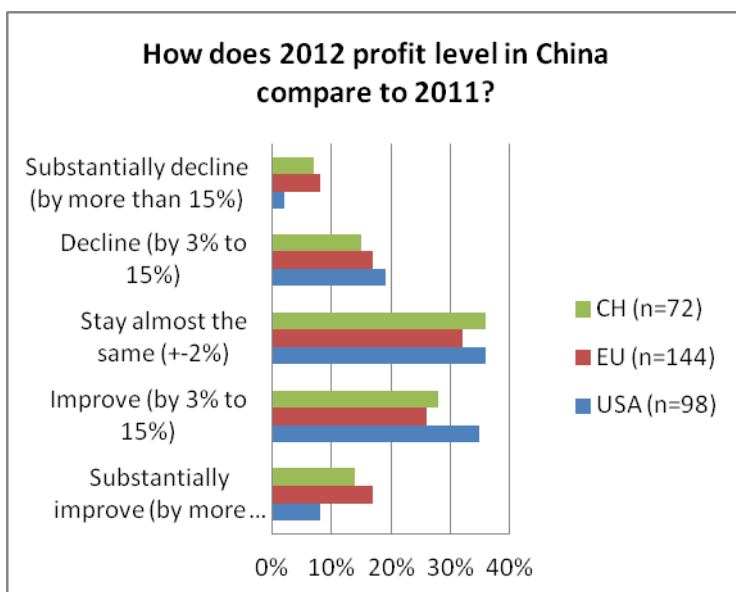


**Most comprehensive survey to date:**

**Swiss are more confident about their business in China than Chinese managers**

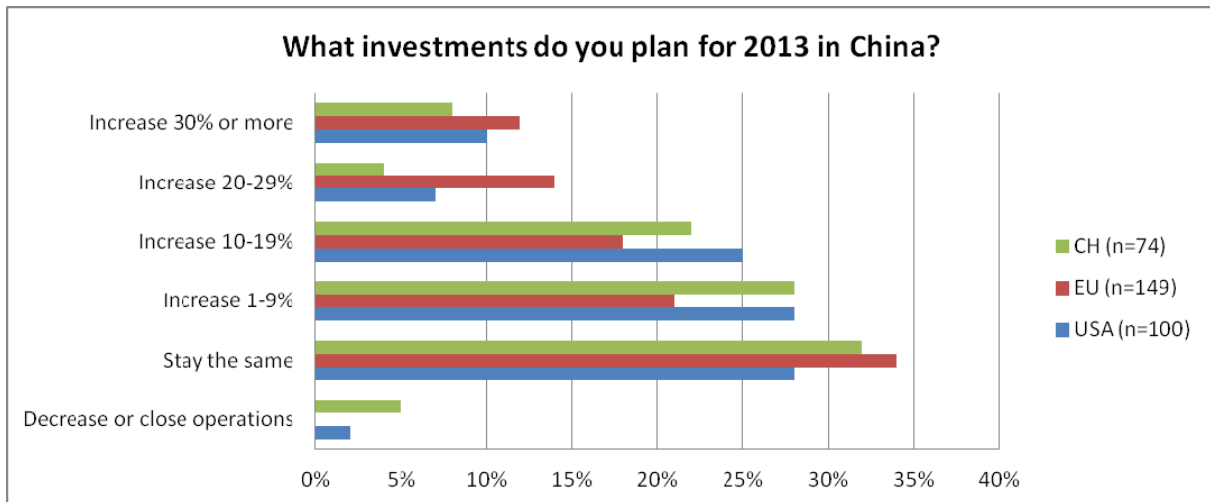
- Swiss companies' profits in China increased almost 10% on average in 2012. They are even more confident for the current year than they were for 2012.
- Swiss managers are clearly more confident for their business in China than Chinese competitors. 62% of the Swiss companies plan to increase their investment.
- There is a growing perception gap between very positive managers on the ground and the Swiss headquarters.

Shanghai (23 May 2013) – The results of the latest survey by the Swiss Center Shanghai (SCS), China Integrated and the China Europe International Business School (CEIBS) shows consistently that Swiss companies are doing particularly well in penetrating the Chinese market. “Though profits have increased slower than in 2011, an estimate of profit growth based on the data shows that, on average, Swiss and European companies have increased their profit level by an interesting 9% in 2012”, reports Nicolas Musy, Managing Director of SCS. The comprehensive and most answered survey to date combines 1369 responses and is the only such survey that collects responses from Chinese as well as foreign companies in China.



**Swiss companies plan to invest**

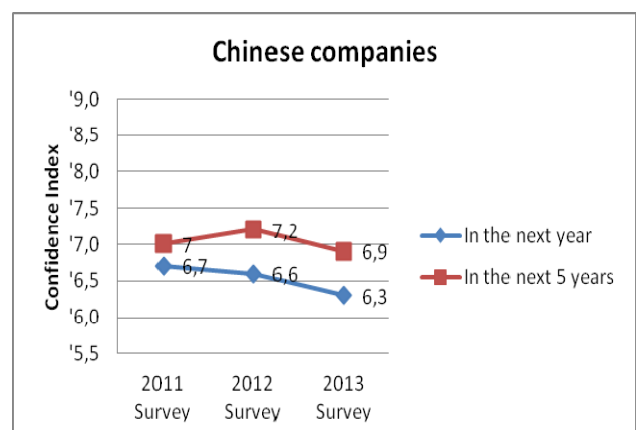
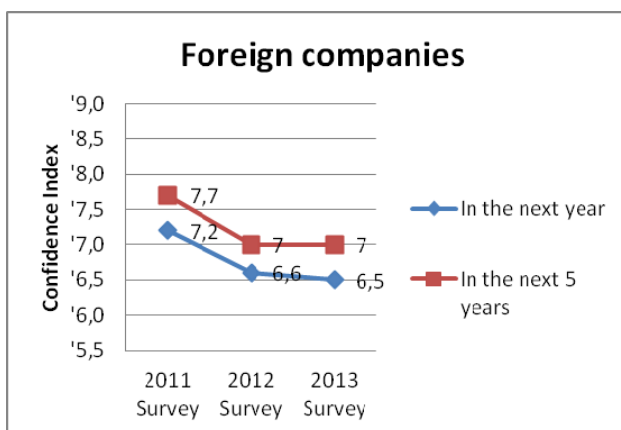
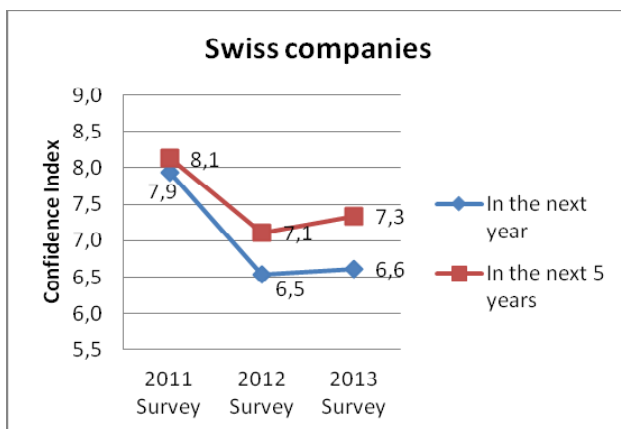
Based on the profit and revenue picture, it is not surprising to see growing investment plans in China: “62% of the Swiss companies plan to increase their investment in China in 2013. More than half of them consider China as a top 3 investment destination. The trend is similar for all western companies, while European firms are noticeably more aggressive, with higher increases and no company planning reduction in investments”, explains Mr. Musy.



### Swiss respondents are more confident than Chinese managers

The confidence level of foreign companies is higher than it was for 2012, while the confidence of Chinese companies is interestingly going down. Swiss companies are more positive than all others in the long term: For the next 5 years Swiss managers are “confident” to “extremely confident”, on average, that their operations in China will be successful. Mr. Musy: “As a result, we should expect even better results for Swiss companies in China in the years to come.”

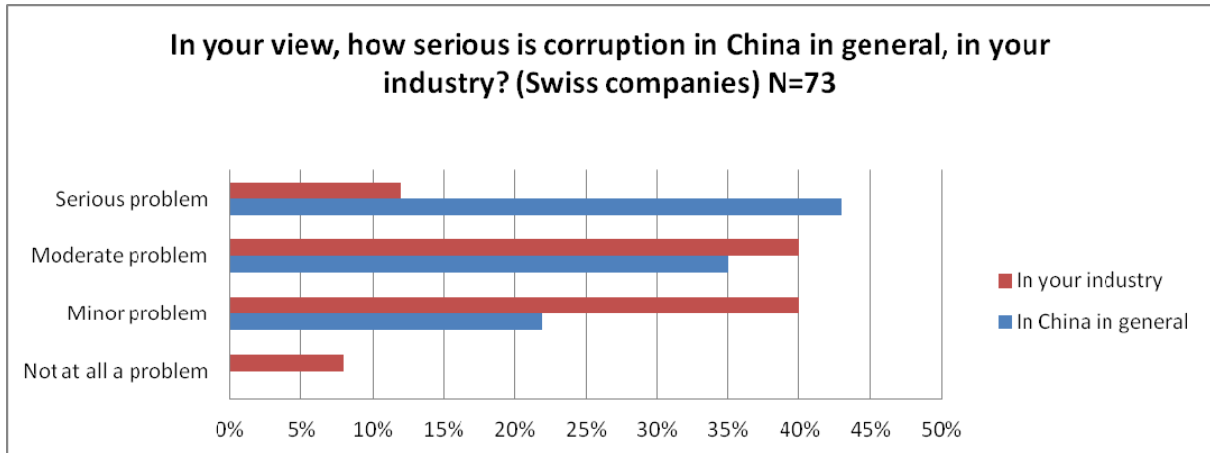
*How confident are you that your operations in China will be successful in the next year, and in the next 5 years? (0=Absolutely Not Confident, 3=Not Confident, 5=Neutral, 7=Confident, 10=Extremely Confident)*



### Perception gap on intellectual property and corruption

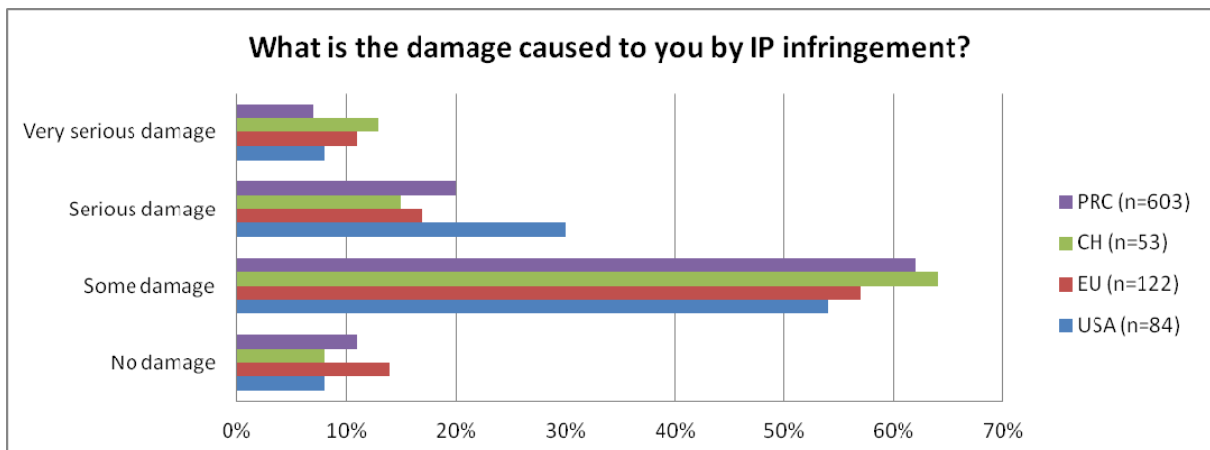
A strong misperception about corruption, rule of law and protection of the intellectual property of foreign companies in China prevails in home countries.

When asked if corruption is important in China, in general, a large majority (78%) of Swiss companies see it as a "serious" or "moderate problem".



However, when asked how serious corruption is in their industry, around 80% of the respondents see it as a "moderate" or "minor problem". Only 11% of Swiss companies say corruption is a serious problem in their industry. Interestingly, the picture is very similar for other foreign companies as well as Chinese companies. Mr. Musy: "These paradoxical answers highlight a critical phenomenon. On one hand, there is the general feeling that 'China is corrupt', fueled by scandals and countless anecdotes, which is also the aspect that foreign media report on. On the other hand there is the reality of doing business on the ground, where corruption is one of many issues to deal with, though certainly not the most important one."

While it is true that IP infringements occur in China more than elsewhere, the damage they generate is not as serious as one would expect. More than two third of Swiss companies report "some" or "no damage". But, much more importantly, Chinese and Swiss companies suffer from IP infringement in very similar ways:



Mr. Musy: „Contrary to the general perception, there is no discrimination against foreign companies in the protection of IP. This is also illustrated by the judgement of IP court cases between foreign and Chinese companies. In 2011 in Shanghai, 86% of such cases were won by the foreign side.“

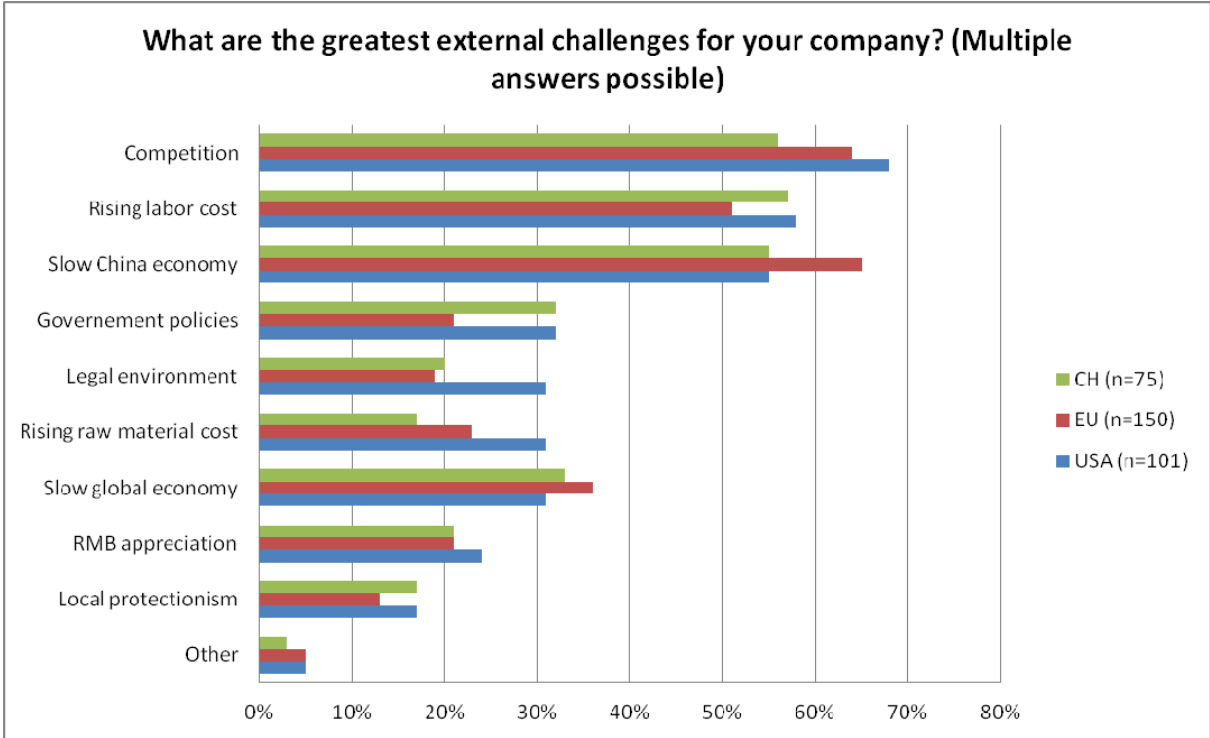
### Key challenges: HR and lack of understanding from head office

The key management challenge remains *finding and retaining human resources*. As a consequence, HR is also considered central to success. "The surprise is the importance of *lack of understanding and support from the headoffice* which is selected by 26% of Swiss respondents", explains Musy. "Bridging

this understanding gap would certainly help further develop the business of many companies in China.”



*Competition*, closely followed by *rising labor costs* and a *slow China economy* are the biggest external challenges that companies report.



Interested to read the whole survey and understand the situation of SMEs in China? Don't hesitate to contact us and we will send it to you: [press@swisscenters.org](mailto:press@swisscenters.org)

**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 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](http://www.swisscenters.org).

**About China Europe International Business School (CEIBS):** CEIBS, established in Shanghai in 1994, is mainland China's leading business school. CEIBS is the only Asian business school to have achieved global ranking for its MBA, EMBA and Executive Education programmes. Despite its young age of just 19 years, the CEIBS MBA Programme has ranked within the Top 25 by the Financial Times' annual global business school survey for 9 consecutive years (2005-2013). The EMBA Programme is ranked #7 (2012). For more information, kindly visit: [www.ceibs.edu](http://www.ceibs.edu)

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