

Short statement by Philipp Hildebrand on 6 September 2011 with regard to the introduction of a minimum Swiss franc exchange rate against the euro

The Swiss economy has staged a remarkable recovery from the Great Recession. It has benefited from tremendous efforts by thousands of companies, employees, and decisive policy measures by the authorities.

International developments, however, have now caused the Swiss franc to appreciate a great deal within a short period of time. This has resulted in a massive overvaluation of our national currency. Switzerland is a small and very open economy. Every second franc is earned abroad. A massive overvaluation carries the risk of a recession as well as deflationary developments.

The Swiss National Bank is therefore aiming for a substantial and sustained weakening of the Swiss franc. With immediate effect, it will no longer tolerate a EUR/CHF exchange rate below one Swiss franc twenty. The SNB will enforce this minimum rate with the utmost determination. It is prepared to purchase foreign exchange in unlimited quantities. Even at a rate of one Swiss franc twenty per euro, our currency is still at a high level. It should continue to weaken over time. If the economic outlook and deflationary risks demand it, the SNB will take further measures.

With today's decision, the SNB sets foot on a challenging journey. We have to accept the fact that the costs associated with it might be very high. At the same time, doing nothing would almost certainly inflict tremendous long-term

damage on our economy. With today's measure, the Swiss National Bank is acting in the interest of the country as a whole.