + Uhren (Germany)
- ♦ Centre suisse d'électronique et de microtechnique (CSEM)
- ♦ Centredoc Centre suisse de recherche, d'analyse et de synthèse d'information
- ♦ China Horologe Association
- ♦ Comité des exposants suisses à Baselworld
- ♦ Comité permanent de l'horlogerie européenne (CPHE)
- ♦ Contrôle officiel suisse des chronomètres (COSC)
- ♦ Fédération de l'horlogerie (France)
- ♦ Fédération romande des consommateurs (FRC)
- ♦ Fondation de la Haute Horlogerie
- ♦ Fondation Qualité Fleurier
- ♦ Fondation WOSTEP
- ♦ France Horlogerie Industries du Temps et des microtechniques
- ♦ Hong Kong Watch Manufacturers Association
- ♦ Infosuisse Information horlogère et industrielle
- ♦ Japan Clock and Watch Association
- ♦ Japan Watch Importers' Association
- ♦ Joyex - Asociación Española de Fabricantes y/o Exportadores de Joyería, Platería y Relojería
- ♦ Korea Watch and Clock Industry Cooperative
- ♦ Société suisse de chronométrie (SSC)
- ♦ The Federation of Hong Kong Watch Trades & Industries Ltd
- ♦ Union des Fabricants d'Horlogerie de Genève, Vaud et Valais (UFGVV)
- ♦ Verband deutschschweizerischer Uhrenfabrikanten (VdU)

Federal Administration

- ♦ Bureau central du contrôle des métaux précieux
- ♦ Commission des experts douaniers
- ♦ Direction générale des douanes (DGD)
- ♦ Swiss Federal Institute of Intellectual Property (IPI)
- ♦ Office fédéral de la santé publique (OFSP)
- ♦ Office fédéral de la sécurité alimentaire et des affaires vétérinaires (OSAV)
- ♦ Présence suisse
- ♦ State Secretariat for Economic Affairs SECO



Chambers of commerce

- ◆ Alliance des chambres de commerce suisses
- ◆ Arab-Swiss Chamber of Commerce and Industry (CASCI)
- ◆ International Chamber of Commerce international (ICC)
- ◆ Swiss-Chinese Chamber of Commerce
- ◆ Swiss-Indian Chamber of Commerce
- ◆ Joint Chambers of Commerce (Russia, Ukraine, Kazakhstan, Belarus, Kyrgyzstan, Moldova)
- ◆ Swiss-Asian Chamber of Commerce
- ◆ Swiss Business Council Abu Dhabi
- ◆ Swiss Business Council Dubai
- ◆ Swiss Chamber of Commerce in Japan

Economic organisations

- ◆ BUSINESSEUROPE
- ◆ economiesuisse
- ◆ Switzerland Global Enterprise

Technical organisations

- ◆ Centre technique de l'industrie horlogère française (CETEHOR)
- ◆ Ecole d'ingénieurs ARC
- ◆ International Electrical Committee (IEC)
- ◆ Tokyo Watch Technicum

Customs and police organisations

- ◆ Agenzia delle Dogane, Roma
- ◆ Commandement général de la Guardia Civil (Espagne)
- ◆ Commandement général de la Guardia di Finanza (Italie)
- ◆ Direction générale des douanes et Droits indirects de la République française
- ◆ Europol
- ◆ Federal Bureau of Investigation (FBI)
- ◆ Interpol
- ◆ Organisation mondiale des douanes
- ◆ Police cantonale de Neuchâtel
- ◆ Police cantonale du Jura
- ◆ U.S. Customs and Border Protection

Organisations involved in standardisation

- ◆ Association française de normalisation (AFNOR)
- ◆ Association suisse de normalisation (SNV)
- ◆ British Standards Institution (BSI)
- ◆ Bureau of Indian Standards (BIS)
- ◆ Comité européen de normalisation (CEN)
- ◆ Deutsches Institut für Normung (DIN)
- ◆ Federal Agency on Technical Regulating and Metrology (GOST R)
- ◆ International Organization for Standardization (ISO)
- ◆ Japanese Industrial Standards Committee (JISC)
- ◆ Korean Agency for Technology and Standards (KATS)
- ◆ Standardization Administration of China (SAC)

Anticounterfeiting organisations

- ♦ Anti-Counterfeiting Group (ACG)
- ♦ Brandowners Protection Group (Gulf Cooperation Council)
- ♦ Ecole des Sciences Criminelles, UNIL
- ♦ INDICAM - Associazione italiana per la Lotta alla Contraffazione
- ♦ STOP PIRACY – Plate-forme suisse de lutte contre la contrefaçon et la piraterie
- ♦ The Anti-Counterfeiting Network (REACT)
- ♦ Union des fabricants

Legal organisations

- ♦ Association internationale pour la protection de la propriété intellectuelle (AIPPI)
- ♦ Association suisse du droit de la concurrence
- ♦ Association suisse du droit européen
- ♦ Commission européenne, DG Environnement
- ♦ International Trademark Association (INTA)
- ♦ Ligue internationale du droit de la concurrence
- ♦ Organisation for an International Geographical Indications Network (Origin)





Fédération de l'industrie horlogère suisse FH
Verband der Schweizerischen Uhrenindustrie FH
Federation of the Swiss Watch Industry FH

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