

PRESS RELEASE

China's rise boosts the Swiss economy

- China (incl. Hong Kong) is the largest contributor to Swiss export growth
- 2010 exports to China grew 10 times faster than exports to the EU
- Watches, precision instruments and machinery companies benefit most from the boom
- CHF 5.5 bio. positive trade balance creates high added value jobs in Switzerland
- Chinese companies invest in Switzerland with support from Swiss Center Shanghai

Shanghai (16 February 2011) – Swiss exports go east: Swiss companies exported goods in the value of 12.4 billion Swiss francs to China (incl. Hong Kong) in 2010, according to recent figures of the Swiss Federal Customs Administration. “That is a growth of 35% and 3.2 billion Swiss francs year-on-year. The Swiss export industry has not achieved such a success in any other market – China is the single largest contributor to Swiss export growth. Moreover, it is contributing 3 times more export growth than the rest of the BRIC markets combined”, analyses Nicolas Musy, Managing Director of the non-profit organization Swiss Center Shanghai (SCS). To draw a comparison with fully developed markets: In 2010, Swiss companies realized additional sales of 2.4 billion Swiss francs to Germany and 1.8 billion Swiss francs to the USA. “The exports to the EU went up by 3.6% - the exports to China grew ten times faster”, says Musy.

Swiss Center Shanghai, with 50 members, is by far the largest cluster of Swiss companies in Asia. SCS facilitates the market entry and development of Swiss firms with instant office and workshop space, legal support, government relations, management services and a broad network of experts. It allows companies to start an operation with minimal expenses per year, equivalent to hiring one more person in Switzerland.

Figure 1: Swiss Export Growth 2010 by Country (Mio. CHF)

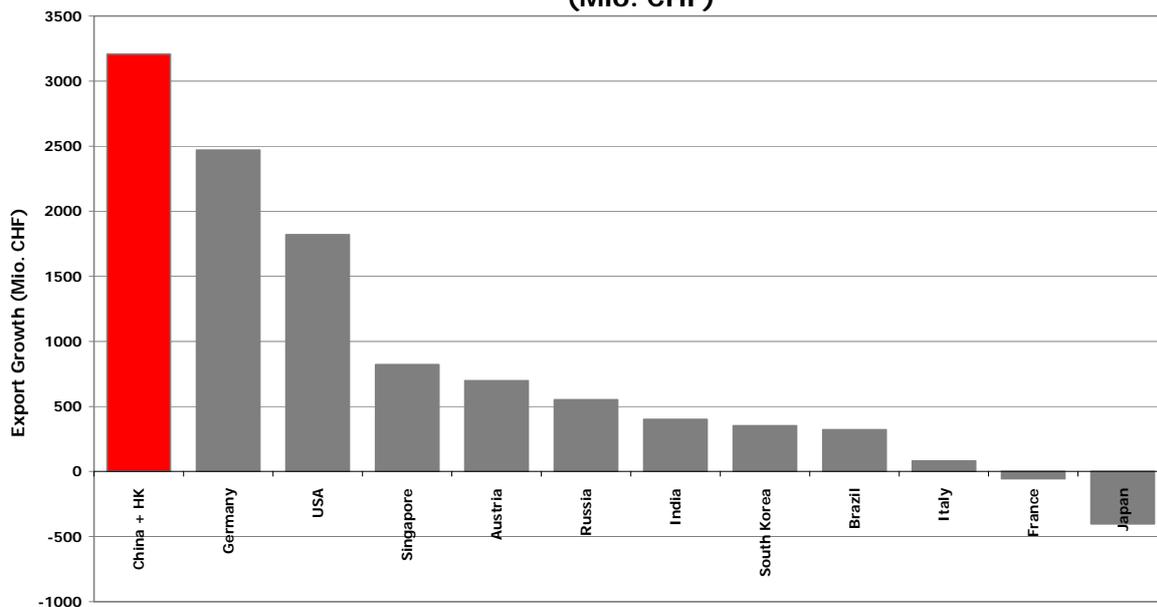
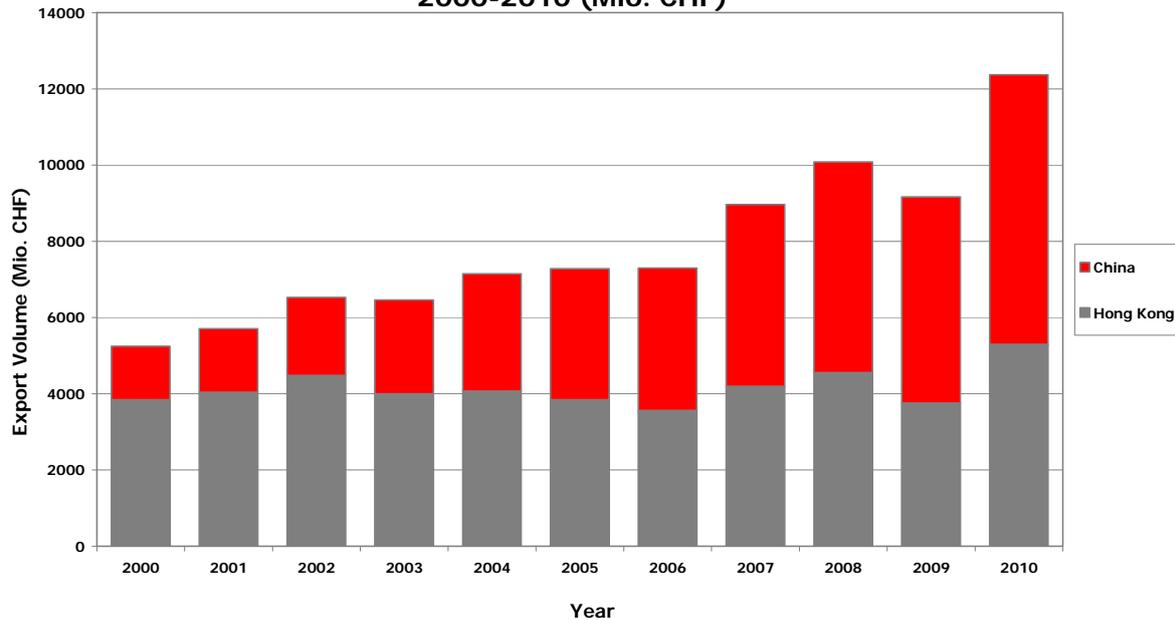


Figure 2: Development of Swiss Exports to China & Hong Kong, 2000-2010 (Mio. CHF)

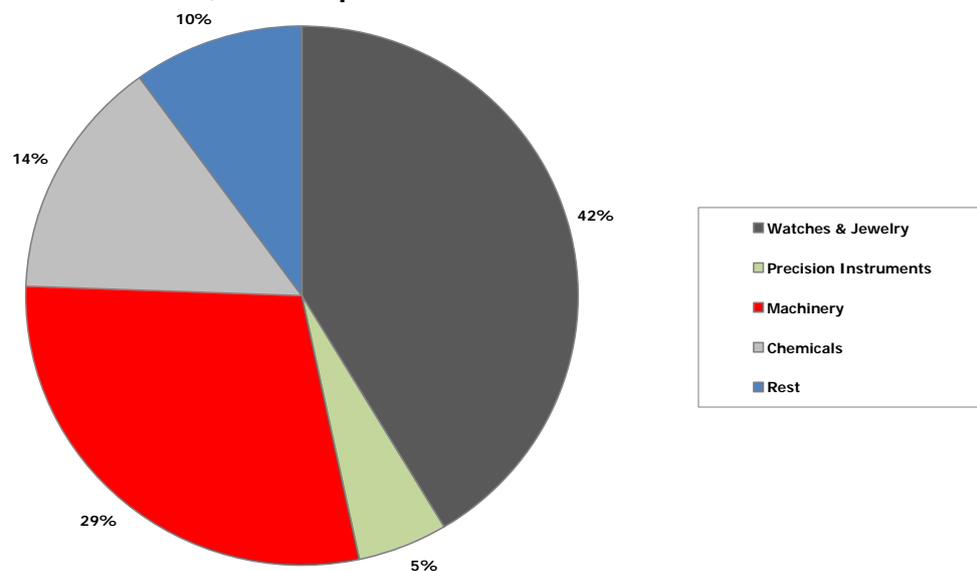


Machinery, precision and watch companies profit

Two sectors are the main drivers of Swiss exports to China (incl. Hong-Kong): Machinery exports and watches & precision instruments exports add up to three quarters of the total. Watches, precision instruments and jewelry in the value of 5.8 billion Swiss francs have been exported in 2010 – an addition of 45% over 2009. Machinery exports grew by 46% - ten times faster than to the EU – to 3.5 billion Swiss francs.

Swiss Center Shanghai mostly supports machinery and industrial equipment producers, particularly with its Machinery Center allowing exporters to establish demonstration, application, training, and after sales service operations to support local customers.

Figure 3: 2010 Swiss Exports to China & Hong Kong by Industry Sector, Total Exports: 12.4 billion Swiss francs



Trade surplus creates high added value jobs in Switzerland

The fast growing Chinese market already imports 6.4% of all Swiss exported goods. Even more remarkable: Switzerland is one of the few countries regularly posting a positive trade balance with China. The trade surplus 2010 with China (incl. Hong Kong) was 5.5 billion Swiss francs. "A comparison with the overall Swiss trade surplus of 19.4 billion Swiss francs shows how important the Chinese market is becoming for Switzerland", states Musy. "We can estimate that the Swiss export growth to China in 2010 created between 10'000 and 15'000 high added value jobs in Switzerland, which is not the case for most EU countries and the USA."

Chinese companies discover Switzerland

"But not only do the booming exports to China contribute to the Swiss job market", reports Zhen Xiao, General Manager of SCS. "Chinese companies also start to invest in Switzerland and create jobs there directly." Swiss Center Shanghai is therefore newly active in finding Chinese companies who are interested to invest in the Swiss market and supporting them on their way to Switzerland. "Until now, around 40 Chinese companies have established their operations in Switzerland and created many specialized jobs. For example the innovative solar company Suntech Power – the world's third largest solar company and the world's largest producer of crystalline silicon photovoltaic modules - has started in Schaffhausen, and the two global leaders in telecom and network solutions, Huawei and ZTE, have setup in Bern", explains Xiao.

Prospect for 2011: further growth expected

With the Chinese economy on the fast track, Swiss companies can continue to profit from the China boom in 2011 and the years to come. Musy: "On average, analysts expect that the Chinese market will grow around 9% annually in the decade starting this year. Precision instruments, machinery and watch companies have the greatest opportunity to further expand their sales with the right strategy, China know-how, and products that fit the local market. As the trade figures imply, it is high time for Swiss companies to push their business in China. The market is very competitive and particular; however with 10 years of experience, its network and track record, the Swiss Center Shanghai offers the necessary support and reduction of risks for a success."

Figure 1: 3.2 billion Swiss francs of additional exports to China including Hong Kong in 2010 make China the single largest contributor to Swiss export growth. (Figures from the Swiss Federal Customs Administration)

Figure 2: Swiss exports to China on the rise. Together with Hong Kong, China imported Swiss goods in the value of 12.4 billion Swiss francs in 2010. Exports have more than doubled within ten years. (Figures for 2000-2005 from the Swiss embassy in China, figures for 2006-2010 from the Swiss Federal Customs Administration)

Figure 3: Swiss companies from the machinery, watch, precision instruments, and chemicals industries are the main beneficiaries of China's emergence. (Figures from the Swiss Federal Customs Administration)

About Swiss Center Shanghai (SCS): Founded in 2000, SCS is by far the largest cluster of Swiss enterprises in China with a rich experience in business set-up and China operations management. SCS not only offers instant workshop, office and desk space, but also supports the companies with government relations and a broad network of experts. SCS served more than 100 companies in China – both SMEs and large enterprises. Among

other, the 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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