P R E S S   R E L E A S E

Swiss companies increase their investments in China

- Swiss **exports** to China and Hong Kong are **still increasing**, while exports to the EU decline.

- Recent surveys indicate that western enterprises in China are very confident: **EU companies** are **more profitable in China than elsewhere** and plan to increase their investments.

- Swiss companies continue to grow in China: The **Swiss Center Shanghai** (SCS) member **companies are expanding**. In the summer of 2012, Leister China moved to a new manufacturing and competence center in Shanghai. Premec SA expanded into a new production site, and WDT ToolTech AG opened its sales office in Shanghai.

Shanghai – 9 October 2012. Goods in the value of 9.4 billion Swiss francs have been exported to China and Hong Kong in the first eight months of 2012, a plus of 2%. In the same period of time, exports to the EU declined by -1.2%, according to figures of the Swiss Federal Customs Administration. While the Chinese market generated records for the Swiss export industry in recent years, the European crisis now led to a slowdown in the Far East, too. "The Swiss machinery exports declined considerably, but the watch and precision instrument exports gained 19% year-on-year", explains Nicolas Musy, Managing Director of the non-profit organization Swiss Center Shanghai (SCS).
The SCS facilitates the market entry of Swiss companies in the Far East, offering instant office and workshop space, government relations, secretariat and promotion support as well as a network of experts.

Surveys: Western companies very confident

The results of the Business Confidence Survey, published by the EU Chamber of Commerce, shows that **European companies in China are having better results year by year**. "In 2012, EU companies in China are clearly generating more profits, on average, than in the rest of the world", analyzes Musy.[1]

Figure 6: **EBIT margins of China operations compared to worldwide margins, 2010-2012**

Question: How did the EBIT margin of your Mainland China operations compare to your company's worldwide margins this past year?

Answers	Respondents		
	N = 389 2010	N = 262 2011	N = 224 2012
Better than company average worldwide	37%	33%	42%
Same as company average worldwide	29%	37%	29%
Lower than company average worldwide	34%	30%	29%

[1] Source of all charts: European Chamber Business Confidence Survey 2012: http://www.europeanchamber.com.cn/upload/media/media/14/European_Chamber_Business_Confidence_Survey_2012_EN%5B559%5D.pdf

"No wonder that almost two thirds of EU companies consider major new investment in mainland China and that a growing proportion of European companies - over 75% - sees China as a top 3 destination for new investments in the future", says Mr. Musy.

Figure 9: **Companies contemplating new investments in China, 2009 - 2012**

Question: Is your company considering any major new investments in Mainland China in the next two years?

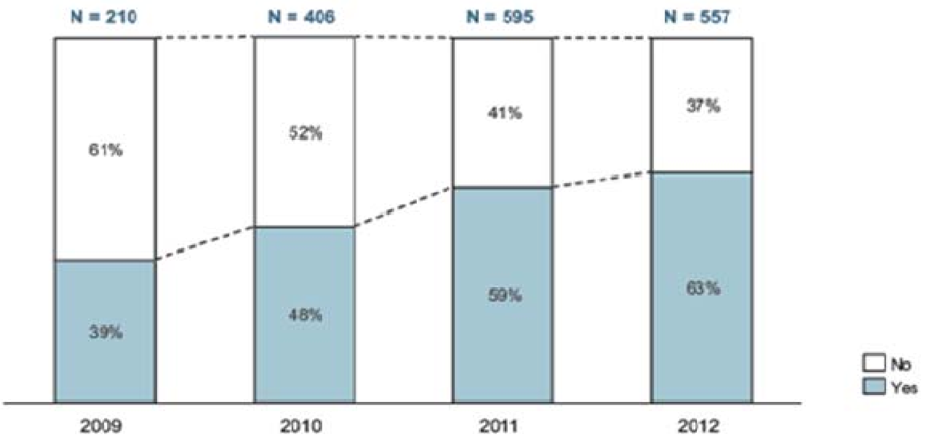
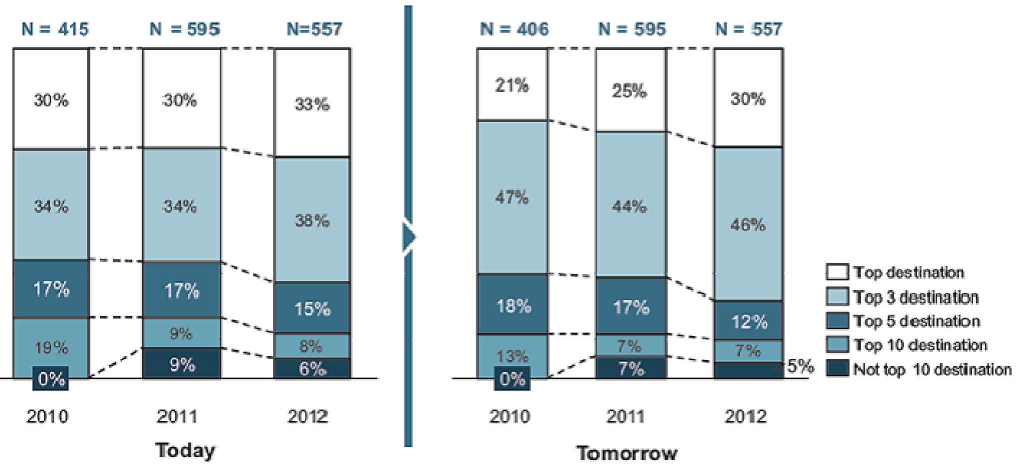


Figure 10: **China's rank as a destination for new investments, 2010-2012**

Question: On a global basis, where does China rank as a destination for new investments for your company?



Nicolas Musy: "Again, the picture is more positive year by year: 74% of all respondents stated that China will become increasingly important in their global strategy, with only 3% stating that China will decline in importance." Asked whether they are optimistic about their company's growth potential in China over the next two years, 78% of the respondents stated that they are optimistic. Only 3% are pessimistic. A recent survey by the American Chamber of Commerce showed similar results: 76% of respondents forecast that their China 2012 revenues will surpass their 2011 revenues.[2]

69 % of Swiss companies plan to invest more

Many factors indicate future growth, so that Swiss companies, too, are very optimistic, analyses Musy: "China develops a strong consumer market in record speed, making it a key destination for Swiss luxury and quality products. In the machinery and precision industries, the Chinese market for equipment producing high quality goods will keep growing. The Chinese are however able to produce

[2] Source: American Chamber of Commerce 2012 Business Climate Survey: http://www.amchamchina.org/businessclimate2012

better and better machinery locally so that the strategies of Swiss machinery companies will be critical in the coming years."

The results of Swiss businesses in China are at least as good as those of EU companies. They were illustrated in a recent survey by SwissCham China: The Business Confidence Survey show a confidence index of 75% for 2012. "69% of the participants say that their subsidiary's total investments in China in 2012 will be higher than last year. Only 6.6% plan to invest less", explains Mr. Musy.[3]

Swiss Center Shanghai (SCS) member companies expand in China

Reflecting foreign companies' success in China, SMEs are also investing further:

Leister: manufacturing and competence center opened

One of the Swiss Center Shanghai member companies investing in China is Leister AG. The company with headquarters in the Swiss canton of Obwalden doubled its China facility and opened a 3.860sqm manufacturing and competence center in Shanghai in July this year, with the presence of Federal Councilor, Mr. Schneider-Ammann. In the new facility, 100 people are working for sales, engineering and production of hot air tools, plastic welding tools/machines for both Chinese and international markets. Leister started to export plastic welding equipment and modules for process heat to China in 1993. In 2004, the company opened up its first production facility in Shanghai.

Premec SA: production facility expanded

Another SCS member company, Premec SA, headquartered in Cadempino/Lugano, manufactures and sells Swiss quality pens. Patrick Lin, General Manager of Premec Shanghai, explains: "China is the largest consumer market for writing instruments and keeps growing 10-20% every year. As a leading company in the writing industry, Premec SA has major interests in China and the Asia Pacific region." After 7 years of successful operation in China, Premec Shanghai moved its plant into a new 2.000sqm building in July 2012. "We are going to develop the production of refills and eventually the assembly center of complete pens", says Mr. Lin, "We want to expand our business into different product categories, and increase our brand presence in the market, to reinforce our competitiveness in China and globally."

WDT ToolTech: Chance for strong growth in China

WDT ToolTech AG, headquartered in Pfäffikon, joined Swiss Center Shanghai in 2011. WDT ToolTech sells crimping machines and hand tools to producing industries with a need for high quality cable connections, such as automotive, green tech and energy supply. "In many of these sectors, China is either already world leader or investing most and developing quickest. Compared to the European and North American markets, there is chance for enormous growth in China", explains Friedrich Pohle, Head of Finance and Business Development at WDT ToolTech AG. Recently, the company opened a sales office in Shanghai. Mr. Pohle: "We expect the Chinese market to become even more important in the future."

About Swiss Center Shanghai (SCS): Founded in 2000, SCS is a platform supporting operations of Swiss companies in China and Asia. It is by far the largest cluster of Swiss businesses in Asia with a unique experience in business set-up, expansion and operations management. SCS not only offers instant workshop, office and desk space, but also supports its members with government relations, secretarial and promotional services and a comprehensive network of experts. SCS served more than 200 companies in China – both SMEs and large enterprises. Among other, the SCS experts have established 20 production companies and more than 30 commercial offices for Swiss companies.

For more information, kindly visit: www.swisscenters.org.

Media Contact
Bernhard Hagen
press@swisscenters.org
Tel: +43-664-7348-3730

[3] Source: SwissCham China Business Confidence Survey 2012