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SINO-SWISS BUSINESS RELATIONS

A REMARKABLE FRAMEWORK FOR SUCCESS

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October 2018

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Edited by Sinoglade International Consulting Co., Ltd

WHY SWITZERLAND?



Switzerland and China enjoy strong, constructive and intensifying ties. It is a relationship that is full of firsts and milestones, characterized by a pioneering spirit, intense cooperation and innovation.

Innovation in a government-to-government context stands for close to 30 structured and institutionalized bilateral dialogs ranging from science and education to trade and finance. But it is very much due to the commercial acumen and combined contributions & foresight of the business communities in both countries that our relations have seen this impressive evolution of ties.

In 2017, total bilateral trade stood at USD 38.5 billion, making China Switzerland's third largest export and overall business partner in the world. In recent years, Switzerland has been China's 8th to 10th largest foreign supplier.

That bond is likely to deepen as China's economic transformation continues to gather pace. Although growth has started to slow again on a quarterly basis, 2017 saw renewed acceleration in the country's annual GDP growth from 6.7% in

2016 to 6.9%. Chinese foreign trade recovered sharply last year, with total foreign trade reaching USD 4.1 trillion.

Ambitious undertakings such as Made in China 2025, Green Development and the Belt and Road Initiative show that innovation in strategic sectors is seen as the foundation for the modernization of China's economy if not the region at large. On that note, Switzerland became one of the first extra-regional members of the Beijing-based Asian Infrastructure Investment Bank, created to support the Belt and Road Initiative.

Switzerland, widely recognized as the most innovative and competitive economy in the world, aims to continue to extend its access and support to international markets through free trade agreements. Its industry is perfectly poised to skim the edge of technological innovation and product excellence the world over & continues to be at the center of deeper Sino-Swiss collaboration.

BILATERAL BUSINESS RELATIONS IN NUMBERS

A selection of figures

**38.5
BILLION**

IN 2017, TOTAL TRADE BETWEEN SWITZERLAND AND CHINA AMOUNTED TO USD 38.5 BILLION.

**8TH TO 10TH
MOST IMPORTANT
FOREIGN SOURCE
OF IMPORTS**

IN RECENT YEARS, SWITZERLAND HAS BEEN CHINA'S 8TH TO 10TH MOST IMPORTANT FOREIGN SOURCE OF IMPORTS WORLDWIDE (THE MOST IMPORTANT SOURCE OF IMPORTS FROM EUROPE AFTER GERMANY AND RUSSIA).

**THIRD
LARGEST
TRADING
PARTNER**

SINCE 2010, CHINA HAS BEEN SWITZERLAND'S MOST IMPORTANT TRADING PARTNER IN ASIA AND ITS THIRD-LARGEST GLOBALLY.

**100
CHINESE
COMPANIES**

AROUND 100 CHINESE COMPANIES ARE CURRENTLY PRESENT IN SWITZERLAND OF WHICH AROUND 90% ARE ENGAGED IN GREENFIELD INVESTMENTS.

**OVER 1,000
SWISS
COMPANIES**

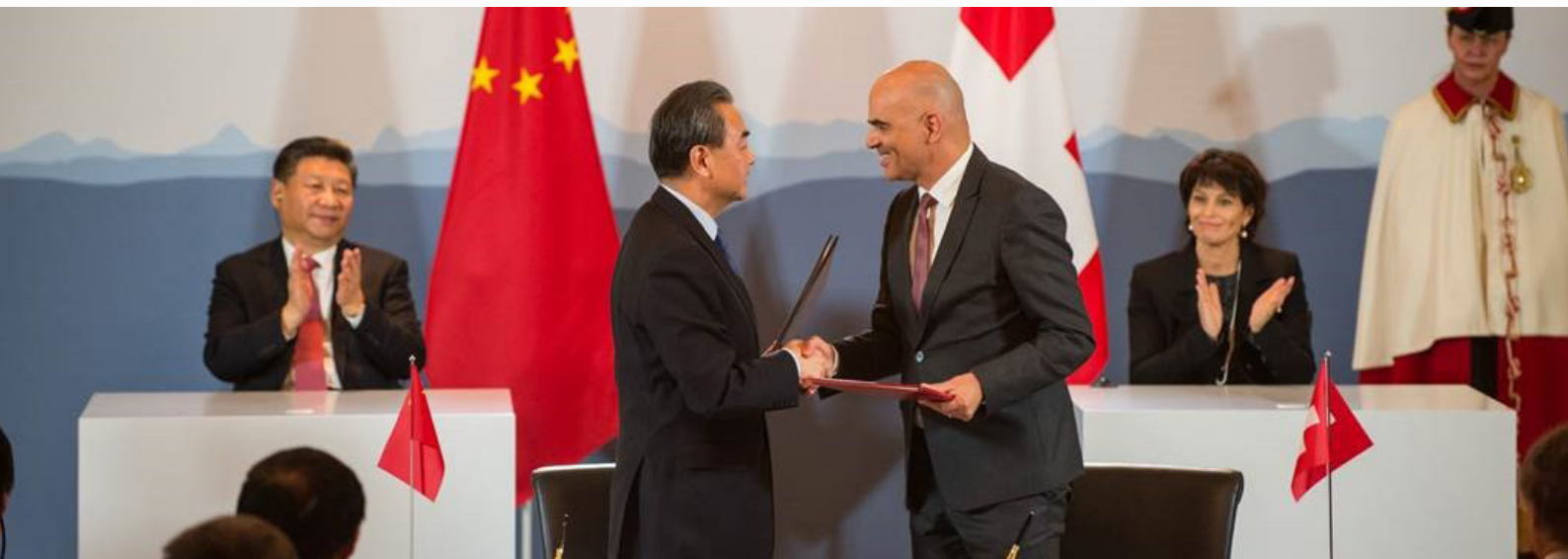
ACCORDING TO A RECENT SURVEY BY SWISS CENTERS CHINA AND CEIBS, 61% OF THE OVER 1,000 SWISS COMPANIES PRESENT IN CHINA PLAN TO INCREASE THEIR INVESTMENT IN THE COUNTRY.

**30 BILATERAL
DIALOGUES**

CLOSE TO 30 STRUCTURED AND INSTITUTIONALIZED BILATERAL DIALOGUES HAVE BEEN ESTABLISHED BY THE GOVERNMENTS OF BOTH COUNTRIES AT THE MINISTERIAL, TECHNICAL AND EXPERT LEVELS.

BILATERAL MILESTONES

A TRUSTED, ENDURING AND GROWING PARTNERSHIP



A plethora of milestones and major events have laid the foundations of Sino-Swiss relations.

1950

SWITZERLAND IS ONE OF THE VERY FIRST WESTERN STATES TO ESTABLISH DIPLOMATIC RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA.

1975

LANDMARK BILATERAL TRADE AGREEMENT ESTABLISHING A BILATERAL ECONOMIC COMMISSION ENTERS INTO FORCE.

1980

SCHINDLER ELEVATOR CO. LTD. FORMS THE FIRST SINO-FOREIGN INDUSTRIAL JV.

1987

INVESTMENT PROTECTION AGREEMENT ENTERS INTO FORCE.

1991

DOUBLE TAXATION AGREEMENT ENTERS INTO FORCE.

2001

CHINA ACCEDES TO THE GENEVA-BASED WORLD TRADE ORGANIZATION.

2007

SWITZERLAND IS ONE OF THE FIRST WESTERN STATES TO RECOGNIZE CHINA'S MARKET ECONOMY STATUS. UNDER NEW REGULATIONS ANNOUNCED THAT YEAR, CREDIT SUISSE FORMS THE FIRST SINO-FOREIGN SECURITIES JV IN 2008.

2013

THE SINO-SWISS FREE TRADE AGREEMENT IS SIGNED AND COMES INTO EFFECT ONE YEAR LATER. IT FORESHADOWS A PERIOD OF INTENSE INTERACTION BETWEEN SWITZERLAND AND CHINA, WITNESSED BY AN AVERAGE 3-4 SWISS MINISTERIAL VISITS PER YEAR.

2016

SWITZERLAND AND CHINA ESTABLISH AN INNOVATIVE STRATEGIC PARTNERSHIP. EVER SINCE, RELATIONS BETWEEN THE TWO COUNTRIES HAVE BEEN REGARDED AS "A MODEL RELATIONSHIP FOR CHINA-EUROPEAN COUNTRIES" BY OUR CHINESE PARTNERS. SWITZERLAND BECOMES ONE OF THE FIRST EXTRA-REGIONAL MEMBERS OF THE BEIJING-BASED ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB).

AN ATTRACTIVE BUSINESS AND INVESTMENT DESTINATION

Most innovative country in the world

Switzerland's DNA strives to hone best quality. Swiss enterprises collaborate closely with renowned research institutions to turn innovation into marketable products.

World Leader in Cleantech

Switzerland's Cleantech sector is globally leading, with cutting-edge technology in green buildings, waste management, recycling and water treatment.

No.1 in stability, safety and security

At the heart of Europe, Switzerland's neutrality and economic, political and social stability provide a high level of security

Most innovative economy

2018

Global Innovation Index,
INSEAD

Most competitive economy

2017-2018

Global Competitiveness
Index, World Economic
Forum

Most attractive economy for global talent

2018

Global Talent
Competitiveness Index,
INSEAD

Most change ready economy

2017

Change Readiness Index,
KPMG

Risk management

Swiss institutions and companies possess unique expertise in risk management and risk mitigation measures, underpinning the stability of the Swiss financial market.

Foreign investment

In recent years, Swiss FDI has steadily increased around the world, with China's investments constituting 18% of Swiss FDI.

Dense FTA network, max market access

With more than 40 bilateral free-trade agreements in place, Switzerland is a gateway to trade and investment within the European Union and global markets.

HR management

With a highly flexible and dynamic labor market and dual education system, Switzerland's unemployment rate is low.

International dynamic talent pool

Switzerland is a magnet for global talents, in academia, research and the private sector. Swiss workers are globally renowned for their multilingual skills and international experience.

Highly competitive tax environment

Switzerland's federal tax system keeps tax rates among the lowest in Europe.

Global financial center

Switzerland is home to one of the main global financial centers, unique in maintaining stability while continuously innovating such as with the Crypto Valley.

MORE REASONS TO INVEST IN SWITZERLAND

THE MOST COMPETITIVE BUSINESS LOCATION IN THE WORLD

INNOVATION AND RESEARCH & DEVELOPMENT HUB

The main reason why Switzerland, a small landlocked nation without national resources, became the most trusted quality brand in the world lies in the fact that we are Number 1 in innovation. Innovation is not a means to an end, but is a real matter of Swiss DNA. Switzerland's social and economic culture bases on a spirit of exceptionalism that strives to continuously push technological boundaries and hone quality. Precision, going towards details and looking for perfection: those characteristics are part of the Swiss culture and can be detected in every sector of the Swiss industry. To Swiss people and enterprises, being different means being pioneers, and being pioneers means making products and services perfect. On the basis of the collaboration between private sector and academia, Switzerland is leading in pushing technological boundaries. The unique Swiss innovation framework allows to seamlessly transfer innovation and inventions into marketable and profitable products and services. There are numerous examples of foreign companies that have based their core research and innovation functions in Switzerland to profit from the Swiss innovation environment, including Google and IBM. As a result of this nurturing ground, Switzerland invests over 3% of its GDP in R&D. Both public and private sector are strongly committed to promoting science and technology. International and national organizations and companies value Switzerland's excellent research platform and its role as an international innovation hub.

Swiss leading industry clusters are MEM, ICT, Life Sciences and cleantech.

In 2016, Switzerland invested over 3% of its GDP in R&D.

14 Swiss firms are among the most valuable companies in the world (Fortune Global 500 Ranking 2017.)

Switzerland is the country with the most corporate HQs in the World (U.S. News and World Report 2018).

A strong proportion of Swiss exporting SMEs are world leaders in their field.

AN IDEAL INVESTMENT AND LIVING ENVIRONMENT

Switzerland offers maximum investment security. For decades and throughout global financial turmoil, Switzerland has successfully guaranteed a stable currency, low capital costs, a liberal labor market, strong purchasing power, a very stable political governance system, a well-protected environment and extremely high social stability. Switzerland's investment environment is a guarantee for financial and operational efficiency and competitiveness. Numerous studies, including the WEF, have ranked Switzerland the most competitive country in the world and with highest readiness for change. Switzerland's favorable taxation system and more than 120 double taxation agreements in place offer a unique investment framework to investors, companies and individuals generating income in Switzerland. Major corporations including Google, Yandex, Glencore, Nestlé, Cofco, Biogen, Novartis and Sygenta have all set up their global or regional headquarters in Switzerland. They are joined by over 1,000 international companies that have set up their headquarters or have based other core functions in Switzerland. Considering these unique advantages, it is not surprising that Switzerland is also among the happiest countries in the world and home to cities with globally the highest quality of life, such as Zurich, Geneva, Basel or Bern. Swiss citizens enjoy a uniquely high quality of life, a functioning healthcare system and a high degree of legal security.

STRONG DUAL EDUCATION SYSTEM AND VIBRANT LOCAL AND INTERNATIONAL TALENT POOL

Switzerland boasts excellent practice-oriented education, renowned schools and world-class universities & technical colleges. The Swiss education system combines high quality vocational training with outstanding university education. This dual system increases the country's capacity for innovation, creativity and product excellence. Very low unemployment rates across all age levels testify to the strength of the Swiss education system. In Switzerland, investors have no difficulty to find well-educated, multilingual and highly skilled employees. Switzerland has a rich talent pool due to the international experience, high productivity and efficiency levels, attention to detail and multilingual skills of its workforce. Switzerland has four national languages. Its people speak at least two national languages—usually, in addition to English. And a growing number also studies and speaks Chinese. This has attracted a sizeable group of talented Chinese professionals and students to Switzerland, including scientists focused on R&D in the areas of AI, fintech, pharma, medtech, robotics and other innovative sectors. Switzerland attracts foreign professionals and students for a plethora of reasons, including the high standard of living, world-class education system and its strategic location at the heart of Europe. This rich pool of knowledge offers tremendous potential to foreign companies, particularly from China and other economies that are increasingly at the forefront of innovation.

Nearly 10% of total students at the Swiss Federal Institute of Technology in Zürich (ETH) are Chinese.

According to several rankings, ETH and EPFL are among the top 10 universities in the world.

Europe is Switzerland's most important trading partner.

People from all over the world are willing to pay up to 100% more for a Swiss product.

AN OPEN AND DEEPLY INTEGRATED ECONOMY

Switzerland is an open and liberal economy. Throughout its history, it has been a gateway to Europe and to the world, at the heart of global trade and diplomatic cooperation. Its prosperity depends to a large extent on international trade in goods and services and on crossborder investment. To that end, Switzerland has executed more than 40 free trade agreements with countries all over the world which guarantee the free movement of goods and services and minimize risks associated with international expansion. And although Switzerland is not a member of the European Union (EU), its economy is deeply integrated with the European market (Switzerland has signed or is currently negotiating FTAs with virtually all European countries). Switzerland is also a full member of the Schengen Area, adding to ease of movement and travel between Switzerland and the rest of Europe.

SWISSNESS

Switzerland is globally renowned for the quality of its products and services. Swiss brands such as Rolex, UBS, Nescafé, Schindler or Victorinox represent reliability, precision and quality. In fact, the "Made in Switzerland" label has become one of the most valuable assets of our country. Numerous surveys have shown that people from all over the world are willing to pay up to 100% more for a Swiss product.

CHINESE BUSINESS NETWORK IN SWITZERLAND AND SWISS FOREIGN ECONOMIC PROMOTION INSTRUMENTS

SWISS BUSINESS HUB (SBH)



The SBH is the representative office of Switzerland Global Enterprise (SGE), operating out of Beijing, Shanghai, Guangzhou and Hong Kong. SBH is responsible for implementing Swiss export strategies in China and for promoting Switzerland as a business location and a unique economic hub. It informs Chinese companies about the key advantages of Switzerland as a business and investment location, and provides them with access to key stakeholders to help find locations or business partners in Switzerland.

SWISS CHINESE CHAMBER OF COMMERCE (SCCC)



The Swiss Chamber of Commerce is a non-profit organization serving the Sino-Swiss business community. Its main goal is to gather all members of the Sino-Swiss Community on a single platform, stimulate interaction between them and help develop business opportunities.

MORE AMAZING FACTS

99.7% of all businesses are small and medium-sized enterprises (SMEs) with less than 250 employees. Almost half of them are world leading in what they do.

Switzerland is the 3rd largest pharmaceuticals exporter in the world. Roche and Novartis are the 2nd and 6th largest pharmaceutical companies in the world, respectively.

27% of the world's private wealth is managed by Swiss banks.

Exports account for 65% of Swiss GDP. The three main export industries are:

1. Chemicals / pharmaceuticals (33.4% of exports)
 2. Machinery, appliances and electronics (24.4%)
 3. Precision instruments, watches and jewelry (14.9%)
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Each day, Switzerland exports goods worth CHF 851 million.

In 2017, the number of overnights attributable to Chinese guests in Switzerland exceeded 1.8 million, making China the 4th most important country for Swiss tourism.



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DESPITE OUR DIFFERENT DEVELOPMENT STAGES, SIZE AND CULTURAL BACKGROUNDS, OUR COOPERATION SERVES AS A MODEL TO OTHER COUNTRIES.

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President Xi Jinping, speech during the visit of the Swiss Parliament
January 2017



Presidents Doris Leuthard
and Xi Jinping during the
World Economic Forum 2017
in Davos, Switzerland

FURTHER READING

Swiss-Chinese relations:

Swiss Chinese Relations

The Golden Blossom of a Cultured Evergreen

An overview of the Relentless Densification of One-of-a-Kind Relations

By Dr. Jean-Jacques de Dardel, Ambassador of Switzerland to the People's Republic of China

Switzerland as a business and investment location:

Online Handbook for Investors by Swiss Global Enterprise:

<https://www.s-ge.com/en/publication/handbook-investors/handbook-investors>

Economic overview:

2018 China Economic Report by the Embassy of Switzerland:

https://www.eda.admin.ch/dam/countries/countries-content/china/en/20180601-EcoReportChina2018H1_EN.pdf

Swiss Business in China:

2017 Swiss Business in China Analysis by CEIBS, Swiss Center Shanghai and China Integrated:

<http://www.swisscenters.org/wp-content/uploads/2017/06/2017-Swiss-Business-Survey-Digital-v2.0-29-May-2017-ad.pdf>

Research and innovation in Switzerland:

“Research and Innovation in Switzerland 2016” report by the Embassy of Switzerland and the State Secretariat for Education, Research and Innovation

Most innovative startups in Switzerland:

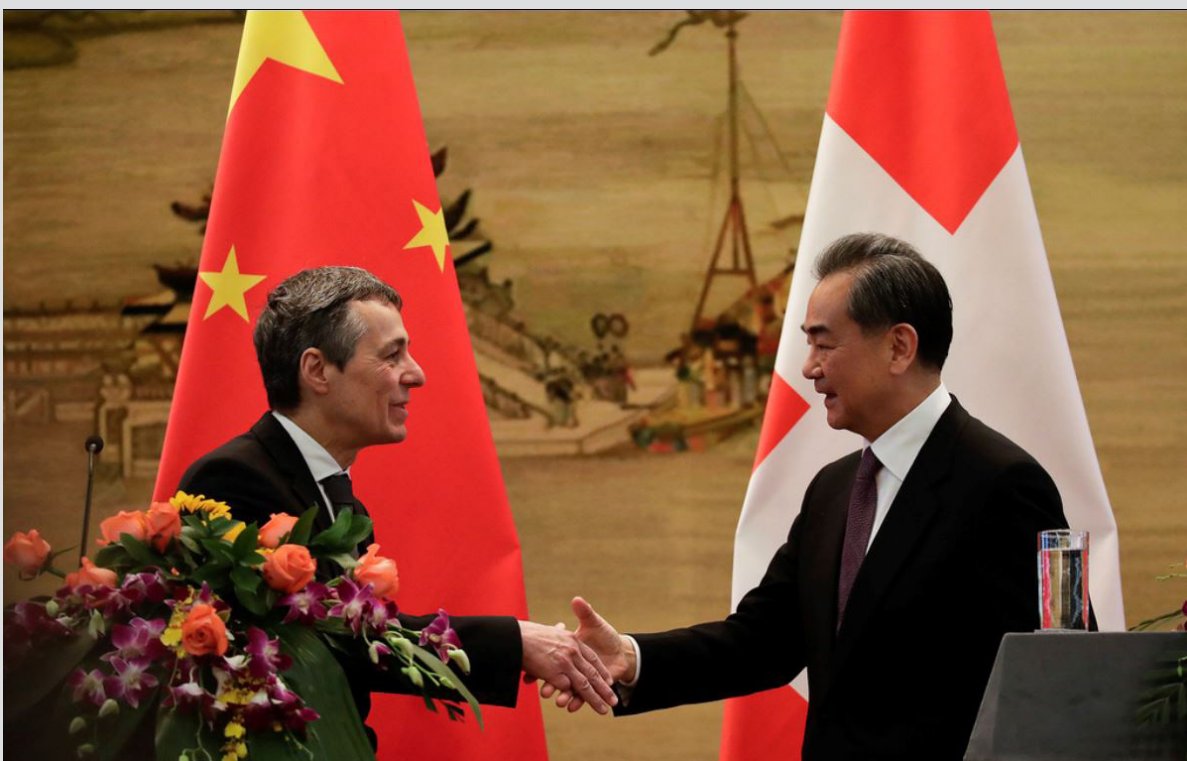
Top 100 – The Best Swiss startups 2017

<https://www.startupticker.ch/en/home>

Swiss tourism:

Switzerland's national tourism organization

<https://www.myswitzerland.com/en-ch/home.html>





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