SWISS CENTER 瑞士中心 SHANGHAI 上海

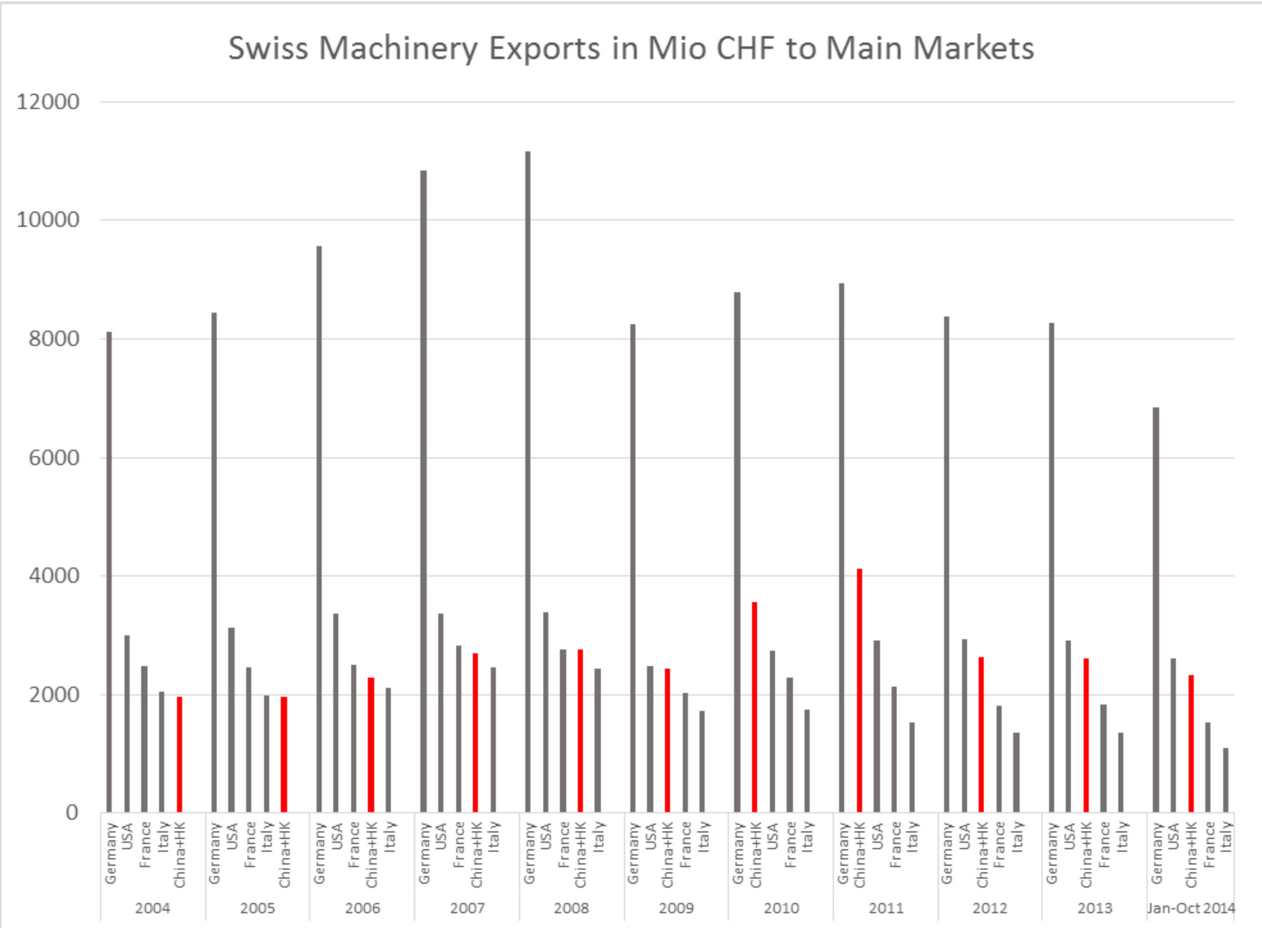
PRESS RELEASE

Swiss machinery exports to China gaining momentum

- In the first ten months of 2014, Swiss machinery exports to China (incl. Hong Kong) grew by 9.1% year-on-year, faster than to all the other main markets.
- The fast growth of the Chinese economy, the Sino-Swiss FTA and the growing need for automation and high-quality are very strong fundamentals for this trend to stay, says the Swiss Center Shanghai.

Shanghai (2 December 2014) – Swiss machinery exports to China are picking up: From January to October 2014, machinery in the value of 2.3 bio CHF has been exported to China (incl. Hong Kong) – an increase by 9.1% year-on-year. “This is the highest growth rate of all the main markets for Swiss machinery exports. In comparison, exports to Germany (-0.4%), France (+1%) and Italy (-1.6%) remained static, whereas the US (+8.1%) is the second strong growth market”, analyzes Nicolas Musy, Managing Director of the non-profit Swiss Center Shanghai (SCS), the largest cluster of Swiss enterprises in Asia.

Over the past decade, the Chinese market continuously got more important for the Swiss machinery industry, step by step overtaking other main markets like Italy, France and in 2010 and 2011 also the US.



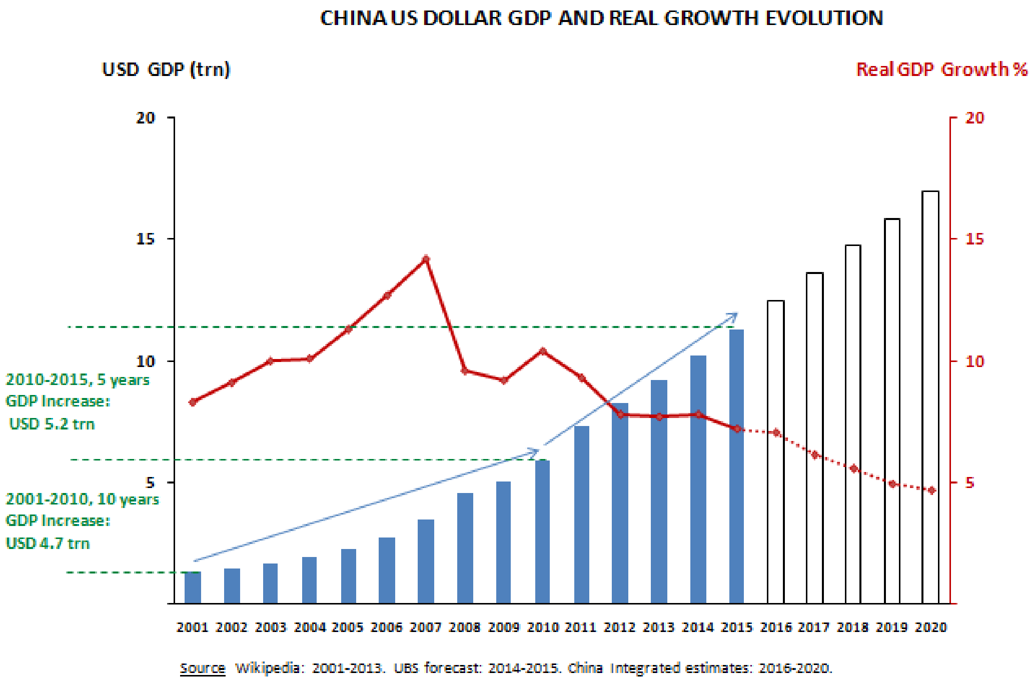
THE SWISS CHINA GATEWAY SINCE 2000

“However, in the last two years Swiss machinery exports suffered globally. The decline in China was particularly sharp because the very strong numbers of 2010 and 2011 were the result of the estimated 1 trillion Euro stimulus that the Chinese government injected in the country’s infrastructure”, says Musy. “The current upward trend, despite a slower GDP growth rate than in 2010 and 2011 indicate that China is on track to become the second biggest market for Swiss machinery makers in a sustainable way.”

Growth for good reasons

“While some of the economic figures like the Purchasing Managers Index or the GDP growth indicate a cooling down of the Chinese economy, the reality on the ground for Swiss producers is different: In absolute terms, the Chinese economy is growing faster than ever before”, explains Musy.

What matters to companies doing business in China is not the real GDP growth calculated by economists, but the absolute increase in GDP. Musy: “That is the amount of GDP the economy will be adding in the coming years in terms of Euros, US Dollars or Swiss Francs.” Between 2011 and 2015, China has and is projected to add more than USD 5 trillion to its GDP, compared with USD 4.7 trillion in the whole decade from 2001 to 2010. “In terms of business opportunities and in USD terms, this means that China is not slowing. On the contrary, it is growing on average twice as fast today, than it did the previous decade”, says Musy.



Free Trade Agreement

Another factor is the dynamic injected in the commercial relations by the Free Trade Agreement between China and Switzerland. “Though it came into effect in July 2014 only, the FTA repositioned Switzerland on the China map and increased interest from both sides to do business with each other and certainly has positive effects on the Swiss-Chinese trade. But competitors are not sleeping: Recently, China also signed a Free Trade Agreement with Korea and will do so with Australia among others.”

Growth and production trends to favor Swiss exporters

Additionally, faced with growing labor costs but no chance to increase prices, the Chinese production landscape is under a major transformation. Chinese manufacturers need to both produce more efficiently and climb up the value chain in order to achieve better margins. They want to sell better and better products locally and for export. “This trend has just begun. Foxconn, making all the world’s iPhones, employs 1 million workers in China, working on assembly lines as we did in 1915 in the West.” Productivity and quality are becoming the keys to stay competitive in China. “There is definitely a growing need for automation and high quality machines. These are strengths of the Swiss machinery exporters. With the FTA in place and the potential of the Chinese economy we can expect the current trend to last for a decade at least”, concludes Musy.

SCS Machinery, Trading and Business Center

The Foundation Swiss Centers and the Swiss Center Shanghai recently opened a new Machinery, Trading and Business Center in the Shanghai Pilot Free Trade Zone. The goal is to support the numerous Swiss machinery SMEs who do not have the resources of the big players. “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”, says Xiao. 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.

Among the Swiss companies that are in the process of setting up workshops and showrooms in the SCS Machinery, Trading and Business Center are Affolter Technologies, DEC, Starrag Group and Willemin Macodel.

Picture legend: Supporting Swiss companies in the Far East: Swiss Center Shanghai recently opened the Machinery, Trade and Business Center in the China 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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