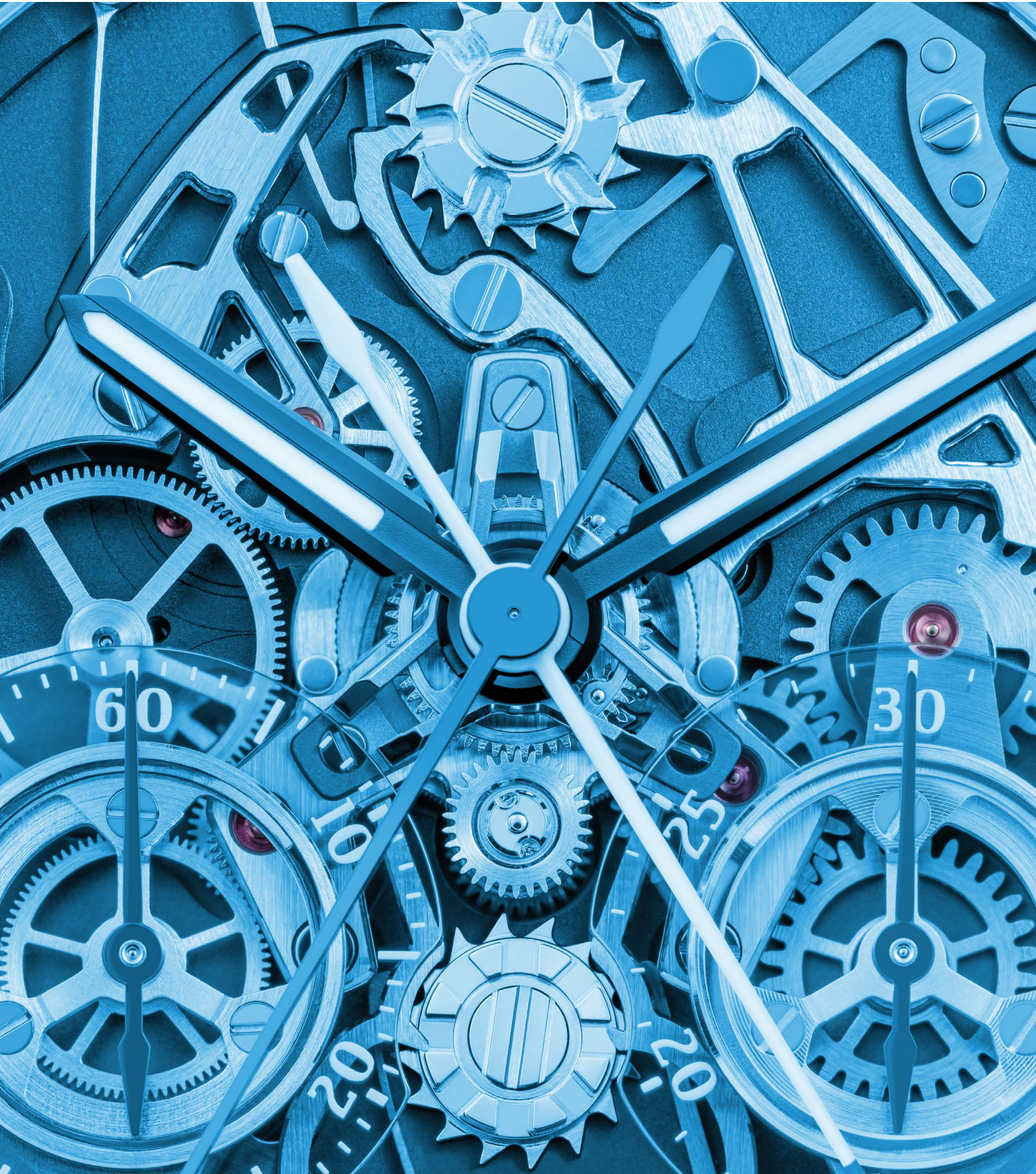




Fédération de l'industrie horlogère suisse FH
Verband der Schweizerischen Uhrenindustrie FH
Federation of the Swiss Watch Industry FH

Annual Report 2023



Annual Report 2023





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The word of

the President



Since 2020 at least, we have learned to live with crises, conflicts, geopolitical tensions and the uncertainties that arise from them. Following the post-Covid recovery, economic prospects have darkened in Switzerland too, and the climate of consumption is longer consistently positive. Short-time working is again being

raised, despite – paradoxically – a lack of qualified staff. It's a strange world we live in.

Following the steady pace and record value achieved in 2022, the growth in Swiss watch exports and the luxury goods market in general was bound to decline, for two main reasons. First, the post-pandemic recovery has run out of steam and demand has gradually returned to normal. Secondly, the economic and geopolitical context has not improved, to say the least. Despite all this, 2023 was a positive year for Swiss watchmaking and set a new record, achieving growth of 7.6%. Once again, we must pay tribute to the resilience of the sector, while recognising that different businesses can face diverse realities.

The FH has carried out its activities based on a clear understanding of its members' interests, as you can see by reading this report. I am thinking, in particular, of our defence of the 'Swiss made' designation in Switzerland and worldwide, the publication online of the new version of the Dictionary of Horology, the organisation in Switzerland of the ISO congress on watchmaking and the FH's interventions in the field of regulatory affairs.

The past year was also a special one for me, having completed my term of office as President at the end of 2023. I do not intend to look back over the past 20 years that you too have lived through, with the major changes that have taken place in the sector. Digitisation and verticalisation have fundamentally changed how watches are made and distributed, and how we communicate about them. Some of these changes were undoubtedly speeded up by the pandemic.

But above all, what I will remember from these 30 years with the FH, including 21 as President, are the contacts I have had with members within the governing bodies or during visits and events: so many fascinating discussions with inspiring and enthusiastic individuals, from a wide range of backgrounds but all contributing to the development of our sector. The latter inspires and attracts admiration worldwide. It is therefore with tremendous pride that I have represented Swiss watchmaking as part of my duties in Switzerland and throughout the world. I thank the FH's members for offering me this wonderful opportunity.

With 2023 and the past 30 years now behind me, it is with deep gratitude that I pay tribute to the ongoing commitment of our governing bodies, the indefatigable support of our members and the enthusiasm and professionalism shown by FH staff in defending the interests of the sector.

Thank you and good luck!

A handwritten signature in black ink, appearing to read 'J. D. Pasche'.

Jean-Daniel Pasche





Highlights

of 2023

The FH took action on several fronts internationally in 2023 to defend the ‘Swiss made’ label in watchmaking, particularly in China. It also published the new digital version of its Dictionary of Horology, after a long and comprehensive process of revision, translation and formatting. On a different topic, international watchmaking standards were the centre of attention at the biennial conference organised by the FH in the spring. Throughout the year, regulatory affairs with significant consequences for the sector occupied specialists in areas as varied as plans to restrict chemical substances in the context of the European REACH regulation, a US law on button batteries and a parliamentary motion related to importing reptile skins into Switzerland.



The “Swiss made” label for watchmaking

A geographical indication that the FH defends on all fronts

Defending Swiss geographical indications is a core activity for the FH. As a sign of impeccable quality, precision and durability, combining tradition with constant innovation, they are the undisputed symbol of Swiss excellence. According to calculations made by the Swiss Confederation, their intrinsic value amounts to billions of francs. It is therefore essential to protect them.

As a “guardian” of the ‘Swiss made’ label, the FH has a comprehensive set of ways of combating its misuse effectively. On the one hand, it takes direct action against companies that use it unlawfully, whether deliberately or unintentionally, by sending them formal notices to remedy or taking them to court. On the other, it raises objections to prevent trademark applications filed by Swiss or foreign businesses from unlawfully including Swiss geographical indications that could mislead consumers. Awareness-raising and lobbying campaigns complete the range of measures available to it.

The FH takes part in regular discussions between Switzerland and China on intellectual property rights in this area. In September 2023, there was an official meeting between the Swiss Federal Institute of Intellectual Property and the Ministry of Trade of the People’s Republic of China, and in October, a meeting with the National Chinese Intellectual Property Administration.

High-level representatives took part in both meetings, as well as a round table with Swiss industry. The FH participated in these meetings to defend the interests of the watchmaking sector and recall the importance of Swiss geographical indications, as well as the fight against copies that infringe the rights of Swiss watchmaking brands. The responses to these requests by the Chinese representatives were encouraging and show that the authorities are aware of the importance of adequate protection for geographical indications.

At the international level, protection is managed through oriGIn, the global alliance for geographical indications. This organisation brings together a wide variety of sectors, represented by some 600 producers’ associations and other institutions from 40 countries. The FH is a long-standing member for the ‘Swiss made’ label for watchmaking. Participants attending the organisation’s general meeting in October 2023, which took place at its head office in Geneva, were updated on progress towards better protection of geographical indications, particularly in connection with artisanal and industrial products. The latter will soon benefit from new legislation in the European Union. At the end of the meeting, delegates from all over the world had the opportunity to visit watchmaking museums in Bienne, following a programme organised by the FH, and to explore the Gruyère region.



Dictionary of Horology

New, fully revised version



The new version of the Dictionary of Horology is freely available on the FH website and in a smartphone application.

After a long and comprehensive revision, translation and formatting process, the FH published a new digital version of its Dictionary of Horology. It follows on from the Illustrated Professional Dictionary of Horology, written by G.-A. Berner and published by the Swiss Chamber of Watchmaking in 1961, the supplement published by the Société du Journal La Suisse Horlogère SA in 1995 and the consolidated version by the FH in 2002, which many experts still refer to as the “Berner Dictionary”.

A complete overhaul had become necessary to reflect the changes in technology, and the watchmaking industry in particular. Accordingly, a panel of experts has reviewed 4,800 terms and 950 illustrations to decide whether they should be retained, amended or removed, alongside the addition of 470 entries. The experts involved have taken care only to retain and add terms related directly to watchmaking, to make the dictionary a unique work that is entirely dedicated to the sector. The latter often uses specialist terms that are known only to insiders, which is why it is important to make them accessible to anyone with an interest in the subject.

Written in French, German and English, the new version contains 6,000 terms and almost 900 illustrations, some of which have been deliberately kept in their original style. It is freely available on the FH website and in a smartphone application. Particular care has been taken with the interface, especially in terms of ergonomics, functionality and navigation between the definitions and different languages.

The FH would like to express its gratitude to the 30 or so experts who contributed to the project for their commitment and support. Special thanks go to those who supported the revision process in its entirety or made a particularly significant contribution: Jean-Philippe Arm, Estelle Fallet, Jean-Pierre Golay, François Klopfenstein, Bernard Muller, Hélène Pasquier, Marco Richon, Marlyse Schmid, Antoine Simonin and Pierre-Alain Vuille.



ISO congress on watchmaking

Biennial meeting

The 2023 international congress of the ISO committee dedicated to watchmaking (ISO/TC 114) was organised by the FH and held in Interlaken, Switzerland, in May. Under the leadership of the new President, Raphaël Schwarz, who is also a specialist in regulatory affairs at the FH, the work of the delegations from China, France, Germany, Hong Kong, India, Japan, Mongolia, the United and, of course, Switzerland contributed to some significant progress.

The opening remarks from Jean-Daniel Pasche, President of the FH, and Marcel Knecht, a member of the Executive Board of the Swiss Association for Standardisation, emphasised the importance of this international congress and the spirit of cooperation that characterises it, the development of watchmaking in Switzerland and worldwide, and the need for harmonisation to which standardisation responds.

Congress attendees explored issues around protecting health and the environment, which are both important topics for consumers. The first action in this area will be the creation of a standard to demonstrate compliance with regulated substances in wristwatches.

Numerous discussions focused on potential changes to the condensation test described in the standard on water-resistant watches. Despite the obvious conclusions around a possible improvement to the test, the revision of this standard was adjourned, since a number of delegations wanted more time to continue with trials.

The agenda also included four additional tests for the standard on anti-reflection treatments on watch-glasses. Most delegations wished to continue testing, in particular for resistance to ultrasound, before embarking on a revision of the standard. During the congress, Switzerland presented its research project on standard formulations for cosmetic resistance tests, which prompted a lot of interest among the audience.

The revision of the standard on photoluminescent deposits reached its final stage, prior to publication in 2024 at the latest.

The initial work on revising the standard on horological vocabulary dealt with over 70 comments. A number of new definitions were added, including “smartwatch”.

At the end of the congress, the delegates again took a number of decisions, updated the development plan for the ISO/TC 114 Horology committee and finalised the wording of the resolutions. The standard on vapour phase deposited coatings will thus be revised, a new project on clocks and miniature clocks will be launched and changes to regulated substances that affect watchmaking will be closely monitored.

The final, traditionally recreational part of the event, which emphasises the convivial and human aspect of the congress mentioned by Jean-Daniel Pasche, took the delegates to the Jungfrauoch, in the heart of the Bernese Alps. The next meeting will be held in Zhangzhou, China, in 2025.



The ISO/TC 114 Horology international congress brought nine delegations together in Interlaken for a week.

Regulatory affairs

Main FH activities

The FH was particularly active in the realm of regulatory affairs in 2023. Among other things, it played a proactive role regarding regulations likely to have an impact on the watchmaking industry.

REACH restrictions

A project to restrict the use of perfluorohexanoic acid (PFHxA), its salts and compounds was launched under the European REACH regulation in 2020. These substances can be present in several watchmaking applications, such as leather straps and some galvanic baths, as well as lubricants and epilames. Substitution is a much more complex prospect in the latter two cases.

The FH worked to defend the interests of the sector, setting out its concerns in two position statements. Following these interventions, the European Chemicals Agency (ECHA) recommended an exemption for the use of these substances in epilames used for watchmaking.

The final version of the draft restriction was published in June 2023 and stated that ultimately, lubricants and epilames used in watchmaking will not be included as part of the REACH restriction, thus maintaining continuity of production in the sector.

Another draft restriction under the REACH regulation, relating to certain bisphenols, was sent out for consultation in 2021 by the German Federal Institute for Health and Safety at Work and the German Federal Environment Agency, raising major concerns, especially in the leather industry.

The FH took part in the debate on restricting bisphenols, sending position statements to the instigators on two occasions, and putting forward three key points. First, it pointed out that the 10 mg/kg detection limit for bisphenols in leather was technically impossible to achieve and that it needed to be adjusted to 1,000 mg/kg to comply with the addition of bisphenol S to the authorisation process. Secondly, the transition period should be extended from five to ten years for leather products. Thirdly, the FH raised the importance of retaining an exemption for pre-existing stocks.

After consultation, the draft restriction was withdrawn in August 2023. The German authorities then set themselves the goal of reviewing and submitting it at a later date, with-

out indicating a precise deadline. The ECHA stated that any amendment to the initial draft must be justified.

Reese's Law in the United States

The US "Reese's Law" was promulgated in 2022. It aims to protect children aged six or under from ingesting button batteries, whether they are sold separately or built into products. As a result, the US Consumer Product Safety Commission was tasked with developing a rigorous standard, including technical criteria and warnings to consumers.

The FH played an active role throughout the process, including speaking alongside the American Watch Association, at a crucial meeting in Washington. A technical demonstration of the various systems used for sealing the battery compartments of electronic watches was given during the meeting. This was an opportunity to demonstrate the safety of these systems in person and highlight the problematic aspects of the proposed new standard.

The final version of the rule was sent out for consultation in August 2023. This introduced a distinction between products intended to be opened by consumers and those designed to be opened by professionals, as requested by the FH. However, products that require the use of crosshead or flathead screws do not meet the second criterion. The issue was still under discussion at the end of the year.

Parliamentary motion on reptile skins

A parliamentary motion, put forward by Martina Munz (PS/SH) in 2019, aimed to impose a declaration system for the animal species, origin and provenance of reptile skins. The FH has actively opposed the motion for several years, arguing that the requirements imposed were disproportionate. In practice, most imported products already comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the recommendations of the World Organisation for Animal Health Terrestrial Code, which have similar objectives.

Following a recommendation issued by the Science, Education and Culture Committee of the Council of States, members of parliament ultimately decided to reject the motion. The impact analysis of the regulation, to which the FH made an active contribution, played a crucial role in this decision.





Panorama of the

2023 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 2023.



Improvement of framework conditions

In 2023, the FH pursued its objectives of defending the interests of the sector in Switzerland and internationally. It was active in numerous markets, from engaging in negotiations on new free-trade agreements to revising existing ones, during official missions or in response to requests from members. Among other things, it took part in several joint committees. These are instituted by each free-trade agreement and are responsible for managing the agreements and ensuring they are properly implemented. In principle, they meet every two years.

The FH took action in around 20 markets, including Mercosur, India, Turkey, the Philippines, the member states of the Gulf Cooperation Council, Mexico and Kazakhstan.

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. Whenever necessary, the FH submitted its requests to the ministries concerned as memoranda.

Mercosur

Negotiations between the European Free Trade Association (EFTA) and Mercosur (Brazil, Argentina, Uruguay and Paraguay) were essentially completed in 2019. The agreement should allow 96% of Swiss exports to Mercosur countries to benefit from tariff concessions in the medium term. Theoretically, these will result in savings of around 180 million francs per year, i.e. the most significant potential savings of all free trade agreements entered into by Switzerland, except for those with the European Union and China.



Meeting between Tarcisio de Freitas, Governor of the State of São Paulo, and Guy Parmelin, Federal Councillor.

The pandemic caused a significant delay in the examination of the negotiated texts from a legal standpoint, so the purpose of Federal Councillor Guy Parmelin's official visit to Brazil in July was to restart the process that should result in the signature of this agreement.

The FH joined the trip because the potential of the Brazilian market alone remains largely untapped from a watchmaking perspective. Access and marketing conditions in the country are challenging in many respects, including a very high level of duties and taxes, as well as import procedures and distribution regulations. All these obstacles push a significant number of Brazilian customers to buy abroad and as a consequence, certain brands have had to reevaluate their presence in the market in terms of investment and sales networks. All of this works against the domestic market.

Indeed, the figures for watch exports to Brazil remain modest: 41 million francs in 2022 and 44 million in 2023, the equivalent of exports to Colombia. In particular, they are well below exports to Mexico (250 and 290 million respectively), with which a free trade agreement has existed since 2001.

A significant opening up of the Brazilian market, and Mercosur as a whole, remains a prerequisite not only from the perspective of business development in this part of the world, but also in terms of providing economic actors with the necessary legal framework and certainty. This is all the more important insofar as the Brazilian luxury goods market alone is expected to increase by 6 to 8% per year until the end of the decade.

India

The negotiations on a potential free trade agreement between Switzerland – on behalf of EFTA – and India, which had long been on hold, accelerated significantly at the end of the year. There are several reasons for this. First, New Delhi is involved in identical negotiations with the European Union and the United Kingdom, and it is important to ensure that the Swiss economy is not subject to any de facto discrimination in the Indian market compared with its competitors. Secondly, the next Indian parliamentary elections, which take place in spring 2024, leave a very short, but important, window of opportunity to conclude the negotiations. If they were not concluded, a hypothetical new round of negotiations would undoubtedly be postponed for an indefinite period.



At the 21st round of negotiations in New Delhi; left to right: Markus Schlagenhof, Federal Council delegate; Guy Parmelin, Federal Councillor; Piyush Goyal, Trade and Industry Minister; Helene Budliger Artieda, State Secretary; L. Satya Srinivas, Secretary to the Department of Trade.

The FH is following the negotiations closely, in conjunction with the State Secretariat for Economic Affairs. The objectives and priorities of the watchmaking industry have long been known to the Swiss negotiators. They concern first, opening up the Indian market to Swiss watches (customs duties are currently 20%) and secondly, improving the protection of intellectual property rights, including those involving geographical indications (Swiss made). By the end of 2023, the negotiations had entered their final phase but no details of the terms of the agreement had been revealed.

Turkey

The first meeting of the joint committee for the agreement between EFTA and Turkey provided an opportunity for the FH to highlight the persistent difficulties it faces concerning the protection of intellectual property rights. While it is true that the local authorities strive constantly to improve the legislation and its application, Turkey is still a market where the supply of counterfeit Swiss watches is high, especially in Istanbul and numerous tourist locations. The country also acts as a hub for counterfeit products from Asia and the Middle East heading for Europe.

The fight against counterfeiting remains a challenge. In practice, obtaining search and seizure warrants from various jurisdictions is often problematic, if not impossible in certain cases. Given that the availability of police units for raids is limited, brand owners often have to call on private investigators to identify their targets. Moreover, the sanctions imposed on offenders are not sufficient to act as a deterrent, given that it is not possible to seize assets and that recovering damages is almost impossible.

Philippines

The FH took part in the joint committee on the agreement with the Philippines for the same reasons. We should recall, once again, the necessity of the authorities intervening in a number of areas of concern, such as the Greenhills Shopping Center in Manila, where over a hundred permanent or temporary stands offer tens of thousands of fake Swiss watches for sale with impunity, ably assisted by the lax attitude of the owners of the premises.

Gulf Cooperation Council

Despite the significant flexibility shown by Swiss watch exporters, it must be said that the application of the agreement with Member States of the Gulf Cooperation Council (Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar) remains problematic.

The difficulties lie essentially in the administrative requirements associated with accompanying documents and customs clearance for goods, and even in relation to product compliance certificates. To take one example, the declaration of origin on an invoice is not always accepted for approved

exporters, even though this provision is written into the agreement. This situation alone means that instead, exporters have to provide EUR.1 movement of goods certificates, as well as certificates of origin, depending on the destination markets. Other complications relate, in varying degrees, to non-recognition of digital documents or the establishment of packing lists, among others.

The FH has submitted a detailed report of all these problems to the Swiss authorities, with a view to a special meeting of the joint committee, scheduled for early 2024. In addition to the procedures themselves and the additional costs they create, the key issue at stake is compliance with the provisions of the signed agreement.

Russia

The FH has remained in permanent contact with the State Secretariat for Economic Affairs regarding the evolution of European and Swiss sanctions against Russia. Indeed, Switzerland decreed additional sanctions in the wake of the European Union during the year under review.

Restrictions relating to watchmaking initially affected the import and export of certain steel products. Insofar as certain components do not fall under the watchmaking section of the customs nomenclature but instead, are governed by the material they are made from (such as items made from cast iron, iron or steel), general-purpose screws and supplies intended for watch cases or watchmaking cages and cabinets, among others, were subject to a factory test for a period to provide evidence of the absence of Russian steel. Without such evidence, some shipments for after-sales service purposes were blocked from entering various European markets during the autumn. Following an intervention from Switzerland, the EU amended its own sanctions to introduce equivalent treatment for our country, which quickly removed this obstacle to trade between Switzerland and the EU.

The 12th package of European sanctions, which came into force on 19 December 2023, also introduced various bans concerning the trade in Russian diamonds. These will come into force in stages in 2024. Ultimately, all diamonds originating in or exported from Russia (or having transited through it), whether they are natural or synthetic, raw or processed in a third country, of 0.5 carat (0.1 gram) or more in weight, will be banned from purchase or import. Watches made from precious metals incorporating diamonds are explicitly targeted by the new sanctions, as are jewels.



Diamonds with a link to Russia, including those set in watches made from precious metals, are affected by sanctions.

By agreement with the G7 (United States, Canada, Japan, United Kingdom, Germany, France and Italy), a verification and certification mechanism will be implemented within the EU, which will act as a gateway for the EU and G7 countries to ensure traceability of the products concerned.

Mexico

In 2016, the FH signed an agreement with the Public Prosecutor's Office in the Republic of Mexico to improve cooperation in the fight against counterfeiting. One of the main objectives was to find an alternative to the provision of original watches, demanded by the country's authorities, to prove the counterfeit nature of the items seized. This requirement creates multiple problems, particularly in light of the value of the items concerned.

The application of the agreement has proven delicate, however, with the authorities claiming an exception that had been intended for particularly complex cases from the very first seizure. The change of government, followed by the pandemic, suspended activities for several years, preventing any new operations on the ground.

In October, the FH took part in a session of the Switzerland-Mexico joint economic committee with a view to relaunching the initiative. Each party appointed a contact person to reopen the dialogue. Initial contact has already been made and the prospects for implementing the agreement remain positive.



Kazakhstan

After being in constant contact with the State Secretariat for Economic Affairs and the Precious Metals Control Office during the negotiations, the FH welcomed the entry into force, on 1 April 2023, of the agreement between Switzerland and Kazakhstan on reciprocal recognition of official hallmarks stamped on items made from precious metals. The latter provides easier access to the Kazakh market for items made from precious metals by the Swiss watchmaking and jewellery industry.

Switzerland

Removal of customs duties on industrial products

The main aims of Switzerland's autonomous decision to remove customs duties on imports were to combat the country's reputation for high prices, reduce obstacles to trade and limit the burden on businesses, and to help strengthen Switzerland as an economic and industrial centre as a result.

The removal of duties, which was supported by the FH, should result in a theoretical saving of approximately 860 million francs a year for the Swiss economy as a whole (including customs duties, administrative simplifications and indirect effects).

All customs duties related to imports of industrial products were reduced to zero from 1 January 2024. These include not only watchmaking products but also presentation cases, clasps and batteries, as well as machinery, electrical equipment and printed advertising material, among others.

The removal also impacts other customs arrangements. Among other things, it simplifies Swiss customs tariffs, with some tariffs being merged. Future import and export declarations must therefore be based on the new structure of Swiss customs tariffs. The changes for watchmaking are minimal and relate to less important information. They concern alarm clocks and table clocks, parts for watch cases, and watchmaking cages and cabinets.

In terms of the customs clearance process, the obligation to declare and submit documents remains, given that Passar, the new management of goods traffic system of the Federal Office for Customs and Border Security (FOBCS), will subsequently be simplified and streamlined in this area. Proof of origin is no longer required for imported goods remaining in Switzerland. Conversely, it is still needed when the imported goods

are to be combined or re-exported. Whatever the scenario, and regardless of the customs requirements, importers are still advised to ask foreign suppliers for proof of origin. From 1 January 2024, it has been possible to store this information in digital form.

Revision of the Customs Act

The revision of Swiss customs legislation continued during the year under review, in conjunction with the FOBCS transformation and digitisation programme.

A complete overhaul is required so that processes and systems are simplified, harmonised and digitised across the board. More generally, the revision also aims to harmonise the performance of the FOBCS' tasks, including the professional profile of customs officers, data protection, risk analysis and migration. All tax and other legislation connected to the FOBCS' tasks also need to be revised.

During the consultation procedure, the FH shared its views on matters including the FOBCS' commitment to the protection of intellectual property rights (for example, the treatment of seized goods), the distribution of tasks between the FOBCS and the Precious Metals Control Office, and the protection of business confidentiality.

In early June, the National Council agreed to continue the work, while the preparatory commission recommended a referral to the Federal Council. The matter therefore returned to the Committee for Economic Affairs and Taxation of the National Council and a detailed examination began in the autumn.

Consultations on the economic situation

The FH took part in regular surveys organised by the State Secretariat for Economic Affairs and *economiesuisse* on the changes in Switzerland's economic situation, in light of developments in business, employment and investments, as well as the post-Covid recovery and the consequences of the war between Russia and Ukraine. It also participated in two round tables convened by Federal Councillor Guy Parmelin, aimed at taking stock of the export situation.

Information and public relations

Media relations

The media showed a strong interest in the development of the sector over the last year, with numerous requests for articles and interviews. All Swiss media (TV channels, national or local radio and the press), but also foreign media, such as the New York Times and Agence France Presse, monitored trends in the sector with close attention, particularly at the watchmaking trade fairs (Watches & Wonders, Time to Watches, Geneva Watch Days, EPHJ and the Technical Watchmaker Show). In addition, Swiss-Italian radio and television produced a programme on watch sales and counterfeiting as part of the Fàla series.

The year concluded with an interview with ATS/AWP, in which the president of the FH looked back over the previous 12 months and outlined the prospects for the sector.

The president also gave several presentations and speeches, including at the ISO/TC 114 Congress and at the EPHJ, Time to Watches and Technical Watchmaker Show trade fairs. Furthermore, he spoke at the General Meeting of the Swiss Tourism Federation to mark the 50th anniversary of the Contrôle officiel suisse des chronomètres (COSC), and, as he does every year, to pupils at the French secondary school in Bienne.

Revue FH

The Revue FH offered its readers an extensive overview of Swiss and international watchmaking news in all of its 18 issues in French and English. FH activities, export statistics, news from watchmakers and subcontractors, new products and extracts from the trade register all featured in the pages of the magazine. Highly popular with both readers and advertisers, the Revue FH is also available to FH members and subscribers in its electronic version.

Website

Regarded as a reference for matters relating to the watch industry, the FH website attracted large numbers of visits in 2023, with millions of pages viewed. It is also an important information source, reporting on the latest developments at the FH, watch companies and new product launches. The website also provides export statistics, updates on the 'Swiss made' label and information on counterfeiting problems, among other things.

watch.swiss

For the third year running, the strategy for promoting Swiss watches deployed by the FH focused on two main areas: the physical and digital exhibition *watch.swiss* and publishing content on social media, naturally with links between the two.

The *watch.swiss* exhibition ran twice in Europe during the autumn of 2023. The first was held in Denmark and the second in Switzerland, each for around ten days. Both events received a particularly enthusiastic welcome. At the same time, the version of the exhibition dedicated to the Japanese market, *watch.swiss Japan*, was presented at two events during the year (see the section on FH centres abroad, page 31).



Young visitors in Sweden were interested in the exhibition and the competition to win a Swiss watch.

The Nordic countries represent only a small proportion of Swiss watch exports, with just over 200,000 watches in 2023. Nonetheless, consumers in these markets have a high level of purchasing power and it was a good opportunity for *watch.swiss* to meet them, particularly the younger generations.

The exhibition venues chosen were a perfect match for the *watch.swiss* criteria, particularly in terms of offering excellent access to the target audience. The Fisketorvet Mall is located in a dynamic urban district of Copenhagen, with a high population density, and welcomes over eight million visitors a year. In addition, collaboration with a store in the Carat chain there and the brands Certina, Longines and Tissot enhanced the exhibition with a fine selection of Swiss watches. This kind of partnership helps connect the educational aspect of *watch.swiss* to products currently available on the market and strengthens the promotional message. Turning to Sweden, the Gallerian Mall is the best-known shopping centre in Stockholm, thanks to its unique location in the city centre. It welcomes almost 12 million visitors a year, including both local customers and tourists. As in Denmark, a local retailer, Stjärnummakarna, joined the event and presented a range of 'Swiss made' watches.

The level of visibility offered by these unique locations provided the perfect setting for the *watch.swiss* experience. Facebook and Instagram campaigns alongside the event, as well as a competition to win a watch, helped extend the reach of the exhibition's key messages. The stated aim was to enlarge the digital community and strengthen interactions with visitors. A positive review at the end of the operation indicated that the campaigns had reached 213,000 people, with over 100,000 interactions with the various forms of content published.

The FH also maintains its promotional activities on Facebook and Instagram all year round. The digital strategy is adjusted regularly to reflect the rapid changes in trends seen on social media and their complex algorithms. The aim is to reach the public in particular target markets by offering high-quality, attractive, exclusive, tailor-made content. As a result, the FH reached out over the course of the year to ten of its members (RB Baumgartner, Delance, Raymond Weil, Audemars Piguet, Alpina, Charles Girardier, Oris, Richard Mille, Claude Meylan and Norqain), as well as to a passionate collector of Swiss watches, to create this content. The main focus was on people who are active in all areas of each business, who convey their passion and enhance the content with the emotions conveyed by their products.

Ultimately, around 15 videos and 500 photos were produced. Two million people were reached by the various campaigns and almost 1,700 new Instagram subscribers came on board. There were also over 230,000 video views, demonstrating significant interest.

Watch industry statistics and market trends

Watch export statistics are produced monthly by the Swiss customs authorities. These official data, broken down by markets, materials and price segments, provide detailed, regular monitoring of trends in the sector. They also provide an information source and basis for comparison for the brands. At the same time, modelling of their historical trends, including advanced macro-economic indicators, helps calculate medium-term forecasts.

The analysis of the watch market and its prospects incorporates customs statistics and numerous other elements, such as trends in the luxury sector, the data available on sell out, trends in the secondary market, the consumption patterns of different generations, the economic context, digitalisation and corporate social responsibility.

Permanent monitoring of these factors is sent to all interested FH members every week in a newsletter, which draws on multiple sources to summarise the latest updates in a dozen areas connected to the watch market.

All this information is incorporated into a more detailed analysis, which is distributed quarterly through the business magazine, Tendances. The trend in the watch market in 2023 was marked by the return to positive results in China and Hong Kong, strong demand for luxury personal items – especially watches – and confirmation of the significant recovery seen in the entry-level segment since the spring of 2022.

A widely distributed half-yearly press release supplements the information that the FH communicates on watch industry statistics and market trends.

Berner Dictionary

The FH made the latest updates to the Dictionary of Horology, commonly known as the "Berner Dictionary". Its new, fully revised version was published online on the FH website at the end of 2023, along with a smartphone app. Full details of this project can be found in the Highlights chapter on page 9.

General Meeting

The FH General Meeting 2023 took place at the Congress Centre in Bienne, with a large audience in attendance. All items on the agenda required by the articles of association were accepted, including the election of the new President of the FH from 2024, Yves Bugmann. Attendees then had the opportunity to listen to a presentation by Philippe Zahno, head of public affairs at Svizra27, on the theme of “Svizra27 National Exhibition Project: work, people and cohesion”.



The last General Meeting chaired by Jean-Daniel Pasche took place in Bienne.



The fight against counterfeiting

Scope of activities

The FH pursued numerous activities in 2023 to prevent counterfeiting on behalf of members of the Anti-Counterfeiting Group and the Internet Unit. These are detailed in a separate report, which is available on request to anyone with an interest in the topic, and are summarised here.

Seizure operations on the markets

Saudi Arabia

The programme of activities in Saudi Arabia continued in 2023 in light of the positive results achieved there the previous year. The police and officers from the Saudi Authority for Intellectual Property conducted around a dozen searches, mainly on the basis of investigations led by local FH representatives. These operations resulted in the seizure of around 128,000 counterfeit Swiss watches.

Fourteen operations were carried out in parallel at the country's borders, by the Saudi customs authorities, with around 23,000 fake Swiss watches seized.

Brazil

The Brazilian fraud prevention department organises large-scale raids in the "25 de Marzo" area of São Paulo every two years or so. This is a popular shopping street, known for overflowing with counterfeits of all kinds. Two shopping centres, the Boulevard Monti Mare mall and Shopping Veneza, were targeted in an operation to seize counterfeit goods in late November.



Showroom offering fake Swiss watches for sale in Saudi Arabia.

A number of sellers were able to remove the disputed products from their shops, probably as the result of an information leak. As a result, the quantities seized were less significant than planned. Nonetheless, counterfeits were discovered in two places, as well as in the car of a seller of fake goods in the shopping centre car park. In addition, a number of trading licences were withdrawn, calling at least a temporary halt to fraudulent activities.

Egypt

Around ten raids were carried out by the Egyptian police authorities in 2023, resulting in the seizure of almost 30,000 fake Swiss watches. The police, in conjunction with FH representatives, initially took action against a seller of counterfeit goods in Cairo, resulting in the seizure of almost 12,000 fake Swiss watches and 1,000 counterfeit display cases.

Other operations also took place throughout the year, mainly targeting stores in Cairo, with several thousand confiscated items at stake.

Malaysia

The FH embarked on its first actions in Malaysia during the year under review. Six raids took place in a market in Kuala Lumpur during the first half of the year, leading to the seizure of just over 2,200 fake Swiss watches.

Another operation, in the north of the country, targeted a seller who was active on Facebook Live and Shopee. Although the quantities seized were relatively small (40 items), this action showed that it was also possible to act against online sellers.



Numerous counterfeit models are offered for sale in São Paulo.

Finally, a raid was carried out in the Sungai Wang Plaza shopping centre in Kuala Lumpur. Just 20 counterfeit items were found, probably because of an information leak. Some sellers of counterfeit goods on Petaling Street had, in fact, closed their doors that day, for no apparent reason.

Training for the authorities

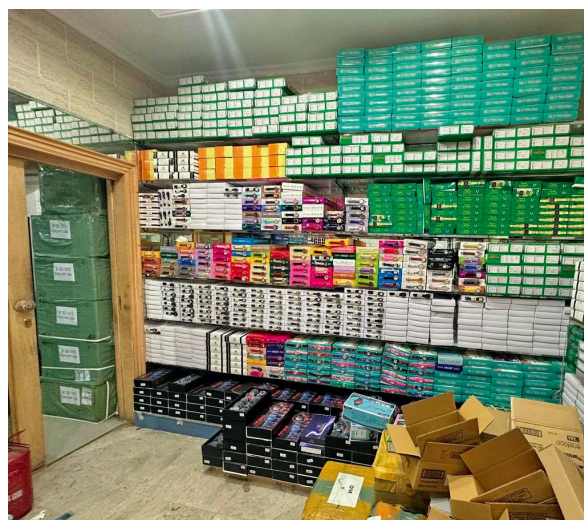
Training for the authorities is one of the FH's essential activities in relation to combating counterfeiting. It aims not only to raise awareness and teach them how to distinguish genuine watches from fakes, but also make cooperation with rights holders easier by developing the right instincts to enable items to be identified quickly. Analysing fake watches is becoming increasingly complex in light of the constant improvements in quality.

The FH took part in several training seminars in 2023, in Argentina, Belgium, Bulgaria, Egypt, Greece, Hungary, the Netherlands, Peru, Poland, Qatar, Romania, Saudi Arabia, Singapore, Spain and Turkey. Over 2,000 police and customs officers, as well as judges and officials from intellectual property organisations around the world, were therefore made aware of the problems associated with counterfeit watches.

The FH has produced short videos for police and customs authorities to strengthen its training activities. These visual aids illustrate the procedures to follow when taking photographs of seized watches. These images are essential for identifying items and are used for expert appraisals in over 90% of cases. Their quality is therefore critical. Other videos will be produced in response to the initial positive feedback.

Actions on the internet

The fight against the sale of counterfeit items reached new heights in 2023. Although the threshold of one million withdrawals of advertisements had been reached in 2016 to 2020, the bar had fallen back to 850,000 in 2021 and 2022. This reduction can be explained largely by two factors. First, counterfeiters are employing increasingly sophisticated strategies to conceal their products. Secondly, sales platforms are imposing more stringent requirements for removing advertisements. Despite the tougher conditions, the FH again achieved a seven-figure number of withdrawals in 2023. Special efforts have been made to automate the analysis of counterfeit items and the notification process as far as possible. As a result, over a million advertisements were withdrawn from e-commerce and



A stock of fake Swiss watches in Kuala Lumpur.



Numerous representatives from the police and customs authorities took part in the training delivered by the FH in Spain.

social media platforms. The average sale price for fake watches is 224 Swiss francs and the average quantity of items in stock for each advertisement is 186.

Several online sales platforms drew the attention of the FH in 2023, including:

- Shopee and its 11 platforms operating in Asia and South America, which advertise a significant quantity of counterfeits;
- Avito, a Russian platform that has shown no sign of improving its proactive measures;
- Pinduoduo, a leader in e-commerce in China, which has implemented substantial improvements in its notification process.

In terms of combating websites dedicated to counterfeit watches, highly effective surveillance continued thanks to WebIntelligence, the bespoke system developed by the FH. Hosting providers who do not respond to the usual formal notices to remedy are identified and are subject to more detailed investigations. So-called robust domains, which resist notices to remedy, are included in actions to seize domain names. The latest action of this kind was completed at the start of the year and resulted in blocking almost 300 domain names previously used by counterfeiters. In parallel, the FH also participated in Europol's In Our Sites operation, which consisted of seizing domains with a national extension of the countries taking part in the operation. Finally, a criminal investigation by the Italian Guardia di Finanza, to which the FH contributed by supplying investigative information, led to the seizure of 40 websites that were advertising thousands of counterfeit products online, including fake Swiss watches.

The FH also turned its attention to new technological developments, such as generative AI (artificial intelligence) and the risks it represents for rights holders. Discussions are currently underway on incorporating the underlying technologies, such as *machine learning*, in its counterfeit recognition processes.

On legislative matters, the FH took part in an Organisation for Economic Co-operation and Development working group aimed at establishing a general recommendation to combat counterfeits on online platforms. The European regulation on digital services was also closely monitored. The regulation, which came into force on 16 November 2022, provides for uniform rules governing the rights and responsibilities of digital services, especially for sales platforms, on handling illegal and/or harmful content. Finally, and as it does every year, the FH contributed to developing the Notorious Markets List, published by the Office

of the United States Trade Representative. Published in 2023, the blacklist included TikTok, AliExpress, Meta and Snapchat, among others. The aim of this consultation is to identify which foreign countries should be monitored as a priority from an intellectual property perspective.

The FH was also active in the field, and carried out investigations of significant distribution networks. It cooperated with the authorities of several countries with the aim of bringing those responsible to justice.

Technical analyses

FH experts carried out 118 detailed analyses of watches in 2023 and noted a marked improvement in the details and aesthetics of counterfeit items. The inscriptions on movements and finishing of polished surfaces are much more refined. Similar improvements are found on all external parts, making identification from an image increasingly complicated.

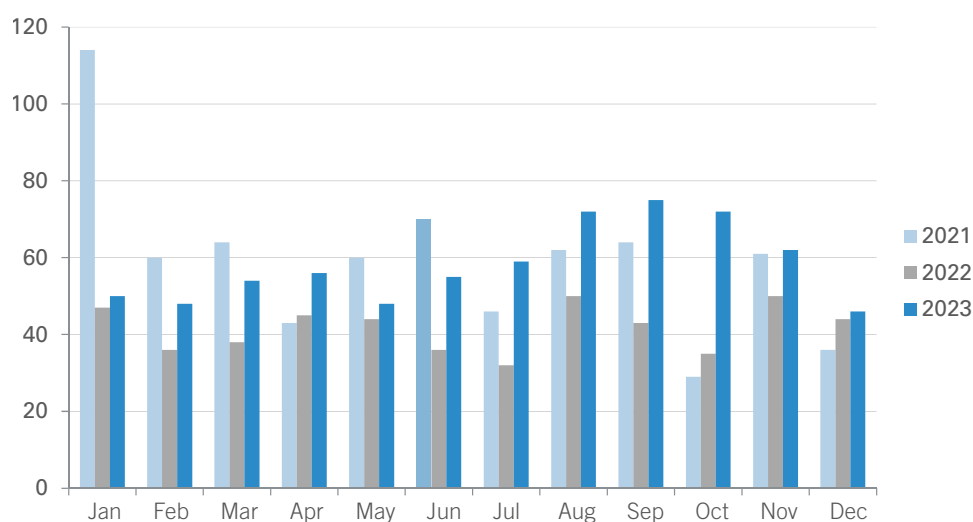
Seizures processed and joint intervention requests in Switzerland

The year under review was marked by a 16% increase in seizures processed (1,722 compared with 1,487 in 2022). The number of official declarations of counterfeits also rose by 16% (612 compared with 527 in 2022). In total, 1,532 were seized at Swiss borders, postal and tourist traffic combined.

In terms of joint intervention requests by the FH, there were 695 cases covering 921 items, with an average of 57 cases per month. The number of countries of origin for products seized by the customs authorities soared to 46, compared with 28 in 2022. This figure can be explained by the recovery in tourist traffic. China and Hong Kong represented 59% of the origins declared, and Turkey 6%. The Netherlands and Lithuania, which are still being monitored, represented 6% and 4% respectively.

Hong Kong Watch & Clock Fair

2023 saw the return of monitoring activities at the Hong Kong Watch & Clock Fair. Thirty-six complaints were filed in total, all relating to infringements of registered designs. All the requests were approved by the lawyers on the fair's panel.



Number of seizures carried out on behalf of members of the FH Anti-Counterfeiting Group in the context of Swiss joint intervention requests.

New developments

Moissanite, a material made from silicon carbide, which is sometimes used to imitate diamonds, attracted the attention of FH specialists. The manufacturing process is complicated and onerous, but the result achieved, a very high-quality crystal, is capable of deceiving the thermal conductivity testers commonly used. Counterfeiters have mastered the process, with the clear aim of deceiving customers and increasing the price of counterfeit products. However, the market remains limited.

The FH has also been concerned with the personalisation of branded watches, especially Japanese makes. The transformation of external parts copies certain well-known Swiss watch-making designs. Although these items could be the subject of legal proceedings (for copying the design or unfair competition), it is very difficult to tackle them, because the changes made differ somewhat from the original registered models and the trademark is never reproduced. Nonetheless, the FH continues to pay close attention to developments in this field.



Standardisation

With the help of its Standardisation Committee, the FH coordinated and contributed to the progress of several national, European and international projects.

The main projects in the area of national standardisation were the revision of *NIHS 96-50*, which deals with resistance to chemical and climatic agents, the translation into German of all NIHS standards and the creation of three new working groups, namely “Responsible procurement of precious metals and recycled gold”, “Life cycle analyses methodology” and “Roughness in watchmaking”. The Gemology for watchmaking working group was particularly active, mainly in developing a standard for small diamonds. As a member of the World Jewellery Federation (CIBJO) since 2021, the FH had its first chance to attend the CIBJO Congress, which was held in Jaipur, India. This was an opportunity to emphasise the priorities of Swiss watchmaking and defend its interests, particularly with regard to diamonds. Accordingly, the FH stressed the necessity of a unique identifier to distinguish laboratory-grown and natural diamonds.



As a member of the World Jewellery Federation since 2021, the FH played an active part in its 2023 Congress.

The FH is tasked by the Swiss Association for Standardisation (SNV) with providing the secretariat for the interdisciplinary committee *INB/NK 164 - Jewellery and Precious Metals*, an institution that mirrors the four corresponding committees at European and international level. Working in cooperation with the appointed experts, the secretariat 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. Around 10 votes were coordinated and two plenary meetings held during the year under review. These covered the follow-up to draft standards, in particular those affecting the watchmaking industry more directly. The FH also provides the secretariat for the committee that deals with diamonds, and which finalised a draft standard on control of their quality.

The highlight in international standardisation in 2023 was the ISO/TC 114 - Horology international conference, which the FH organised in Interlaken, with several projects moving forward. Studies and tests on the potential for improving the condensation test of standard *ISO 22810 - Water-resistant watches* continued. The sub-committee on luminescence completed its work on revising standard *ISO 17514 - Time-measuring instruments – Photoluminescent deposits – Test methods and requirements*, prior to its publication in early 2024. With regard to watch glasses, the Swiss delegation reaffirmed its wish to launch a consultation on the potential addition of a number of definitions and four tests to standard *ISO 14368-4* on anti-reflective treatments, to check for resistance to scratching, wear, ultrasound and cosmetic products. The revision of standard *ISO 6426-2 - Horological vocabulary - Part 2: Technical and commercial definitions* began, with several new definitions to be incorporated. It was decided to revise standard *ISO 16253 - Watch-cases and accessories - Vapour phase deposited coatings*, and the corresponding sub-committee was tasked with coordinating the work in conjunction with precious metal coatings. It should also be noted that the draft standard on harmonising regulatory compliance standards has made good progress and could be completed in 2024.

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 members are updated regularly. Five subject-specific newsletters, on the fight against counterfeiting, both online and in the field, trends in the watchmaking market, standardisation and regulatory affairs form part of this information.

Legal services

The legal framework in which businesses operate in Switzerland and internationally becomes slightly more complex every day. In the United States, watches with a button cell battery are faced with new legislation in the form of “Reese’s Law”, which is about improving the safety of battery compartments to avoid young children ingesting a battery by accident. Full details of this legislation can be found in the Highlights section.

While the United States is focusing on making the battery compartments of electronic products as safe as possible, the trend in the European Union is moving in an entirely different direction. In fact, as part of its efforts to combat planned obsolescence, the EU is arguing for consumers to have easier access to batteries so that, ideally, they can replace them themselves. These two diametrically opposed points of view clearly pose a problem for many manufacturers of these products. The FH has sent several position statements on this topic to US and European legislators to defend the sector’s interests.

New developments on corporate social responsibility create an additional burden for businesses. In Switzerland, the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour requires some companies to report on these matters and on non-financial issues. The extremely fast-moving developments in the EU are also of significant interest to Swiss watchmaking, given the supranational effect associated with European regulations. The European Corporate Sustainability Reporting Directive now sets out a framework for businesses’ obligations in this area. Meanwhile, the future European Corporate Sustainability Due Diligence Directive will focus on responsible corporate behaviour.

The FH also supported the implementation of the new Swiss data protection legislation, in 2023. Following changes in the EU, Switzerland has adopted new regulations in this area, which sometimes require Swiss companies to make internal

changes. The FH prepared a guide for its members in the form of a check-list, to help them understand the new issues and incorporate the changes into their operational processes.

The FH dealt with multiple projects and questions from its members throughout the year. Its lawyers addressed issues ranging from the ‘Swiss made’ label to rules of origin, the revision of the law on cartels and the Federal Act on Patents for Inventions, problems of Swiss watch brand infringements in China and the revision of the Federal Act on Combating Money Laundering, among others. Interested FH members received regular information on new developments in these areas through the regulatory affairs newsletter.

Economic services

FH members have access to extensive statistical and economic information, particularly through the extranet site. This provides access to the complete database of watch export statistics, quarterly analyses of trends in the market in the publication *Tendances* and information on exports from other major global players. Members can also sign up to receive the weekly *Tendances* newsletter, which focuses specifically on the watch market.



Relations with the authorities and economic circles

Swiss authorities

The FH intensified its contacts with the Swiss authorities to provide regular updates on the sector in light of market uncertainties. It also set out its expectations in relation to foreign economic policy, particularly in the context of the extra-parliamentary commission on economic policy chaired by the State Secretariat for Economic Affairs.

economiesuisse

As an active member of economiesuisse, the FH is represented on the following bodies:

- General Meeting: Jean-Daniel Pasche (FH)
- Board: Thierry Kenel (Swatch Group), Me Theda Koenig Horowicz (Rolex) and Cédric Bossert (Richemont)
- Board Committee: Thierry Kenel
- Managing Directors' Committee Jean-Daniel Pasche

It is also a member of the Law Commission, the WTO Working Group, the Working Group on questions of origin and customs issues, the Expert Group on intellectual property, the Working Group on short-term economic issues, the Expert Group on relations with the European Union and the Competition Commission.

It was heavily involved in discussions within economiesuisse to ensure that the efforts of the watchmaking sector were taken into account in the messages sent out by the umbrella association for the Swiss economy, particularly those aimed at the federal authorities.

Standing Committee of the European Watch Industry

The Standing Committee of the European Watch Industry (CPHE) held a meeting in Bergamo on 27 October 2023, chaired by Mario Peserico and with delegates from Germany, France, Italy and Switzerland in attendance.



Participants at the Hong Kong International Watch Forum.

The discussions focused on future cooperation between the CPHE and the CIBJO (World Jewellery Federation), bearing in mind that the CPHE has observer status with the CIBJO and that the various national watchmaking associations are already individual members on other bases.

The examination of the current European and global position for watchmaking confirmed the uncertainties arising from the economic and geopolitical situation, as well as the reduced visibility resulting from it. Globally, the normalisation of business growth was confirmed.

This discussion was followed by an update on the various European regulations, such as the temporary withdrawal of the planned REACH restriction on bisphenol and that on PFAS perfluorinated substances, such as epilames and lubricants.

The meeting also explored the consequences of the forthcoming US Federal Act on button cell batteries (Reese's Law). The FH and the CPHE participated in the consultation procedure that had taken place earlier in the year, with the FH also attending a hearing in Washington with the committee responsible for the case (see the Highlights chapter on page 11).

Finally, Jean-Daniel Pasche, President of the FH, officially stepped down from the CPHE after 20 years of participating as head of the Swiss delegation, and chairing the committee for half of that time. He was warmly thanked by the European delegates for so many years of discussions and fruitful collaboration. Although the sensitivity or complexity of the subjects discussed had sometimes been difficult to navigate, Jean-Daniel Pasche was pleased to emphasise the quality and professionalism of the debates, which had always been driven by the desire to be constructive and seek common solutions, all in a spirit of cordiality that had been appreciated by everyone. He also thanked and said farewell to Claude Vuillemez, who was leaving the Swiss delegation after ten years of contributing to the work of the CPHE.

Watchmaking associations

The usual meeting of watchmaking associations during the Hong Kong Watch & Clock Fair has resumed after the pause caused by the pandemic, in the form of the Hong Kong International Watch Forum. The FH was represented by its President. Delegates from the various watchmaking associations shared how the sector was changing in their country or territory.

Japan

The president of the FH met the representatives of Swiss brands in Japan (subsidiaries, distributors and retailers) as well as individuals from the Japanese watchmaking industry, at a meeting in Tokyo, organised by the Swiss embassy, the Swiss Business Hub and the FH centre.



Kyoko Maebayashi and Ayako Nakano (FH Centre in Japan), Andreas Baum (Swiss Ambassador to Japan), Jean-Daniel Pasche (President of the FH) and Fabian Stiefvater (Head of the Swiss Business Hub, Tokyo), at the reception at the Swiss Embassy.



FH centres abroad

After almost three years of severe disruption, not to mention complete blockages as a result of the pandemic, the Hong Kong and Japanese markets finally regained a degree of normality. The same applied to the FH centres abroad.

FH Centre in Hong Kong

The speed at which borders reopened in early 2023 allowed Chinese tourists to return to the special administrative region.

Against this background, the FH Centre resolutely pursued its activities to support the sector as a whole and the association's members in particular. First, it provided regular information updates to the central office and to members on the changes in the market situation as the months passed. It also continued to offer practical support to several subsidiaries or local representatives of brands in areas as varied as introducing commercial or industrial partners, in Hong Kong, China and elsewhere in the region, identifying new staff or providing personal support for visits to markets in south-east Asia.

The Hong Kong Centre also responded to numerous requests from FH members, especially in the legal field and on preventing counterfeiting throughout the region. In particular, it pro-

vided 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 numerous objections every 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 Tokyo centre provided support to FH members and their local agents, by supplying commercial information, establishing business contacts and providing linguistic assistance, among other things. It also responded to 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.

In addition, it provided regular assistance to consumers in the form of after-sales service, since certain brands no longer provide maintenance for older models. This is one of the reasons it also manages an after-sales service pool for a number of Swiss brands.



The many people who attended the FH seminar were highly satisfied with the event.

FH seminar

The seventh FH seminar took place in Tokyo in November, bringing together almost 80 representatives of Swiss watchmaking brands, retailers and specialist media.

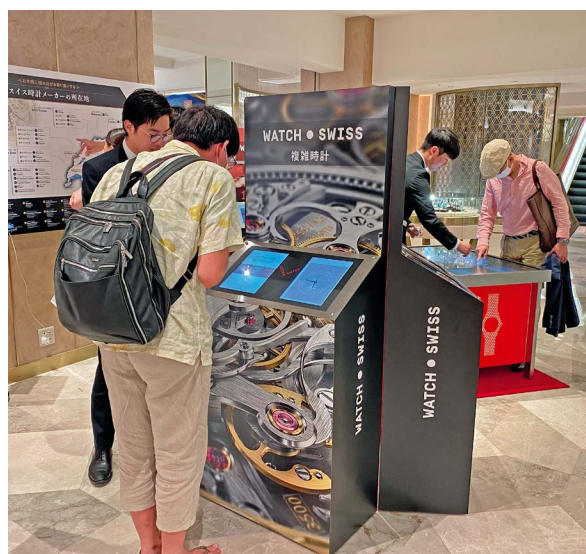
The guiding thread of the presentations and discussions during the day was the 160th anniversary of diplomatic relations between Japan and Switzerland, which will be celebrated in 2024. How is Swiss watchmaking linked to this anniversary? First and foremost, by the fact that this bilateral relationship was instigated and established in 1864 by the Neuchâtel watchmaker, Aimé Humbert-Droz. And secondly because “Switzerland, land of innovation” will be the theme of the Swiss pavilion at the next World Expo in Osaka, in 2025. In other words, two major events that should offer interesting opportunities not only for Swiss watchmaking to present itself as a historic player in the relationship between the two countries, but also to highlight its extensive capacity for innovation. Other presentations, entitled “Imagine Switzerland – Connecting Japan and Switzerland through Swiss Timepieces” and “Vitality.swiss” completed the programme.

The participants thoroughly enjoyed the chance to meet again under the aegis of the FH, and to be able to discuss market trends and how business was progressing.

watch.swiss Japan

The FH Centre in Tokyo has been organising regular promotional activities in the Japanese market since 2016. Two *watch.swiss* events took place during the year under review, one at the Nihombashi Mitsukoshi Department Store in Tokyo in August, and the other in the Daimaru Sapporo Department Store, on the island of Hokkaido, in October. Close cooperation with local retailers helped set up both events, which were aimed at the general public.

The Japan Railways tower, which is home to the Daimaru department store, is a 38-storey building that stands at the southern entrance to Sapporo railway station. It houses a shopping centre, hotel and offices, as well as an observation terrace. The shopping floor dedicated to watches, which was enlarged in 2017, currently hosts 24 Swiss watch brand stores.



The watch.swiss Japan exhibition at the Nihombashi Mitsukoshi Department Store in Tokyo.

Daimaru Sapporo, which is currently home to 24 Swiss watch brand stores, invited *watch.swiss Japan* to be part of its THE WATCH 2023 exhibition to mark its 20th anniversary. Several additional panels about the Swiss watchmaking industry were produced with the support of Suisse Tourisme: from the history of Geneva to that of the Joux Valley, including the watchmaking museums and UNESCO World Heritage site in the canton of Neuchâtel. At the same time, the FH Centre in Tokyo organised two other events: first, a lecture on the history of the watchmaking industry and secondly, a workshop showing how a watch movement is taken apart and reassembled. This workshop was run in conjunction with Nisshin Tokei Holdings, the second-largest importer of watches in Japan. One watchmaker also gave a demonstration of polishing using historical tools imported from Switzerland.



The Swiss watch

industry in 2023

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

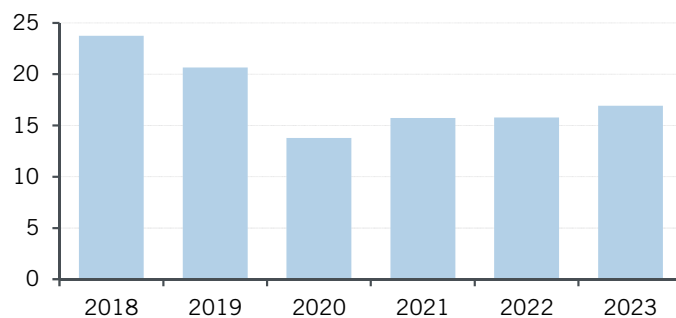
Swiss watchmaking continued to grow sharply in 2023, following strong performance the previous year. Watch exports achieved record value, while the corresponding number of watches also increased significantly.

Operating mainly in the upmarket sector, Swiss watchmaking benefited from steady demand in the luxury goods market. It also achieved excellent performance in the entry-level segment, illustrating the still significant interest in Swiss-made products.

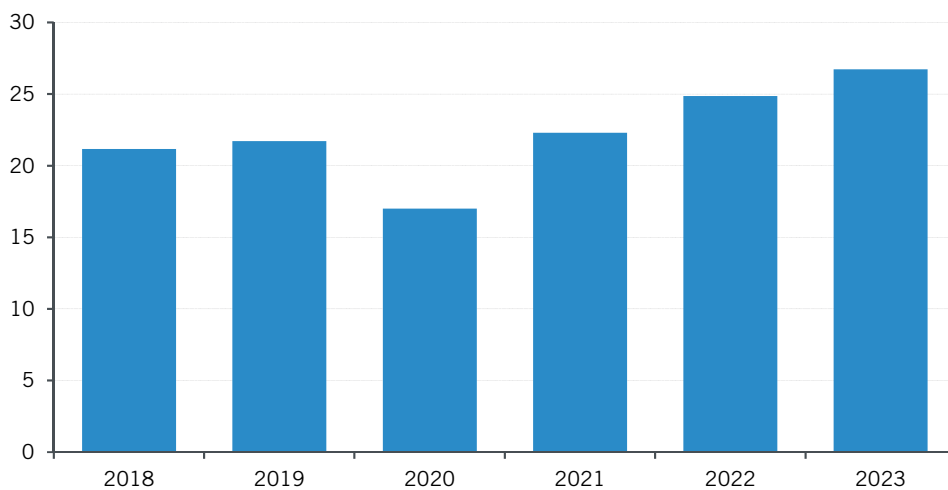
This remarkable momentum was supported by an increase in the number of employees in the sector, which grew by 7.7% to over 65,000 people in Switzerland, as announced by the Employers' Federation of the Swiss watchmaking industry.

Swiss watch exports

Swiss watch exports for the year as a whole exceeded their 2022 result by 7.6%, increasing to a total value of 26.7 billion francs. Growth in the first half of the year was 11.8% before slowing, as expected, to 3.6% in the second six months.



Exports of wristwatches (in million of units)

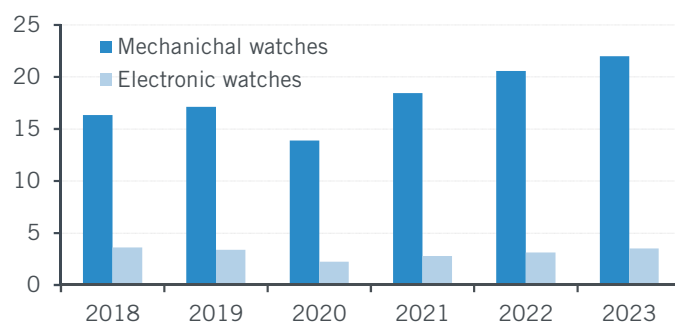


Swiss watch exports (in billion francs)

Swiss exports of watches

The number of wristwatches exported grew by 7.2% compared with 2022, to 16.9 million items. This means that an additional 1.1 million watches were shipped abroad in 2023, confirming the recovery already observed a year before. As a result, the export value of watches increased by 7.7%, to 25.5 billion francs.

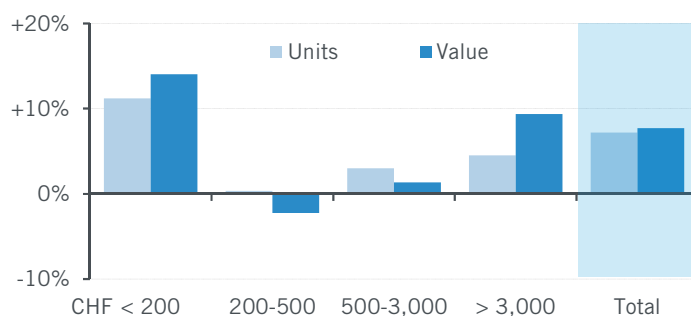
Mechanical watches (+7.0% by value) generated almost 80% of the growth in export turnover. At the same time, quartz watches (+12.6%) accounted for three quarters of the increase in volumes, which rose by 8.8%.



Exports of wristwatches (in billion francs)

Exports by price range

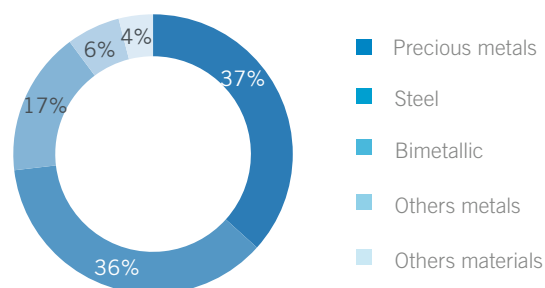
With an increase of 940,000 units (+11.2%), watches with an export price of 200 francs represented 83% of the increase in the total number of items. At the other end of the price scale, watches priced at over 3,000 francs (+9.4% by value) generated 92% of the growth. Between the two, the 200-3,000 francs segment varied only slightly compared with 2022, with an increase of +0.9% by value and +1.9% number of items.



Exports by price segment (variation compared with 2022)

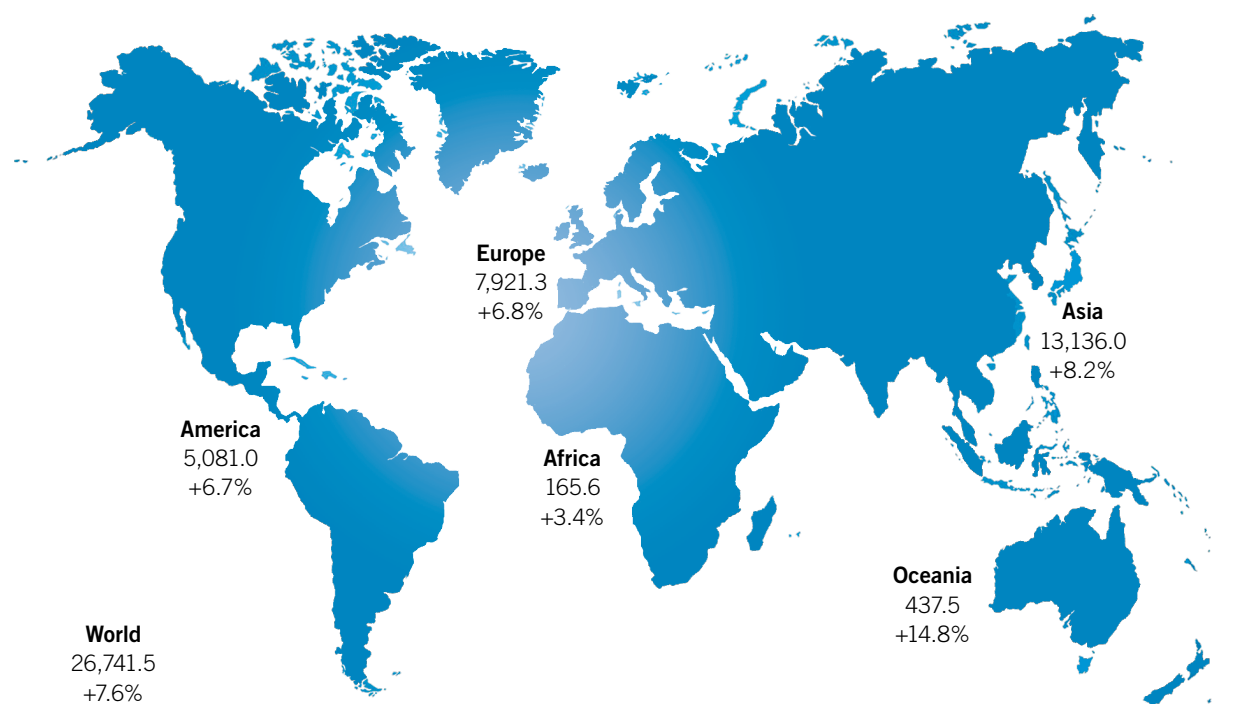
Exports by material

Steel watches, representing more than one item in two, stagnated in 2023, by both volume (+0.4%) and value (+1.4%). Export turnover was mainly driven by watches made from precious metals (+9.2%) and bimetallic watches (+11.2%). The increase in volumes is mainly due to the *Other materials* category (+28.1%), which saw exports rise by 1.1 million items compared with 2022.



Watch exports (shares in value)





Total value of exports in 2023 in million francs, variation compared with 2022

Main markets

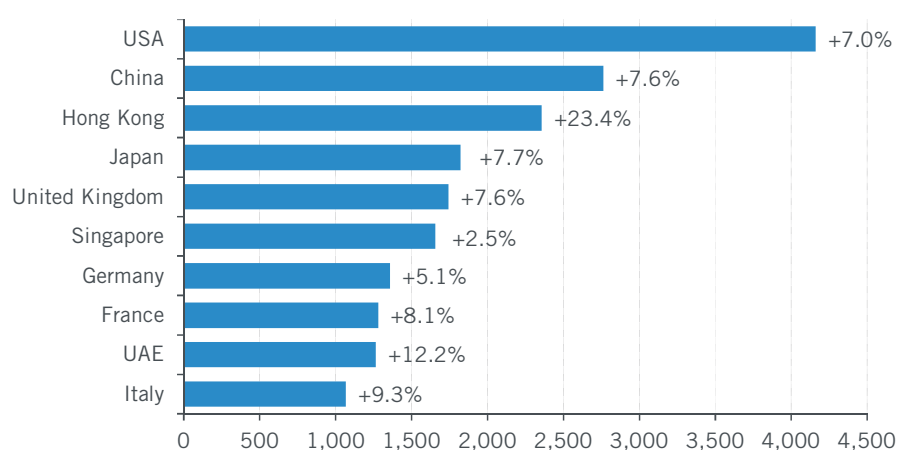
North and South America (+6.7%), driven mainly by the United States, absorbed 19% of Swiss watch exports in 2023. Europe (+6.8%) followed the same trend, representing a 30% share. Asia (+8.2%) accounted for almost half (49%) of Swiss watch exports.

Having grown by 27.1% on average in 2021 and 2022, watch exports to the United States (+7.0%) remained very dynamic last year.

In Asia, China (+7.6%) posted growth identical to the global average after the market disruptions in 2022, but has still not returned to its pre-crisis level (-6.9% compared with 2021). Hong Kong (+23.4%) achieved a strong recovery following the lifting of health restrictions, which lasted three years and caused the market to

fall to a historically low level. Japan (+7.7%) performed in line with the average, while Singapore (+2.5%) remained below it because of an unfavourable base effect. In the Middle East (+6.0%), the United Arab Emirates (+12.2%) outperformed, while Saudi Arabia (+2.6%) saw more moderate growth. The only shadow on the horizon, South Korea (-7.3%) suffered the full effect of competition from the duty-free market on the Chinese island of Hainan.

Performance in the main European markets was more uniform, at +7.6% for the United Kingdom, +5.1% for Germany, +8.1% for France, +9.3% for Italy and +5.7% for Spain.



Main export markets in 2023 in million francs, variation compared with 2022

Other exported products

Wristwatches accounted for over 95% of the value of Swiss watch exports. The sector also exported other products, such as watch movements, alarm clocks, other clocks and pocket watches, as well as components, mainly for after-sales service. These exports amounted to the equivalent of 1.2 billion francs, an increase of 4.6% compared with 2022.

Exports of wristlets, watch cases and dials, which were up by 8.6%, are largely attributable to processing traffic.





Structure of

the FH in 2023

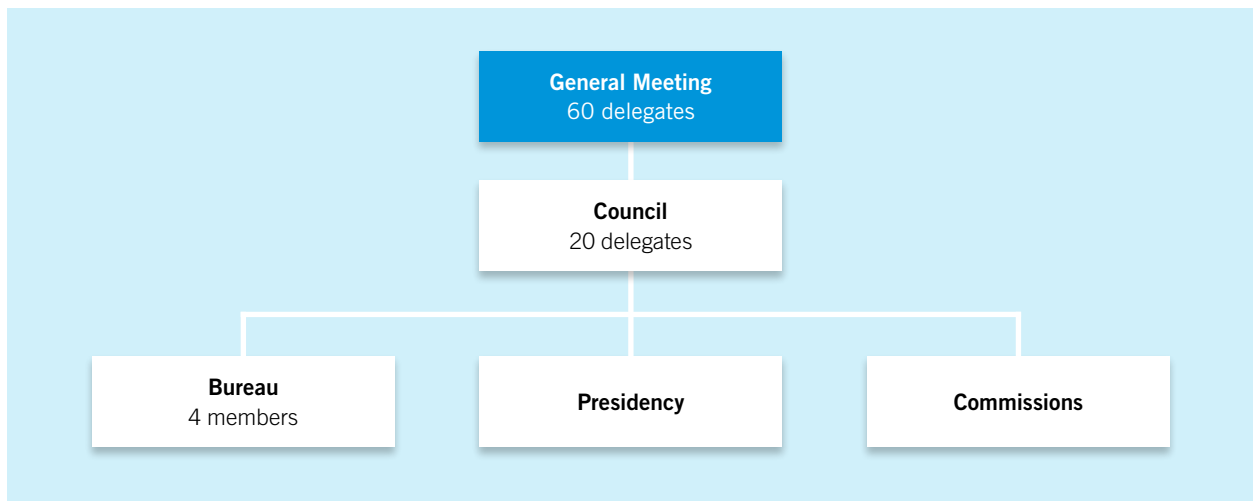
An organisation representative of the Swiss watch industry as a whole, the FH has the following main tasks and objectives: helping to defend and develop the sector, establishing a permanent link between its members in order to promote their shared interests, representing the Swiss watch industry in its 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 2023

On 31st December 2023, the FH included 435 companies, associations and institutions (approximately 90% of the Swiss watch industry manufacturers), including 169 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 2023, the FH General Meeting was composed of the following delegates (some with more than one vote):

Grégory Affolter

Affolter Group SA

Karlheinz Baumann

Richemont International SA

Lorenz Bärlocher

IWC Schaffhausen,
Branch of Richemont International SA

Elie Bernheim

Raymond Weil SA

Jérôme Biard

Roventa-Henex SA

Guillaume Boilot

TAG Heuer, Branch of
LVMH Swiss Manufactures SA

Antony Boiteux

Werthanor SA

Jean-Sébastien Bolzli

Aéro Watch SA

Patrick Brandelet

Joray & Wyss SA

Pascal Bratschi

Manufacture des Montres Rolex SA

Pierre-André Bühler

ETA SA Manufacture Horlogère Suisse

Jérôme Cavadini

Officine Panerai, Branch of
Richemont International SA

Pascal Dubois

Dubois Dépraz SA

Joris Engisch

Jean Singer & Cie SA

Christian Feuvrier

Nivarox-FAR SA

Arianna Frésard

Victorinox Swiss Army SA

David Guenin

Gimmel Rouages SA

Philippe Gurtler

Rolex SA

Emmanuel Henry

Manufacture des Montres Rolex SA

Thibaut Jullien

La Montre Hermès SA

Lars Kästle

Breitling SA

Thierry Kenel

The Swatch Group SA
(FH Vice President)

Sébastien Lang

Louis Lang SA

Aurélien Le Bigot

LVMH Swiss Manufactures SA

Giuseppe Maesano

Universo SA

Alain Marietta

Métalem SA

Axel Meyer

Richemont International SA

Pierre-André Meylan

Piguet Frères SA

Jérôme Monnat

Société des montres West End SA

Stéphane Mougin

Gucci Swiss Timepieces SA

Corine Neuenschwander

Neuenschwander Composants
Horlogers SA

Marianne Pandiscia

Multitime Quartz SA

Jean-Daniel Pasche

(FH President)

Flavio Pellegrini

MGI Luxury Group Sàrl

Aubin Robert-Prince

Robert Laminage SA

Alain Sierro

Fraporlux Swiss SA

David Storrer

Coloral SA

Manuela Surdez

Goldec SA

François Thiébaud

Tissot SA

Vladimiro Zennaro

Bergeon SA





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 2023 the Board was composed of the following members:

Raynald Aeschlimann

Omega SA

Karlheinz Baumann

Richemont International SA

Lorenz Bärlocher

IWC Schaffhausen, Branch of Richemont International SA

Jérôme Biard

Roventa-Henex SA

Guillaume Boilot

TAG Heuer, Branch of LVMH Swiss Manufactures SA

Matthias Breschan

Compagnie des Montres Longines, Francillon SA

Pierre-André Bühler

ETA SA Manufacture Horlogère Suisse

Christian Feuvrier

Nivarox-FAR SA

Arianna Frésard

Victorinox Swiss Army SA

Philippe Gurtler

Rolex SA

Emmanuel Henry

Manufacture des Montres Rolex SA

Lars Kästle

Breitling SA

Thierry Kenel

The Swatch Group SA

Sébastien Lang

Louis Lang SA

Alain Marietta

Métalem SA

Axel Meyer

Richemont International SA

Jean-Daniel Pasche

FH

Aubin Robert-Prince

Robert Laminage SA

Alain Sierro

Fraporlux Swiss SA

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 2023, 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

Pascal Cartier

Anticounterfeiting Group

Jean-Daniel Pasche



The Divisions and the Departments

At 31 December 2023, the FH employed 34 full-time equivalent staff in Bienne (33.4 in 2022). 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 des fabricants et détaillants en horlogerie, marché suisse (AMS)
- ♦ 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)
- ♦ China Horologe Association
- ♦ Comité permanent de l'horlogerie européenne (CPHE)
- ♦ Contrôle officiel suisse des chronomètres (COSC)
- ♦ Convention patronale de l'industrie horlogère suisse (CP)
- ♦ 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
- ♦ SCBT - Swiss Center for Business and Technology Intelligence
- ♦ 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 Unternehmen der Uhren- und Mikrotechnik (VdU)

Federal administration

- ♦ Bureau central du contrôle des métaux précieux
- ♦ Office fédéral de la douane et de la sécurité des frontières (OFDF)
- ♦ 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
- ♦ Swiss Federal Institute of Intellectual Property (IPI)



Chambers of commerce

- ◆ Alliance of Swiss Chambers of Commerce
- ◆ Arab-Swiss Chamber of Commerce and Industry (CASCI)
- ◆ International Chamber of Commerce international (ICC)
- ◆ 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
- ◆ Swiss-Chinese Chamber of Commerce
- ◆ Swiss-Indian Chamber of Commerce

Economic organisations

- ◆ BUSINESSEUROPE
- ◆ economiesuisse
- ◆ Switzerland Global Enterprise

Technical organisations

- ◆ CIBJO – The World Jewellery Confederation
- ◆ Comité FRANCECLAT
- ◆ Ecole d'ingénieurs ARC
- ◆ International Electrical Committee (IEC)
- ◆ Tokyo Watch Technicum

Customs and police organisations

- ◆ Agenzia delle Dogane, Roma
- ◆ City of London Police
- ◆ 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
- ◆ Police cantonale de Neuchâtel
- ◆ Police cantonale du Jura
- ◆ U.S. Customs and Border Protection
- ◆ World Customs Organization

Organisations involved in standardisation

- ◆ Association française de normalisation (AFNOR)
- ◆ 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)
- ◆ Swiss Association for Standardization (SNV)

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
- ♦ Swissness Enforcement
- ♦ 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
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Federation of the Swiss Watch Industry FH

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