

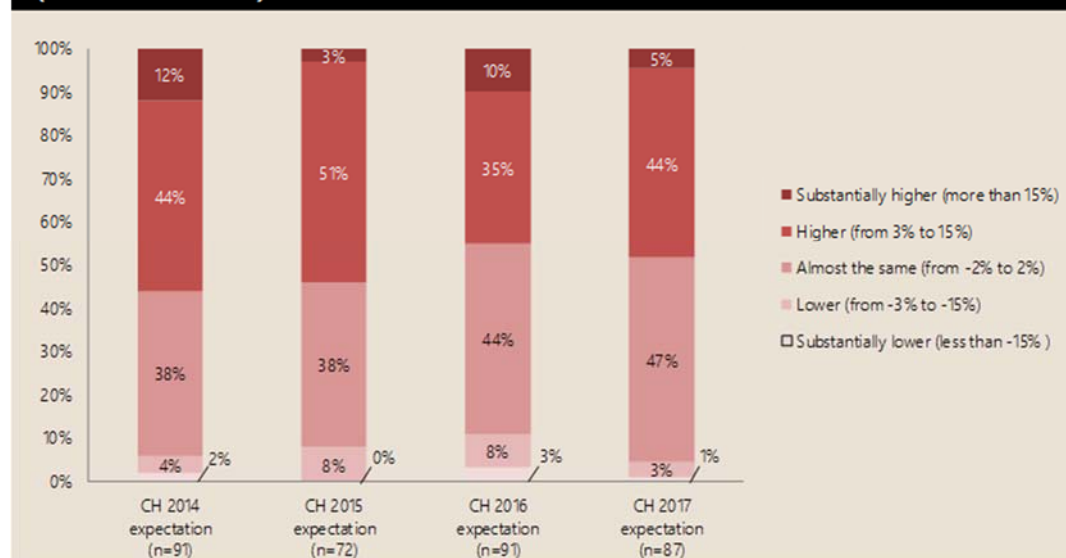
PRESS RELEASE

Year of the Rooster: Soaring confidence of Swiss managers in China

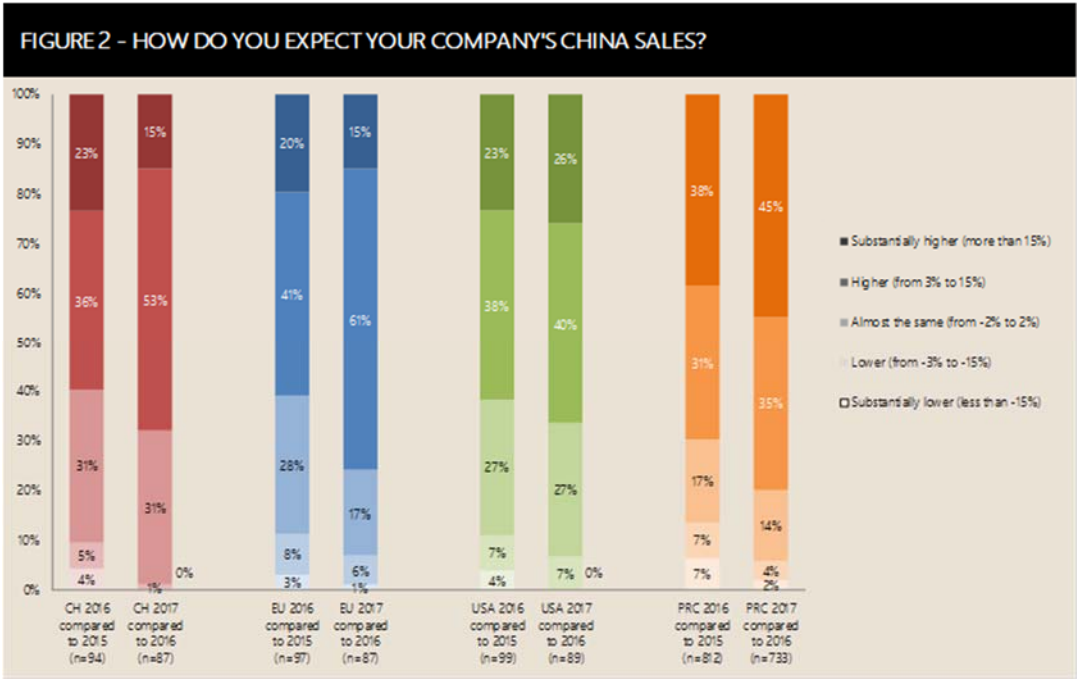
- **Swiss managers in China are considerably more confident than a year ago: 68% expect “higher” or “substantially higher” sales in 2017 compared to 2016. Only 1% expects lower sales.** Profit expectations are very positive, too.
- **61% of Swiss companies plan to invest more in China, 3% want to decrease investments,** according to a recent survey of 102 decision makers of Swiss enterprises.
- The confidence level of Swiss enterprises in China is increasingly positive, with an average of 6.7 (out of 10) for the next year, compared to a rate of 5.9 last year. The confidence level for the next 5 years is even higher: 6.9.

Shanghai (12 January 2017) – Swiss managers in the Far East are coming into the Chinese Year of the Rooster with optimism. 68% of Swiss business leaders in China expect “higher” or “substantially higher” sales in 2017 compared to 2016, while only 1% expects lower sales. A year ago, 58% expected higher sales while 7% expected lower sales. This is the result of the “**2017 Swiss Business in China Survey**” by the **China Europe International Business School (CEIBS)**, the premier business school in Asia), the **Swiss Centers China (SCC)**, the **Swiss Embassy** in China, **Swissnex**, **SwissCham**, **Switzerland Global Enterprise** and **China Integrated**. The comprehensive survey comprises responses from 102 Swiss enterprises, from small and middle-sized companies to big players. The survey is believed to be representative of the approximately 600 Swiss companies that have established operations in China. Besides Swiss companies, the survey also includes responses from Chinese (853), EU (106) and US (105) companies.

**FIGURE 1 - HOW DO YOU EXPECT YOUR COMPANY'S CHINA PROFIT?
(CH COMPANIES)**



“Not only are sales expectations very high, but also profit expectations”, reports Nicolas Musy, Co-Founder and Delegate of the Board of Swiss Centers in China, a non-profit organization that lowers the market entry barriers of Swiss companies into Asia. For 2016, 68% of managers of Swiss companies in China said their operations were ‘profitable’ or ‘very profitable’, while only 1% reported a substantial loss. For 2017, 48% expect higher profits while only 4.6% see lower profits.



61% of Swiss companies plan to invest more

With such high confidence levels, it is not surprising that most Swiss companies plan to increase investments in the Chinese market. 61% of Swiss respondents stated that they aim to increase investments, while only 3% plan to decrease them. For 57% of the survey respondents, China is a top 3 priority market for investments.

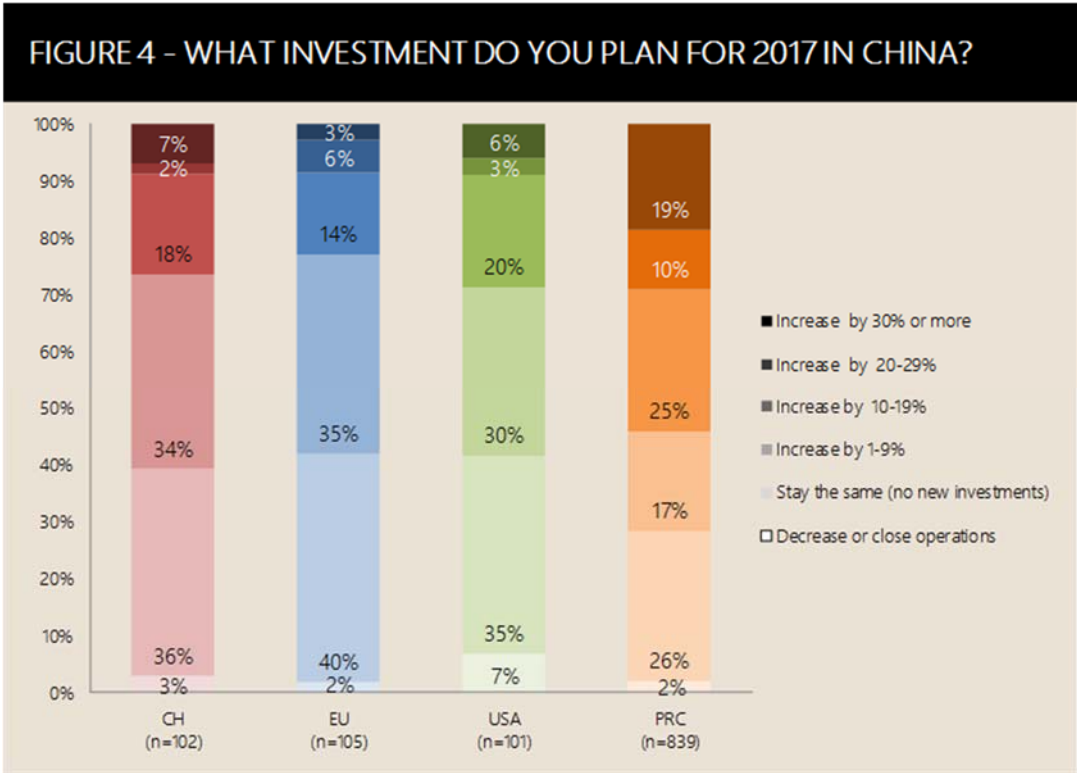
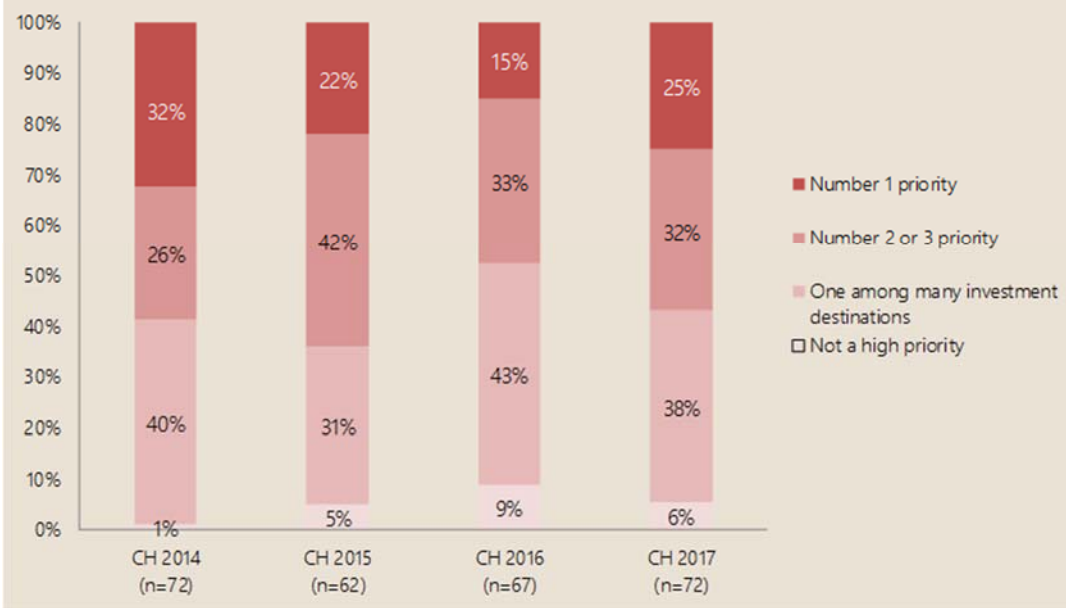


FIGURE 5 – HOW DOES CHINA RANK IN YOUR GLOBAL INVESTMENT PLANS? (CH COMPANIES)

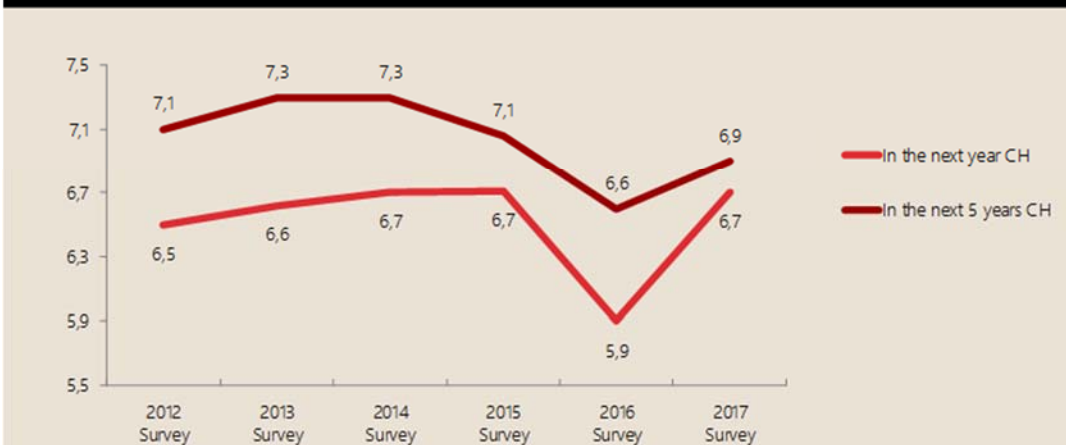


Very positive trend

The survey results show a positive trend in all aspects: “Expectations of higher sales went up from 58% to 68%, expectations of higher profits went up from 45% to 48%, plans for increased investments went up from 57% to 61%”, summarizes Mr. Musy. “This demonstrates the attractiveness of the Chinese market for Swiss firms in China, even though the annual GDP growth rate has been continuously slowing down from double digits to around 6.5%. Indeed, the average growth is not as important as the growth in the sectors where Swiss companies can contribute best to the Chinese economic development which now requires higher technology and higher quality products. Growth in these sectors is much higher than the overall GDP increase.”

The overall confidence level of Swiss enterprises in China is higher than in 2016. Asked about the upcoming year, the level reaches 6.7 – with 0 representing absolutely no confidence and 10 representing extreme confidence. “A year ago, the confidence level of Swiss respondents for the upcoming year was at 5.9”, states Musy. “With a rate of 6.9, **the optimism about the upcoming five years in China is even stronger**. Decision makers of Swiss firms see the growing opportunities that the Chinese economy offers them in the long run.”

FIGURE 6 – HOW CONFIDENT ARE YOU THAT YOUR OPERATIONS IN CHINA WILL BE SUCCESSFUL IN THE NEXT YEAR, AND IN THE NEXT 5 YEARS? CH COMPANIES



Rising challenges: innovation capability and fierce competition

Asked about the greatest internal challenges, Swiss managers responded, as they did in the last 10 years, that “Finding and retaining talent” is the biggest hurdle, followed by “Innovation capability” and “Marketing capability”. Among the external challenges, the relative economic slowdown in China and the fierce competition – mainly from private Chinese companies – are most severe.

Zhen Xiao, Managing Director of the Swiss Centers China: “It is interesting to note that ‘innovation capability’ is rising up as the second biggest internal challenge. More than 61% of the overall respondents highlighted it. Swiss companies in China seem to cope with this slightly better than others, with only 43% of the Swiss respondents claiming that the innovation capability is a major hurdle.”

During the state visit of President Schneider-Ammann to China in April 2016, China and Switzerland started an “Innovative Strategic partnership”. Mr. Xiao: “China wishes to learn from Switzerland how to build up an innovation-driven economy, while China’s economic reform and pressing challenges require technology and innovative solutions. At the same time, this brings business opportunities especially in the sectors such as advanced manufacturing, pharma and medical devices, ecological and sustainable technology, where Swiss companies have solid products and know-how to compete in the market.”



Picture legend: In 2016, President Schneider-Ammann inaugurated the Machinery, Trade and Business Center in Shanghai’s Waigaoqiao area.

Picture source: swisscenters.org

About Swiss Centers China (SCC): Founded in 2000 as a non-profit, Sino-Swiss, public-private partnership, Swiss Centers China is by far the largest cluster of Swiss enterprises in Asia. With five locations strategically located on the dynamic East coast of China (Shanghai, Beijing and Tianjin), SCC does not only offer virtual and instant office space as well as ready-to-use workshops and showrooms, but also supports member companies with government relations, technology transfer and a broad network of experts. SCC served more than 300 companies in China – both SMEs and large enterprises. Among other, the Swiss Centers experts have established 30 production companies and more than 50 commercial offices for Swiss companies. SCC also conducts surveys and expert analyses of China’s business opportunities and challenges, and at the same time promotes the *Swiss Made* brand and Switzerland as a country for innovation and an industrial leader. For more information, kindly visit: www.swisscenters.org.

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