



Press release

Official visit of Federal Councillor Mr. Didier Burkhalter, Head of the Federal Department of Foreign Affairs of Switzerland¹, 1st – 3rd June 2015

Hanoi / Ho Chi Minh City 2/6/2015

Background information on Swiss-Vietnamese relationships

Flourishing economic relationship

Vietnam's trade with Switzerland is continuously growing. Over the last decade it increased more than fivefold. According to the Swiss Customs Administration, the combined trade volume with Vietnam reached USD 1.5 billion in 2014. An increase of 35 % compared to the previous year. In 2014 Switzerland exported goods for a total of USD 460 million to Vietnam. Exports consisted mainly of pharmaceutical products, machinery, optical instruments, medical technology and watches. In the same period Vietnam's exports to Switzerland added up to USD 1.04 billion. Trade between the two countries resulted in 2014 in a surplus in favour of Vietnam of more than USD 580 Mio.

Swiss investments bring knowledge transfer

The Swiss economic presence in Vietnam is particularly diverse and dynamic. A dozen of global Swiss companies are active in Vietnam; their activities are creating a transfer of knowledge and bringing considerable beneficial effects to the Vietnamese economy. Global Swiss companies are worldwide top players in research and development and in managerial know how in their fields – they dispose of enormous amounts of knowledge, which can be greatly valuable to the countries they settle in. This knowledge spans from best environmental protection technology to quality standards in food processing, innovative crop techniques, or excellence in health care. Major Swiss companies in Vietnam engage in various corporate social responsibilities (CSR) projects. They believe that fulfilling CSR to local communities is a key factor for the sustainable development of both foreign-invested companies and their host country. Just to give one example, Swiss companies in the agri-business are teaching Vietnamese farmers to adopt new farming practices for better crops. Also, many Swiss companies have improved the skills of their local staff through state-of-the-art vocational training programs.

To date, Swiss companies have invested a total of two billion US dollars in over one hundred projects in various sectors. Switzerland is the 4th biggest European investor in Vietnam. And this is not only about the dozen globally active Swiss enterprises established in Vietnam: there are some 80 Swiss companies – among them many SMEs – active in the country, employing overall more than 15'000 people. More than 60 Swiss companies are operating in Ho Chi Minh City and neighbouring provinces. The new Swiss Consulate General therefore provides an opportunity to build even stronger economic ties between the two countries, as one of its key tasks is to support Swiss businesses in southern Vietnam.

Since May 2012 negotiations have been underway to draw up a free trade agreement between the European Free Trade Association EFTA (including Switzerland) and Vietnam. The agreement is expected to boost trade between the two countries and further stimulate Swiss investments in Vietnam.

¹ The Head of the Federal Department of Foreign Affairs is equivalent to a Foreign Minister.

Switzerland supports the development process in Vietnam

Switzerland has a long standing development cooperation program with Vietnam. Since 1995 Vietnam has been one of the key recipient countries of Swiss development aid. In light of Vietnam's socio-economic progress and the achievement of the middle-income status, Swiss ODA has shifted from traditional development cooperation to economic development cooperation to support Vietnam in inclusive and sustainable growth. Presently around 40 projects are being implemented in areas such as macro-economic reforms, trade integration, strengthening of SME support and competitiveness, and climate friendly production.

To mention just a few projects Swiss support to the development of Vietnamese trade support services has been extended in a third phase to help SMEs in different provinces to better access international markets. A project aiming at strengthening the national business registration system has been extended to foster transparency of the business environment and to lower cost of doing business. Finally, Swiss ODA will continue to provide cutting edge training curricula to improve management practices at director level of commercial banks in Vietnam. Meanwhile, ongoing programs in the areas of local governance and citizen participation, as well as agriculture and food security will be completed until the end of 2016.

Looking back: a brief history of friendly relationships

Diplomatic relations between Switzerland and the Socialist Republic of Vietnam were established in 1971. Switzerland was one of the first western countries to do so. Swiss people did not wait for the establishment of diplomatic relations to start to discover and appreciate Vietnam. Already 120 years ago talented Swiss protagonists had been active in Vietnam establishing ties. The Swiss Trading House Diethelm & Co. opened offices in Saigon and Haiphong as early as 1890. Around the same time **Alexandre Yersin**, a young doctor from western Switzerland, had travelled to Vietnam to engage in helping the sick and to pursue his medical research. The Vietnamese now know him better than the Swiss do, as the person who discovered the bacillus causing the plague and who became one of the most important philanthropists of his time, altruistically treating populations in remote areas and financing his research by introducing and later cultivating rubber and China bark trees.

The presence of Swiss trading companies active in the region allowed the establishment of official ties from Bern to Indochina, resulting in 1926 in the opening of the first Swiss Consulate in former Saigon. This was followed by the opening of a Consular Agency in the country's northern seaport of Haiphong in 1935. After the war in Indochina came to an end in 1954, the peace negotiations were held in Geneva. During the troubled 1960s, the Consular Agency in Haiphong had closed in 1955, and the Consulate in Saigon remained the sole Swiss presence in Vietnam. Based on continued informal relations, a rapprochement between Switzerland and the then Democratic Republic of Vietnam led to the establishment of diplomatic relations in 1971. One year later this resulted in the opening of the first Swiss Embassy in Hanoi. The Swiss presence in southern Vietnam was abandoned by the end of 1975.

During the 1970s and 1980s, relations between Bern and Hanoi remained friendly, but kept a rather low profile. At the end of the 1980s fundamental changes in both Europe and Vietnam allowed an intensified political and economic contact. Not limiting their contacts to economy, Switzerland and Vietnam have for instance been conducting a political dialogue on human-rights issues since 1997. Vietnam's wish to strengthen bilateral relations was underlined by the opening of an embassy in Bern in 2000. In 2011, Vietnam and Switzerland celebrated 40 years of diplomatic relations.

Nowadays, the bilateral relations between Switzerland and Vietnam are excellent. Vietnam has been a major beneficiary of Swiss development cooperation since 1992, and has been the recipient of many Swiss foreign investments. Switzerland enjoys a good image in Vietnam, partly due to its long-lasting commitment to peace, which, for example, created the basis for the Conference on Indochina in Geneva in 1954.

The opening of new Swiss Consulate General on June 2nd 2015 is the most recent tangible sign of the close relations between Switzerland and Vietnam.

Facts and Figures

Diplomatic Relations	Since 11 October 1971
Swiss citizens in Vietnam	604 (01.01.2015)
Vietnamese community in Switzerland	4'227 (31.12.2014)
Bilateral trade volume	US\$ 1.5 billion (2014)
Swiss foreign direct investment in Vietnam	US\$ 2 billion (2014)
Swiss citizens travelling to Vietnam annually	~ 30'000 (2014)
Vietnamese citizens travelling to Switzerland annually	~ 2'100 (2014)

Trade between Switzerland and Vietnam 2012–2014 (in USD million)

	2012	2013	2014
Exports to Vietnam	344	364	460
Imports from Vietnam	629	750	1042
Total Volume Trade	973	1114	1502
% change to previous year		+ 14.5	+ 34.9
Trade balance in favor of VN	285	386	582

Source : Swiss Customs Administration