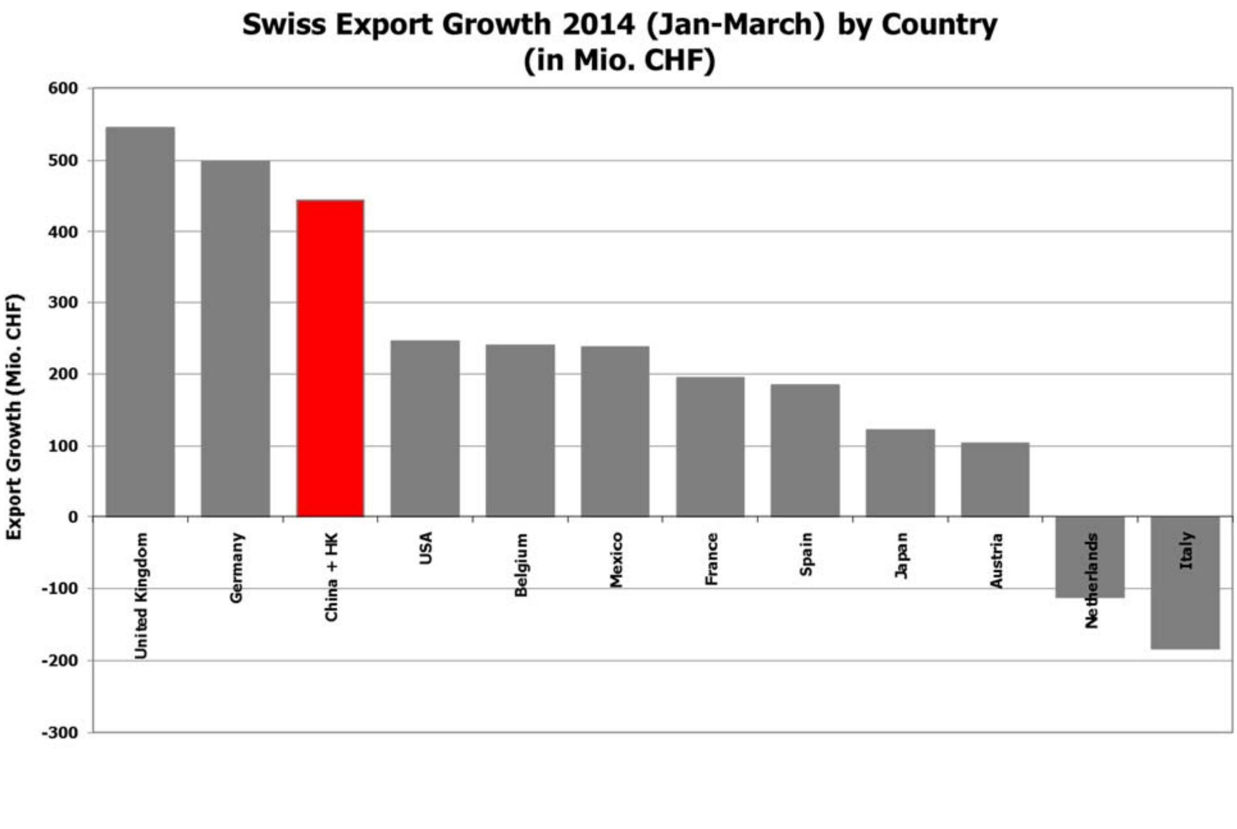
P R E S S   R E L E A S E

Swiss machinery exports to China back on track

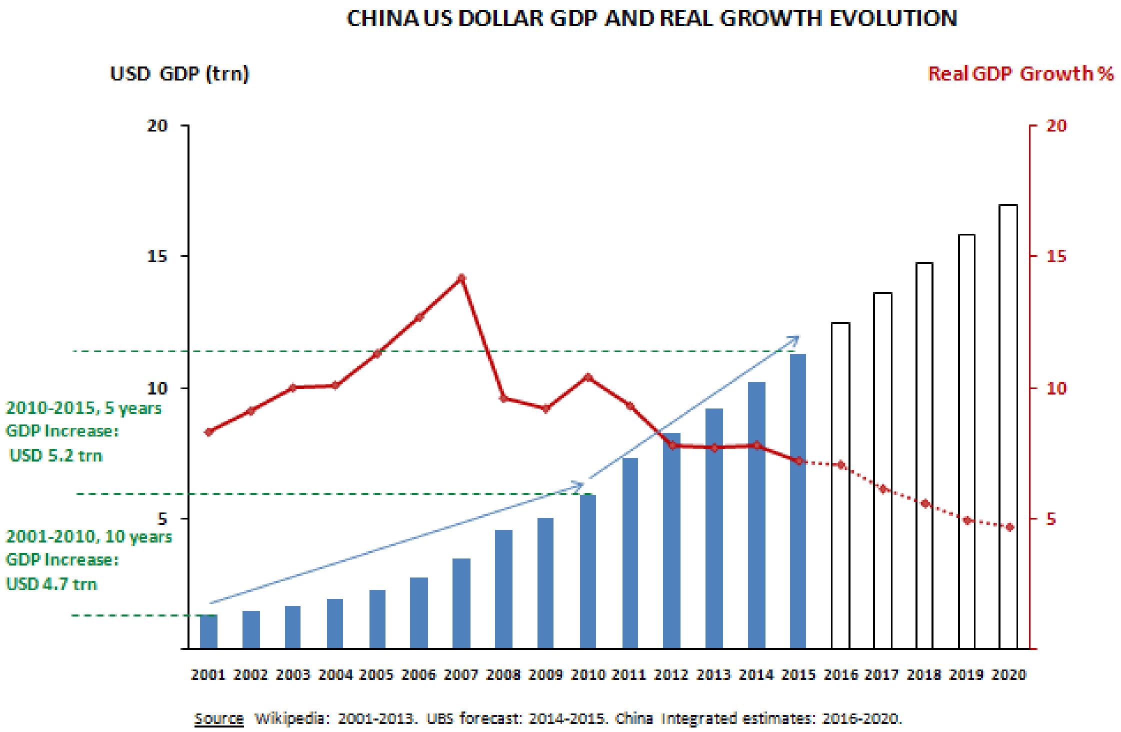
- *In the first quarter of 2014, Swiss machinery companies recorded additional (year-on-year) exports in the value of 89 million Swiss francs to China and Hong Kong* ***– three times the growth generated by the USA****.*
- *China remains among the fastest growing and most dynamic markets for Swiss goods. Additional exports in the first quarter year-on-year: 444 million Swiss francs (+12%).*
- *Swiss Center Shanghai recently opened the Swiss Machinery, Trading and Business Center in the Shanghai Pilot Free Trade Zone to support Swiss enterprises on the spot.*

Shanghai (2 May 2014) – The exports of the Swiss machinery industry to China and Hong Kong are back on track. In the first quarter 2014, Swiss machinery companies sold goods in the value of 650 million CHF to China and Hong Kong – an absolute growth of 89 million CHF (or 13.7%) compared to the year before, according to figures of the Swiss Federal Customs Administration. “In the Far East, Swiss enterprises achieved three times more absolute export growth than in the United States (29.5 million CHF) and about as much as in Germany (90.5 million CHF, +4.7%), by far the most important market for Swiss goods”, analyses Nicolas Musy, Managing Director of the non-profit organization Swiss Center Shanghai (SCS), the largest cluster of Swiss enterprises in Asia.

After stagnant machinery exports to China last year, demand bounces back. Altogether, Swiss exports to China and Hong Kong grew by 12% in the first quarter 2014 year-on-year. Goods in the value of 3.7 billion CHF have been exported, a plus of 444 million CHF. In the same period, only exports to the UK (+25.2%) and Germany (+5.5%) grew by a bigger absolute figure.



According to Musy, three factors are mainly responsible for this positive development: “One reason is the growth of China. Many media are reporting on the slowing GDP in percentage of the Chinese economy, but in absolute terms China grows faster than ever before.” Between 2011 and 2015, China is projected to add more than USD 5 trillion to its GDP, compared with USD 4.7 trillion in the whole decade of 2001 to 2010. Musy: “In terms of business opportunities and in USD terms, this means that China is growing on average twice as fast today than it did during the previous decade.”



Need for automation and quality

The other two reasons originate from the transformation of the Chinese production landscape: “Many Chinese producers used to work with simple, cheap and locally made machines complemented by a lot of manual labor. Since labor costs go up, automation is the key to stay competitive”, explains Musy. Additionally, Chinese manufacturers are looking for better margins and climbing up the value chain, selling better and better products locally and for export. “That is why they are not only in need of automation, but also of machines capable of making high-quality products. When looking at the amount of factories still relying on manual labor, this trend has only just begun: China will remain a highly interesting and fast growing market for Swiss exporters of machinery and other products for many years if not decades to come.”

SCS Machinery, Trading and Business Center

Following its vocation, to support on the spot the numerous Swiss machinery SMEs who do not have the resources of the big players, the Foundation Swiss Centers and the Swiss Center Shanghai are opening a new Machinery, Trading and Business Center in the Shanghai Pilot Free Trade Zone. “The 4.400sqm pre-installed space offers showrooms, warehouses and offices especially designed for the needs of Swiss industrial companies, with heavy loading floors, high ceilings and dynamic power supply”, explains Zhen Xiao, General Manager of SCS. "Companies can have their machines and tools permanently exhibited duty-free in the facility, bringing a cash-flow advantage for the firms. The zone can also serve as an ideal logistics center for the Asia-pacific market for trading and spare parts services with customs clearance done once a month only." The simplified customs declaration procedures allow certain spare parts to be sent out within 4 hours.

The new Machinery, Trading and Business Center for Swiss SMEs is strategically located in the Shanghai Pilot Free Trade Zone, which has been established to pilot the new round of groundbreaking economic reforms launched by the new Chinese government at the end of last year. Foreign companies registering in the FTZ benefit from considerably reduced administrative hurdles and regulations in all aspect of corporate life and financial transactions.

Picture legend: Supporting Swiss companies in the Far East: Swiss Center Shanghai recently opened the SCS Machinery, Trading and Business Center in Shanghai's Pilot Free Trade Zone.

Picture source: 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.

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