

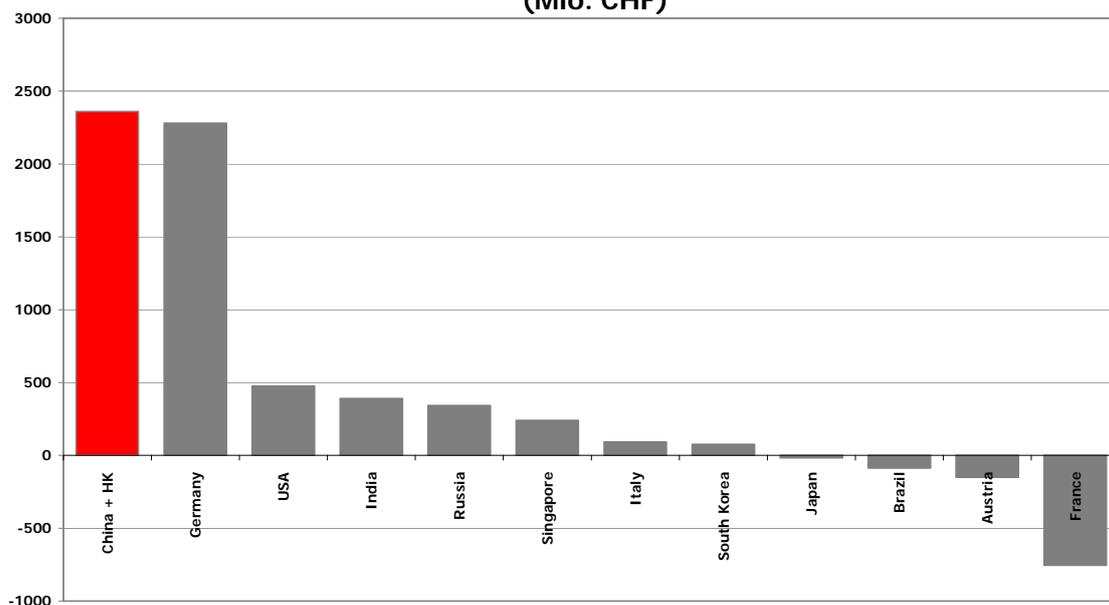
**China lives up to its name as Swiss export engine – and the trend is intensifying**

- While Swiss exports to the EU decreased, exports to China (incl. Hong Kong) increased by 2.1% year-on-year in the first 4 months of 2012.
- In the same period of time, Swiss watch exports to China and Hong Kong reached 1.9 billion CHF. This is almost 3 times the exports to the second largest market USA, and more than the exports to all European countries combined. 7 of the top 8 best-selling watch brands in China are Swiss made.
- With additional exports in the value of 2.36 billion CHF, China (incl. Hong Kong) was the single largest contributor to Swiss export growth in 2011.
- The positive trade trend will accelerate considerably with the increasing consumption power of the Chinese middle class, analyzes the Swiss Center Shanghai. The proportion of households with an annual income between USD 16'000 and 34'000, at 6% in 2000, will grow to 51% by 2020.

Shanghai (18 June 2012) – While Swiss exports to the EU declined by 4.2% in the first four months of 2012, the exports to China and Hong Kong went up by 2.1% to 4.7 billion Swiss francs, according to recent figures of the Swiss Federal Customs Administration. “China is the fourth biggest importer of Swiss products behind Germany, the USA and Italy, ahead of France and the UK”, reports Nicolas Musy, Managing Director of the non-profit organization Swiss Center Shanghai (SCS). “With the current trend, China will be the second largest buyer of Swiss products after Germany in 4 or 5 years. This will come as a surprise: Suddenly we will be looking East as much as West to keep our prosperity.”

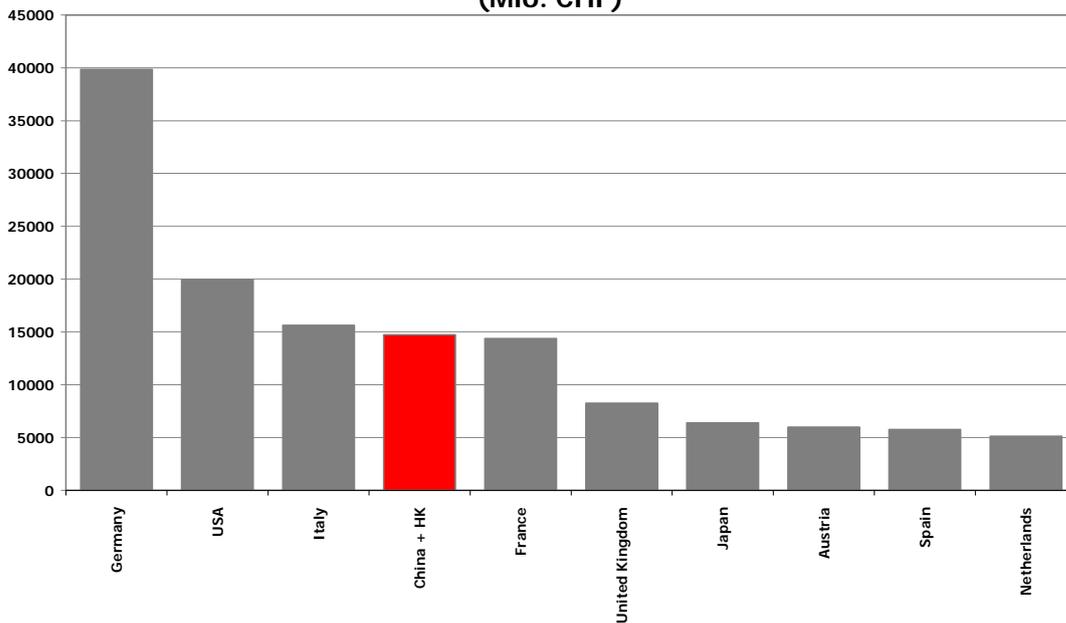
SCS, the largest cluster of Swiss companies in Asia, supports enterprises in entering the Chinese and Asian markets with instant workshop and office space as well as a broad network of experts. In 2011, Swiss goods in the value of 14.7 billion Swiss francs have been exported to China and Hong Kong. Mr. Musy: “A year-on-year increase of 2.36 billion Swiss francs confirmed China’s position as the single largest contributor to Swiss export growth in this period of time. Since 2010, China fuels the Swiss export engine.”

**Chart 1: Swiss Export Growth 2011 by Country  
(Mio. CHF)**



*Chart 1: China (incl. Hong Kong) remained the single largest contributor to Swiss export growth in 2011.*

**Chart 2: Swiss Exports 2011 by Country  
(Mio. CHF)**



*Chart 2: Swiss 2011 exports: China is the fourth biggest importer of Swiss goods, ahead of France and the United Kingdom.*

**Strong increase in watch exports**

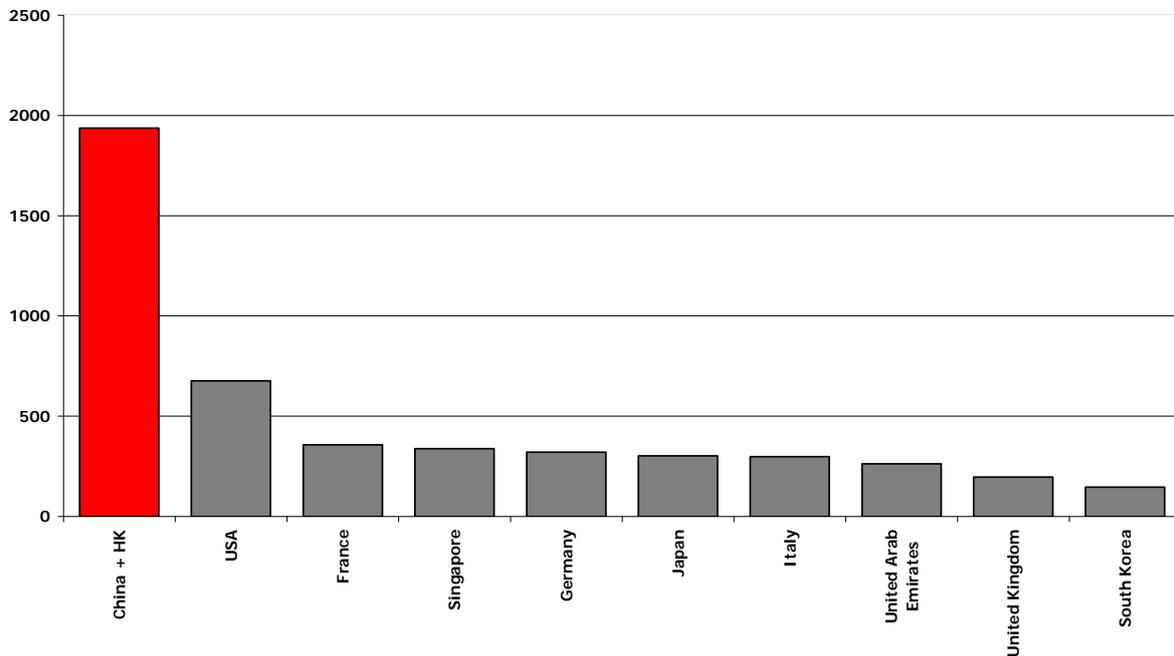
As a manifestation of the increasing purchasing power of China, the Swiss watch and precision instrument industries are witnessing growing export numbers. "In the first 4 months of 2012, watches in the value of more than 1.9 billion Swiss francs have been exported to China and Hong Kong", explains Mr. Musy. "That is almost 3 times the exports to the second-largest market USA, and more than the exports to all European countries combined. China including Hong Kong is the biggest market for Swiss watches, with almost 30% of total exports in 2011, and it is the market with the strongest growth world-wide: +33.5%", analyzes Nicolas Musy. According to recently released figures by the "Moment", a Chinese magazine, 7 of the 8 best-selling watch brands are made in Switzerland, including the top six Omega, Longines, Rolex, Tissot, Tudor and Rado.

**Chart 3: Top 20 watch brands in China by sales revenue  
(Dec 2011, in % of total market share)**



*Chart 3: The six top watch brands in percent of total market share in China are Swiss made.*

**Chart 4: Swiss Watch Exports by Country  
January-April 2012 (Mio. CHF)**



*Chart 4: Switzerland exports more watches to China (incl. Hong Kong) than to all European countries combined. (Source: Federation of the Swiss Watch Industry FH)*

#### **China outlook: enormous increase in purchasing power**

From 2000 to 2010, the Chinese GDP rose by USD 4 trillion to a total of 6 trillion. "In the ongoing decade, it is projected to rise even more in absolute terms, with a GDP increase of USD 6 trillion to a total of 12 trillion. By comparison, until 2020, India and Brazil will add each USD 1 trillion to their GDP and the USA 4 trillion", outlines Nicolas Musy.

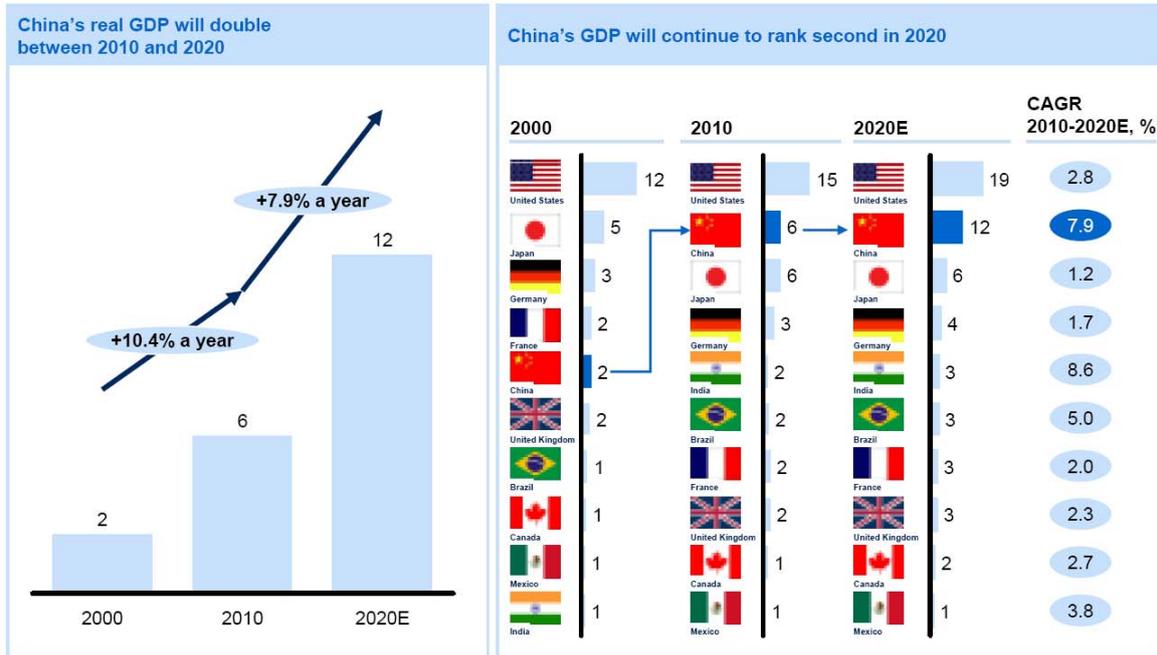
Also, the Chinese middle class is developing at stellar speed: "Analysts expect the number of Chinese urban households with disposable annual income between USD 16'000 and 34'000 to grow from 6% of total in 2000 to 51% in 2020. Additionally and during the same period China will add more than 100 million urban households, making the middle class 10 times larger in 10 years", explains Mr. Musy.

"This combination of GDP growth and middle class explosion undoubtedly makes China the most attractive business opportunity of the decade for Swiss and European companies. China is finally maturing into the large consumer market that everyone hoped for in the last 20 years".

# China's continuing GDP growth

TOTAL CHINA

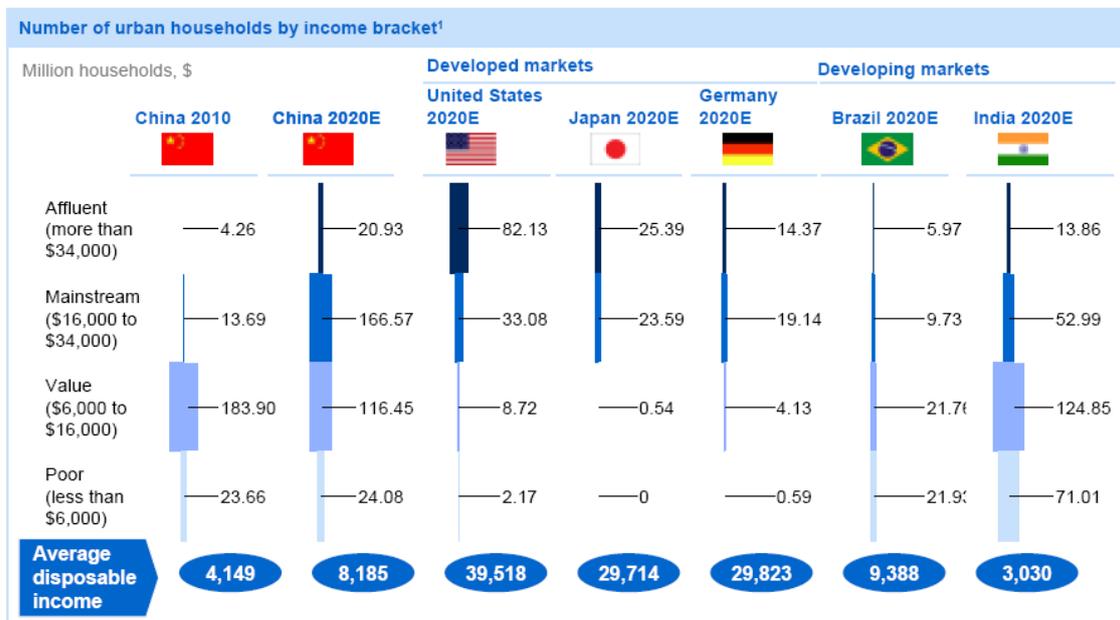
\$ trillions, 2010 real term



Note: Exclude the impact of foreign exchange rate

Source: McKinsey Insights China – Macroeconomic model update (March 2011); Global Insight

## Numbers of Chinese households by income level compared with other countries



SOURCE: McKinsey Insights China – Macroeconomic model update (March 2011); Canback Dangel for United States, Japan, Germany and Brazil data

**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 and a comprehensive network of experts. SCS served more than 100 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](http://www.swisscenters.org).

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