

Swiss Center Shanghai: a decade of record growth

- The non-profit organization **Swiss Center Shanghai**, founded end of 2000, **supported more than 100 Swiss companies** in China – including set-ups of offices, sales and after sales and production companies to serve clients in China.
- 15% revenue growth per year: Swiss Center Shanghai member KUK Electronics AG is a prime example for a successful China expansion.
- Swiss exports to China increased manifold in the 2000 decade. **Since 2009 China is the locomotive of Swiss exports.**
- China is becoming a **key world clean-tech power** in this decade, opening the door to Swiss companies in clean-tech and energy related industries; SCS to launch a showcase project in energy-efficient buildings to demonstrate Swiss technologies.

Shanghai, 14 December 2011 – The Swiss Center Shanghai (SCS, www.swisscenters.org), by far the largest cluster of Swiss enterprises in Asia, looks back at a decade of record growth since its founding in 2000, on the anniversary day of the 50 years diplomatic relations between Switzerland and China. “The Swiss Center Shanghai supported more than 100 Swiss companies in entering the Chinese market. 20 production companies and more than 30 offices and trading companies were successfully established”, outlines SCS General Manager Mr. Zhen Xiao. Among the SCS members and sponsors are not only multinational companies, but also the Swiss Cantons Jura, Neuchatel, Fribourg, Valais and Vaud. The cluster around the Center accounts for over 35'000sqm of industrial and commercial space occupied by Swiss companies. Besides office and workshop space and employee hosting, the SCS supports its members with government relations, step by step entry solutions, legal support, management services and a network of experts in China.

Prime example for a successful expansion to China: KUK Electronic AG

One of the first enterprises joining Swiss Center Shanghai was Appenzell based KUK Electronic, a leading manufacturer of coils and electronic assemblies, employing more than 300 people worldwide. In 2003, a 100-percent-owned affiliate of KUK was established in the SCS on request of a major multinational client making mobile phones. The subsidiary manufactures products for the markets in the Far East as well as for Europe and the US. “Due to the success of our China subsidiary, KUK has enjoyed in average 15% annual growth in revenue for the past eight years”, comments Sandy Zhang, CEO of KUK China. Today, KUK China operates with 100 employees in the SCS workshop. “The network and support of the Swiss Center Shanghai experts has been crucial to our business development in China, especially in dealing with the local authorities”, reports Sandy Zhang. “We have a positive view of the future development in China, and look forward to a further expansion in the coming years with the support of the SCS.”

“Swiss companies benefited enormously from China’s rise: The Swiss exports and positive trade balance multiplied three times in ten years”, explains SCS Managing Director Mr. Nicolas Musy. Goods in the value of more than 12.4 billion Swiss francs have been exported to China (incl. Hong Kong) in 2010, according to figures of the Swiss Federal Customs Administration.

Recently, China became the largest contributor to Swiss export growth in absolute terms – with a plus of 3.2 billion Swiss francs year-on-year in 2010. A similar amount is expected for 2011. Mr. Musy: “Switzerland also benefited from an ever-increasing positive trade balance with China during the decade, clearly showing that there is no delocalization from Switzerland to China. On the contrary increasingly positive trade creates more and more interesting jobs for the Swiss economy. This is also the experience of the Swiss Center: The production companies established through the Swiss Center sell more than 75% of their production in China.”

Swiss Trade with China (incl. HK), 2000-2010, in Mio. CHF
 Figures: Swiss Federal Customs Administration

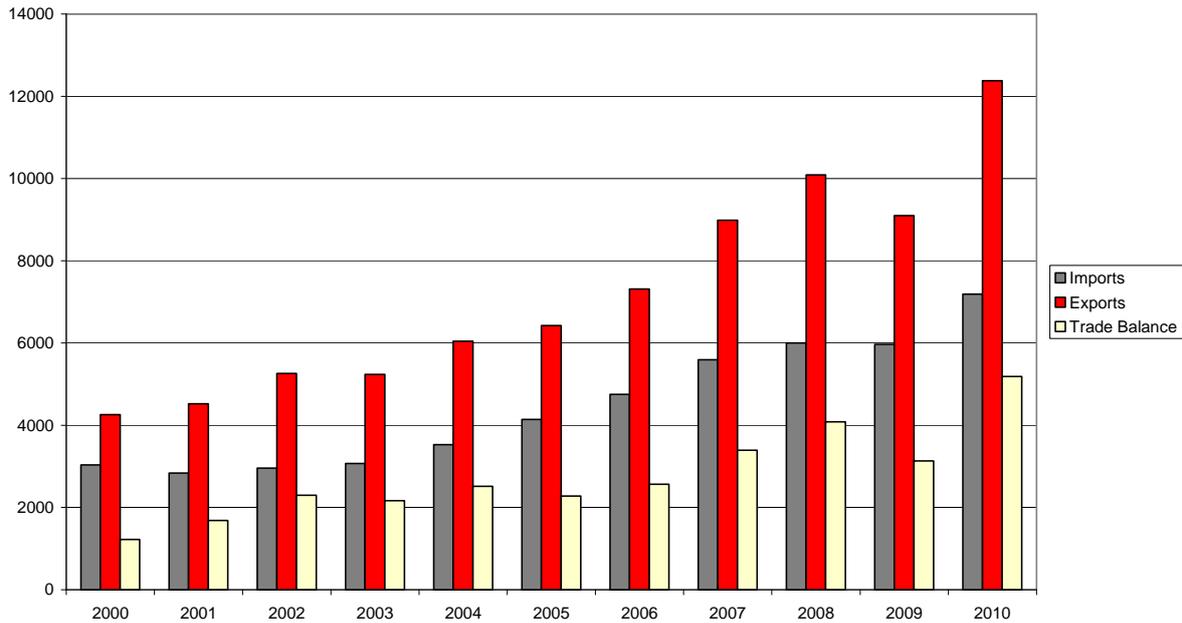


Chart 1: A decade of record growth: Switzerland's trade with China and Hong Kong intensified from 2000-2010 considerably, resulting in a very positive trade balance.

China has become the locomotive of Swiss exports since the 2009 crisis

In the first eight months of 2011, Swiss exports to the EU went down by -0.5%, while exports to China increased by 26.2%. "China's market is coming of age for our quality products. The most interesting phase of China's development is about to start for Swiss luxury and technology companies", states Musy. China overtook France to become the fourth largest importer of Swiss goods. Only Germany (33.3 billion CHF), the USA (16.4 billion CHF) and Italy (13.2 billion CHF) import more. Goods in the value of 12 billion Swiss francs have been exported to China and Hong Kong in the first eight months of 2011. Mr. Musy: "Figures indicate clearly that while exports to the EU have not yet recovered to their pre-crisis numbers, China's not only have, but have also more than compensated for the losses in exports to the EU since 2009."

Swiss Export Growth to the USA, EU and China (incl. HK) in %, 2000-2011
 Figures: Swiss Federal Customs Administration

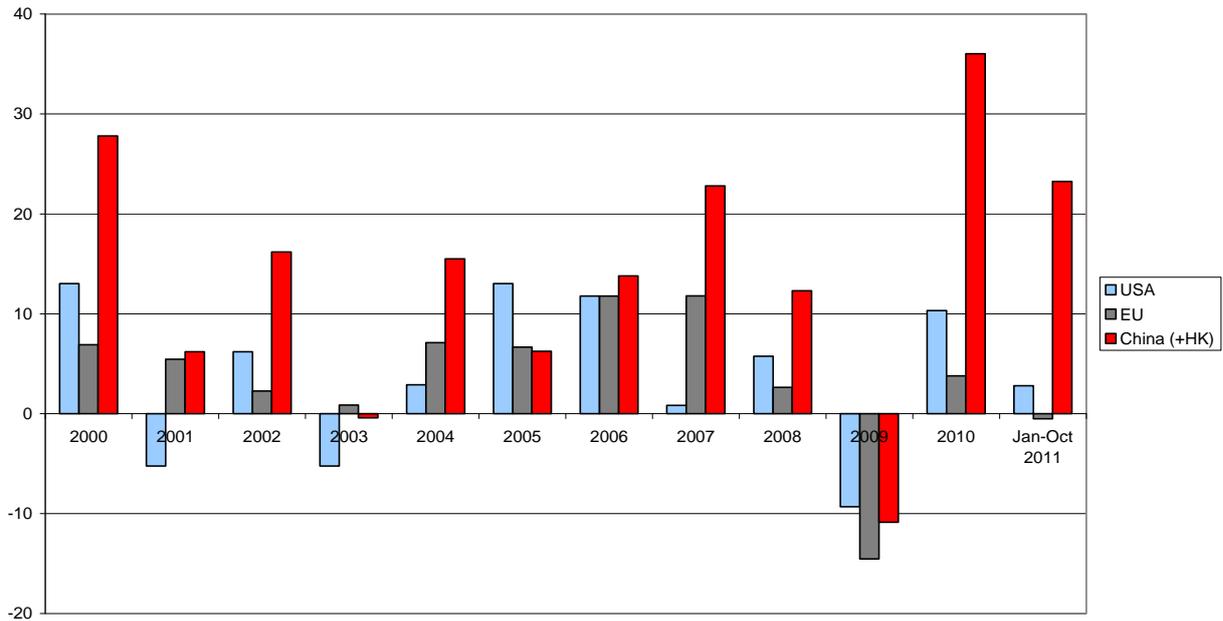


Chart 2: Exports going east: Swiss export growth to China and Hong Kong compared with the EU and the United States.

A green future: focus on clean-tech

For the first time, the Chinese Government issued binding targets to all its employees including environment and climate measurements. Mr. Musy: "Up to now, the administration was essentially rated on growth. In the next five years, among others, the country's officials aim to reduce the amount of energy per unit of GDP by 16% and the amount of water used per output of industrial production by 30%!"

Among others, China's government has established inter-ministry plans to become the leader in electric vehicles in this decade. 1 Mio electric vehicle a year shall be made by 2015 and 5 Mio a year by 2020. In the coming five years China is expected to spend USD 1 Trillion on clean technologies, both to ensure continued fast growth that the environment can sustain and to be a leader in what is widely expected to be the most interesting new business opportunities since the development of IT.

"This enormous need for green solutions opens a whole new set of opportunities for Swiss companies, which are in many clean-tech and energy related fields quite ahead. The SCS is planning to expand its next set of demonstration rooms and manufacturing facilities in specially constructed energy-efficient buildings together with Swiss partners to demonstrate the possibility of Swiss clean and sustainable technologies", explains Xiao.

About Swiss Center Shanghai (SCS): Founded in 2000 jointly by Foundation Swiss Centers in Switzerland and Shanghai Xinzhuang Industrial Park in China, SCS is by far the largest cluster of Swiss enterprises in Asia with a rich experience in business set-up and China operations management. SCS not only offers instant workshop, office and desk space. It has also built a broad network to supports the Swiss companies in government relations, contact to SCS Service Partners and to other Swiss and Chinese companies. SCS served more than 100 companies in Switzerland and China – both SMEs and large enterprises. SCS experts performed set-ups of 20 production companies and more than 30 offices and trading companies. For more information, please visit: www.swisscenters.org.

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