

# Contents

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## Board of the Chamber and its Chapters

2-3

## Editorial

Presidential Visit in China

5

## Chamber News

Chamber's Website Relunched

6

New Address of Geneva Chapter

6

New Members since July 2000

7

Note for Your Agenda: Next Events

8-9

## Chapter News

Friendship's Night in Geneva

10

President Ogi Meets with Chinese State Leaders

11

Secretary of State David Syz in Beijing

11

Swiss-Chinese Business Forum Shanghai

"Transition Period"

12

New President of SCBF

13

Swiss Center Groundbreaking Ceremony

13

## Economy

First Half 2000: 8.2% Economic Growth

14

Foreign Investments / Joint Ventures

16-18

In Brief

20

China's Western Campaign

21

Short Economic News

22

China and the WTO

23

Going Outward

24-27

## Chinese Diplomats

List of Chinese Diplomats in Switzerland

28

New Chinese Ambassador

29

## Intercultural Relations

Successful Communications with the Chinese (part 3)

30-34

## Services

Membership Card Values

35

## News from Members

Building Strong Brands in China

36

Swiss Life Tsinghua Joint Venture

37

New – Monopol Colors in China

38-39

Keen Interest in CITME

39

Charlie Chaplin's "Modern Times"

39-40

Fashion Promotes Friendship

40

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4c



## Presidential Visit in China

# EDITORIAL

The visit of the mixed delegation, including representatives from the public and private sectors, under the leadership of the President of the Confederation, Mr Adolf Ogi, to China between the 11th and 15th of September 2000, was a resounding success.

We were extremely honoured to have been received by all the high dignitaries of the Chinese government and, in particular, by the President, Jiang Zemin. The audience that he granted us lasted for almost an hour in a relaxed and constructive atmosphere, where humour was high up on the agenda.

It emerged from these various meetings that China is doing everything in its power to fight against deflation by encouraging consumption by means of the appropriate taxation measures. Economic planning is based on a new five-year plan that targets infrastructures in particular (air, port, rail and road traffic). Energy and telecommunications have an important role to play in this new plan, alongside agriculture, the development of the provinces and privatisation. Furthermore, new banking laws will make it possible, among other developments, for the Central Bank to pursue an independent monetary policy.

As a backdrop to the discussions that took place at all levels, we believed that the two parties were sincere in their desire to finalise the agreements that will mark China's membership of the WTO by the end of September.

Switzerland is the last but one of the 57 countries that have signed these kinds of agreements, the last being Mexico. The reason for this is very simple: China first of all wanted to conclude agreements with the great powers.

Three problems remained pending: the licences to be granted to more than one Swiss insurance company, a reduction in customs duties for watches and the matter of inspection, raised by the SGS.

Negotiations have recently come to an end in Geneva with the signing of a bilateral agreement between our two countries. In short, customs duties on watches will be reduced from 25% to 11 % and 12%, the licence requests submitted by the insurance companies will be dealt with quickly, with the exception of one who has already received authorisation, and an agreement with the SGS will be subject to later discussions to be held before the end of this year.

We can therefore envisage an acceleration of our commercial relations with China and we can be proud of our achievements.

In conclusion, this trip proved to be both very positive and profitable and can but strengthen our relationship with this huge country.

A handwritten signature in black ink, appearing to read 'Habersaat' with a stylized flourish at the end.

François Habersaat  
President  
Federation of the Swiss Watch Industry

# Chamber's Website Relunched



Dear Members, dear Readers

With the anniversary festivities regarding the 50 years of diplomatic relations between Switzerland and China, the 20 years of the Chamber and the 51st anniversary of the foundation of the People's Republic of China behind us, we are focussing on the next events (see page 8 and 9) and services.

## Visit our new website


Our Bulletin – special edition 2/00 – has been put on the web and every issue is going to be available on the web from now on. For example, you can also look for the speech of President Adolf Ogi at the official celebration of the 50th anniversary in Beijing or visit the photo gallery. You will find useful addresses and links and announcements of next events (at the moment Beijing Chapter only).

Of course the web is under transition as are many of our offices, as you can see from this Bulletin. So kindly take this into consideration, when some items are still missing or incomplete. However, we are proud to present you a professional site and we thank our Beijing Chapter which under the lead of Impact Productions Design takes care of this service.


The Union of Swiss Chambers of Commerce Abroad, of which our Chamber is a member, has recently changed its name to SwissCham. Due to this, the Chamber's website link to [www.swisscham.org](http://www.swisscham.org) has been handed over to SwissCham and is no more valid for the Chamber.

The Swiss-Chinese Chamber of Commerce is now back on the web with the new site:

[www.swisschinacham.org](http://www.swisschinacham.org)



Headquarters  
Chapters  
Governments  
Trade Organizations  
Swiss Clubs  
Publications  
50 Years




瑞  
中  
經  
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協  
會

SWISS CHINESE  
CHAMBER OF COMMERCE

What's New

Contact Sitemap



Impact

The name is registered with our Beijing Chapter and is linked with our website in Switzerland:

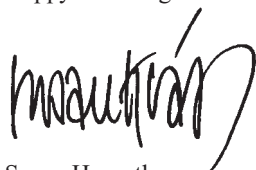
[www.sccc.ch](http://www.sccc.ch)

Please, delete all names previously published in connection with the Chamber in Zurich and/or Beijing.

To make the website a comprehensive tool for China- and Switzerland-related information, organizations and companies can post a page, a link or an e-mail address on the website.

For further information, please check the website or contact [rita.baldegger@impact-ad.net](mailto:rita.baldegger@impact-ad.net) or the Chamber's head office in Zurich. Please note that our Geneva Chapter has a separate website (look under new address).

Happy browsing!



Susan Horvath  
Managing Director

## New Address of Geneva Chapter

Since November 1st, 2000:

### **Chambre de commerce Suisse-Chine Section Romande**

Rue du Vieux-Collège 8  
Case Postale 3135

CH-1211 Genève 3 Rive

**Phone:** +41-22-310 27 10

**Fax:** +41-22-310 31 45

**E-mail:** [sccc@swissonline.ch](mailto:sccc@swissonline.ch)

**Website:** <http://www.sinoptic.ch/scccgeneva/>

**Contact:** Mrs. Catherine Jelk

**Office hours:** Monday-Friday, 9.00–11.30h

## New Members

**since July 2000:**

### **Zurich**

H. K. Leasing Support GmbH	Zug
Andreas Meier & Co.	Würenlingen
Christoph Vaucher	Zurich
R & D Carbon Ltd.	Zurich
Trade Right AG	Zurich
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S.U.P. International AG	Basle

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EESA R. & D.	Gland

### **Lugano Chapter**

LOGOPELL S.A.	Quartino
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### **Beijing Chapter**

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Wenger & Vieli	Beijing
The Kerry Center Hotel	Beijing
Dr. Peter Ringele	Tianjin



# Note for Your Agenda: Next Events

## China's Accession to the WTO

### Half-day seminar with

*Dr. Michael Ritscher,  
BBLP Meyer Lustenberger, Zurich*

*Dr. Börn Etgen,  
BBLP Beiten Burkhardt Mittl & Wegener, Beijing*

*Dr. Martin Kock,  
BBLP Beiten Burkhardt Mittl & Wegener,  
Hong Kong/Munich*

*and  
Dr. Urs Buchmann  
Country Head for Credit Suisse Group and Winterthur Group in China  
President of SCCC Beijing Chapter*

*Zurich at Zunfthaus zur Schneidern,*

*Thursday afternoon, November 30, 2000*

Shortly after China concluded the trade accords with the US and the EU, Switzerland has signed a bilateral agree-

ment (on September 26), obtaining concessions in the fields of insurance, import duties on watches and inspection services.

With just the agreement with Mexico pending, China's accession into WTO has now entered a final stage and the Chinese government, which greeted the latest agreements with applause, is shifting its focus to the future implications of full membership.

Prior to final accession, China must yet conclude negotiations with the body of all WTO members concerning the enactment of all agreements.

In view of the liberalization of China's economic system that comes with WTO membership and which will have a significant impact on Swiss industry and services, the seminar will look at the changing patterns in the foreign trade and investment sector. Considerable importance is given to the legal and financial aspects when entering the Chinese market under WTO conditions.

*For further information, please contact the Chamber. To register for the half-day seminar (15.00 until 19.00 h), we kindly ask you to use the form which will be sent out with the invitation in due time.*

## China: The Necessity to Combine Economy and Ecology

### Panel Discussion with

*Ambassador Wu Chuanfu  
Ambassador Dr. Uli Sigg  
Dr. Claude Martin  
headed by Peter Achten*

*at Hotel Savoy, Zurich*

*Wednesday, January 17, 2001*



WWF Switzerland is currently planning an exciting and engaging panel discussion under the theme: 'China: The Necessity to Combine Economy and Ecology'.

Mr. Wu Chuanfu, Ambassador of the People's Republic of China in Switzerland will be present together with Dr. Uli Sigg, former Swiss Ambassador to the People's Republic of China and expert on Chinese issues and Dr.

Claude Martin, Secretary General WWF International. The panel discussion will be headed by Peter Achten, journalist and expert on Chinese issues.

In addition, WWF will present its comprehensive 'Environmental Education Program in China' – a program which has directly influenced hundreds of thousands of students in China, and has partners at both national and local levels. The Program has the potential to reach tens of millions of students and community members in the country.

*If you're interested in attending this event, please contact Regina Ahnert at WWF Switzerland to receive an official invitation card now (Tel: 01-297 32 11; e-mail: regina.ahnert@wwf.ch). You can also register with the invitation to be sent out by WWF Switzerland and the Chamber in early January 2001.*



# China in Transition – Between Old Burdens and the New Economy

## Two-day seminar

at the Institute of East Asian Studies,  
Zurich University

Friday, Saturday, January 19 and 20, 2001

### China's Transformation Through Reform

In 1978 Deng Xiaoping started a program of economic reform that transformed China even more radically than the preceding socialist revolution with its fight against the millennial "feudal traditions" of the Middle Kingdom.

The reform program developed along two lines: the transformation of the national economy and the opening to the external world. The first was realized by the progressive introduction of market elements into what was formerly a planned economy built on the Soviet model. Responsibility for economic performance instead of plan fulfilment became the guiding principle in an environment where competition was no longer a capitalist evil.

The success of this transformation was immediately evident and resulted in an extraordinary growth performance accompanied by a remarkably restrained inflation and an overall stability, which lifted hundreds of millions out of poverty. Today, for the first time in history, a majority of China's population enjoys a modest affluence, and the former proletarian masses are transforming into an increasingly sophisticated consumer society.

Equally spectacular was the opening to the global economic system, which made the People's Republic the tenth largest trading power and the recipient of the second largest amount of foreign direct investment. Thanks to a dynamic export sector – built according to competitive advantages in labour-intensive, low-tech industries – China was able to finance the technological upgrading of its economy. At the same time, thanks to the encouragement of foreign direct investment, not only capital, but also technology and know-how have been made available.

### Chances and Challenges in the 21st Century

Today China is again at a crossroads. The past performance is impressive, but the whole reform process rests on fragile foundations. The financial system, still dominated by the huge state banks, is vulnerable and risks breaking down under the weight of its bad debts. The mastodontic state sector, once pride of the socialist economy, is being dismantled and entails economic as well as social problems of almost unmanageable dimensions. Unemployment is indeed becoming, along with increasing social cleavages, one of China's worst new, post-socialist ills. And, of course, there is also a political system which is still autocratic and lacking democratic legitimation. Should the burdens of restructuring become too heavy and the economy slid into a deep recession, the

whole system would be challenged, casting doubt on the ability of the leadership to manage a potentially explosive situation.

Still, there are many reasons to be optimistic. The reforms of the financial system and the state sector are advancing, and will certainly be accelerated by the accession to the WTO. Foreign investors, now going through a phase of China-pessimism, will come back and add further momentum to economic development. A growth rate sufficient to guarantee employment and social welfare for most should therefore still be possible, thanks also to extraordinary resourcefulness of the Chinese people.

### "China in Transition" – Perspectives on China's Economy

Our lecture China in Transition will cover some of the aspects of China's economy mentioned above, with the aim of giving a general picture of the present situation as well as indicating development trends for the future. The seminar will especially focus on

- the implications of the introduction of market mechanisms for businesses and consumers
- the crisis of the state sector and the emergence of the private economy
- the challenges to the financial system
- the emergence of the "new economy" sectors telecoms and Internet
- the integration in the global economy through trade and foreign investment
- the meaning and relevance of "Asian values"

It appears obvious that, although the business side of this fascinating subject will be at the center of the seminar, social, political and cultural aspects will also be touched. In consideration of the relevance of the subject for the Swiss economy, we have also invited speakers coming directly from the frontline of the China business.

Andreas Balemi, Andy Gruenberg

Institute of East Asian Studies  
Department of Chinese Studies  
University of Zurich

The lecture will take place on January 19 and 20, 2001 and is open also to persons not matriculated at Zurich University or ETH.

Registrations are welcome: Institute of East Asian Studies, Tel +41 1 634 31 81, Fax +41 1 634 49 21, Email: [office@oas.unizh.ch](mailto:office@oas.unizh.ch)

Further details can be found under:  
<http://www.unizh.ch/ostasien/economy/>

## Friendship's Night in Geneva

To honour the 50th anniversary of the diplomatic recognition of the People's Republic of China by Switzerland, the Geneva Chapter has organized an exceptional gala evening. This event, called "La Nuit de l'Amitié" (Friendship's Night) was held on Saturday, September 16, 2000 at the Bâtiment des Forces Motrices in Geneva.

More than 500 people attended this event including M. André Hediger, member of the Administrative Council of Geneva, M. Michel Pittet, member of the Council of State of Fribourg, Mrs. Evely Crettex Reber, member of the District Prefect of Sion, M. Bertrand Louis, Ambassador representing the Federal Authorities, M. Liu Shi Yi, Chargé d'affaires of the Embassy of the People's Republic of China and a delegation of fifteen high ranking Chinese diplomatic delegates.

The first part of the evening started with cocktails followed by official speeches delivered by M. André Hediger, M. Liu Shi Yi, M. Bertrand Louis and Mrs. Hilda Rochat, President of the Geneva Chapter. Amongst the

Alpenhorn of "La Brante de Bernex" and the national costumes of "Sion d'autrefois", Chinese and Swiss people struck up acquaintances.

During the second part of the evening the audience attended a show performed by the famous Swiss artists "Mummenschanz" and the stunning Chinese dance troop "China Art" directed by first-class dancer Liu Min.

Despite some external trouble due to demonstrators, this event was a huge success. The Geneva Chapter would like to thank all those who supported the project committee either through financial or organizational help. An event of this magnitude could never be realized by a small organization like the Chamber without the effort and care of sino-swiss-minded friends.

*For the Board of the Geneva Chapter:  
Philippe Knupfer, Vice-President  
Martine Challand, Secretary General*



*Liu Shi Yi, Chargé d'affaires of the Embassy of the People's Republic of China.*



*Four of the project committee members "on stage": (f.r.t.l.) Bernard Büschi, Hilda Rochat, Philippe Knupfer, Martine Challand.*

# President Ogi Meets with Chinese State Leaders

On the day of his arrival, 12 September, President of the Swiss Confederation Adolf Ogi had a meeting with Premier Zhu Rongji at the Great Hall of the People, followed by a dinner reception. Discussions concentrated on the excellent bilateral relations between Switzerland and China, on challenges and requests of Swiss business in China, on the ongoing reform of the Chinese economy, on the World Trade Organization (WTO) and, last but not least, on human rights. Premier Zhu Rongji outlined the ongoing efforts and present priorities of reform, while President Ogi confirmed Switzerland's keen interest that China will be able to join the WTO before the end of this year. The Chinese side clearly appreciated the out-going personality of President Ogi, and, not surprisingly, the mood during talks and dinner was decidedly friendly.

On the following morning, President Ogi was received by President Jiang Zemin at Zhongnanhai. Talks between the two leaders took place in a very pleasant atmosphere and covered a wide range of topics. President Jiang Zemin, once again, praised Switzerland for being one of the very first countries to recognize the People's Repub-

lic. He also expressed his hope that negotiations between Switzerland and China with regard to the latter's entry into WTO may soon come to a conclusion.

President Ogi then joined the official celebration of the 50th anniversary of the establishment of diplomatic relations between Switzerland and China. Some five hundred guests had assembled on the grounds of the Chinese Association of Friendship with Foreign Countries to be entertained by Chinese lion dancers, the colorful "Vieux Grenadiers de Genève" and a sumptuous buffet. In their respective addresses President Ogi and Vice Premier Wen Jiabao praised the courage and foresight displayed by the Swiss Government fifty years ago when it decided to establish diplomatic relations with the People's Republic of China.

President Ogi then left Beijing to continue a rich program of celebrations in Shanghai.

*Jürg Lauber*

*Head of Economic and Commercial Section  
Embassy of Switzerland, Beijing*

## Secretary of State David Syz in Beijing

In an advance party to the President Ogi's visit, Secretary of State for Economic Affairs David Syz led a so-called mixed delegation of representatives from the Swiss government and Swiss business to Beijing. They held talks at the Ministry of Foreign Trade and Economic Co-operation (MOFTEC), the Ministry of Finance (MOF), the State Development Planning Commission (SDPC) and the People's Bank of China (PBOC). During the various meetings, the Chinese side gave an overview of the Chinese economy as a whole as well as of their respective areas of responsibility. The Swiss delegation took the opportunity to submit specific requests with regard to Swiss trade and investment in China.

After the talks, the members of the Swiss delegation said they were impressed by the willingness of the Chinese side to discuss openly the difficulties and challenges they are facing but also by their firm commitment to carry on with the reforms of their economy.

During their visit to Beijing, Mr. Syz and the delegation also attended the Business Luncheon of the Swiss Chinese Chamber of Commerce Beijing Chapter which

was exceptionally held on a Monday. The guest of honor from Bern, but also the main speaker, world famous balloonist Dr. Bernard Piccard, attracted more than 80 attendants. In his brief address, Mr. Syz informed the audience on the status of negotiations between Switzerland and China with regard to the latter's accession to WTO. Furthermore he mentioned the up-coming new law on export promotion and made clear that the Embassy in Beijing has instructions to draft a concept for export promotion within China under the new law, taking into account the role of the Swiss Chinese Chamber of Commerce.

The mixed delegation was also present during talks and dinner with Premier Zhou Rongji, while only a part of the delegation was admitted to the encounter with President Jiang Zemin.

*Jürg Lauber*

*Head of Economic and Commercial Section  
Embassy of Switzerland, Beijing*

**Look for speech of President Adolf Ogi at the official celebration of the 50th anniversary in Beijing or visit 50 years' photo gallery under: [www.sccc.ch](http://www.sccc.ch) or [www.swisschinacham.org](http://www.swisschinacham.org)**



# Swiss-Chinese Business Forum Shanghai

## “Transition Period”

Dear Members,

It has been a year full of changes so far. China's imminent accession to WTO has become an important business plan factor for most of our members and it is perceived to be the single most important event in the PRC's economic emergence since the launch of the reform policies in 1978. We are pleased that Switzerland has finally found common grounds to sign a bilateral accord with China leaving us with the hope that the timeline of this important deregulation progress will soon start.

Confucius once said: “The one who desires permanent happiness has to change frequently”. It has always been the main task of the Swiss-Chinese Business Forum Shanghai to provide its members with an adequate platform to address daily business issues, to exchange opinions and to enhance interdisciplinary co-operation within the Forum but also with partner and business organizations in China and abroad. This year we have been offered the chance to change, to transform into a publicly recognized organization, the China-Switzerland Chamber of Commerce. The Swiss Chinese Business Forum (SCBF) committee was very excited to receive an overwhelmingly strong support at the extraordinary General Assembly in June this year to proceed with a process, which may ultimately lead to a dissolution of our Forum and to the birth of an organization representing the Swiss business interests in Shanghai as part of a countrywide business association.

Although SCBF members do represent well over 50 % of Swiss investments in the Shanghai region we do wish to express responsibility and care and to address our initiative to the whole Swiss business community in Shanghai. Based on the mandate obtained at the extraordinary assembly the committee will formally present you the new business organization once its registration application has received official approval. It will be up to an extraordinary general assemble to decide whether the SCBF wants to change and to become part of the nationwide business association. A favorable decision will lead to dissolution of the Forum and, at the same time, initiated by the forum, to an open discussion on the proposed organization within the Swiss business community in Shanghai.

Changes occurred also within the committee of our forum. Departures and uncertainties influenced our planning. However, we are all set now and I am honored to act as president during the upcoming time of change.

Looking forward to meeting you soon at one of our events I remain with my best personal regards,

Yours,  
Peter A. Marti  
Acting President

## Thank you!

The last couple of years were marked by processes and events, which will positively influence our business environment. Change and management of change are at the center of the focus. The Swiss-Chinese Business Forum Shanghai is no exception in this process. We have been trying to provide our members with adequate discussion platforms and are now facing the transition into an organization dedicated to secure Swiss business interest in China.

It is with my great pleasure and respect that I would like to thank in the name of the Swiss-Chinese Business Forum Shanghai and its committee

Hans-Ueli Daetwyler,  
outgoing President of our Forum,

for his incredible engagement to promote the exchange of information and experience and for his dedication to address the importance of cross-cultural understanding as one of the key success factors in China's business environment. Hans-Ueli Daetwyler was instrumental in actively linking our forum to other business associations in Shanghai but also in strengthening our ties to the Swiss-Chinese business organizations in Beijing and Zurich. Our “Thank You” would not be complete without our warmest appreciation for all the work and efforts behind the scenes Hans-Ueli's wife Ursula dedicated to our forum. We would like to extend the best wishes to our “Presidential Couple” and we are happy that they will remain connected to China and Shanghai in the future.

Trusting on your continuous support to further build and consolidate the activities of the Swiss Business Community in Shanghai I remain with my best personal regards,

Yours,

Peter A. Marti  
Director  
Head Credit Suisse First Boston Shanghai Branch

## New President of SCBF Shanghai



*Peter A. Marti*

Born in 1955, Mr. Marti was educated in Switzerland and graduated from the University of Zurich in History, Economics and State's Law.

In 1985, Mr. Marti joined Credit Suisse's corporate banking organization in Switzerland. Following his training at the CS International Banking School in New York and in Foreign Exchange Trading in London in 1987/88, Mr. Marti headed the international business of the Credit Suisse Basel Region from 1990 to 1994, responsible for the relationship management for multinational and mid-sized companies as well as the trade fi-

nance product and operation with special focus on the Middle East and China.

In 1995, Mr. Marti joined the Credit Suisse China organization to open and manage in Shanghai the first Swiss banking operation in China. Within the Fixed Income Division of the newly formed Credit Suisse First Boston, Mr. Marti expanded the branch's activities into the local currency business in 1998. In addition, he became CSFB's Head of Finance, Administration and Organization in China and responsible for regulatory contacts.

## Swiss Center Groundbreaking Ceremony

On September 14, 2000, the anniversary day of 50 years of diplomatic relations between Switzerland and the People's Republic of China, President of the Swiss Confederation Adolf Ogi laid the first stone of the Swiss Center Shanghai (SCS). "On behalf of the Swiss Government I wish this great idea every success", said Adolf Ogi.

The SCS is intended as a joint gift to the celebration of 50 years of excellent relations between The People's Republic of China and Switzerland and as a symbol of renewed commitment of the Swiss economy to ever more extensive ties with China in the 21st century.

The SCS is a non-profit enterprise, the fruit of a joint donation by 55 Small and Medium sized Enterprises (SMEs), the Swiss government and Xinzhuang Industrial Zone (XIZ).

It provides a unique platform for SMEs to do business and invest in China, integrating business and IT services with exhibition, office and industrial space.

XIZ, the newest of Shanghai development zones conveniently located on the Shanghai second ring road and near Xinzhuang station on metro line 1, provides state of the art infrastructure at most efficient costs and preferential tax policies.

These combined with the economies of scale generated by the SCS network of participants and local funding by the Sino-Swiss Partnership Fund, will allow SMEs to enjoy competitive advantages that were previously reserved to large companies.

The SCS project is steered by a committee of Swiss and Chinese Executives gathering extensive Swiss, international and Asia/China business experience with SMEs and large corporations, including Nestlé, General Motors, EDS and Philipp Morris.

*For further information visit:*  
[www.swisscentershanghai.com](http://www.swisscentershanghai.com)

# First Half 2000: 8.2 % Economic Growth

China's economy grew at 8.2% in the first half of this year, prompting expectations that full-year growth will exceed the 7.1% for 1999 and the 7% official forecast for 2000. Industrial output rose 11.2%, as the government spent more to bolster growth.

Total exports and imports reached US\$ 216.6 billion, up 37.3% from last year. Exports were worth US\$ 114.5 billion, up 38.3%, while imports were valued at US\$ 102.1 billion, up 38.3%, creating a trade surplus of US\$ 12.4 billion. This marked the first time that China's half year exports and imports both exceeded US\$ 100 billion. The United States, Hong Kong, Japan and the European Union were the leading export destinations. The biggest export gains were achieved with South Korea, up 58%, South-East Asia, up 45%, USA, up 29%.

Consumer prices rose 0.1% as total consumer spending increased 10.1%, partly boosted by longer-than-usual May holidays.

Customs revenues rose 23% through price hikes of some commodities, tighter control over smuggling and improved management of taxation. The national tax revenue hit US\$ 72.13 billion, up 20% from 1999 and accounting for 54% of the target set for the year. Income tax from overseas-funded enterprises increased by 35.4%. Domestic value-added tax revenue rose by 13.7%.

According to MOFTEC, China in the first half of 2000 approved 10,101 foreign investment contracts worth US\$ 24.17 billion, up 24.6% from last year. However, actual foreign investment amounted to US\$ 17.16 billion, a fall of 7.5% compared to 1999.

At the end of June, China's foreign exchange reserves stood at US\$ 158 billion, foreign debt at US\$ 147 billion.

Sino-Swiss trade was marked by strong growth. (see table below)

*Summary by Paul Wyss*

## Swiss-Chinese Trade January – July 2000 (in 1000 CHF)

Main Items	Imports		+/- of total		Exports		+/- of total	
	1999	2000	in %	in %	1999	2000	in %	in %
Landwirtschaftliche Produkte	36 767	48 849	32.9	4.6	991	752	-24.1	0.1
Mineralische Stoffe	282	618	119.1	0.1	7	3	-60.1	0.0
Energieträger	2	296	–	0.0	1 047	106	-89.9	0.0
Chemische Produkte (ohne Pharma)	85 562	116 051	35.6	11.0	59 280	114 587	93.3	17.8
Pharmazeutische Erzeugnisse	1 454	1 627	11.9	0.2	29 293	70 985	142.3	11.0
Kunststoffe, Kautschuk	18 877	23 288	23.4	2.2	6 757	12 381	83.2	1.9
Felle, Leder, Lederwaren	48 324	62 560	29.5	5.9	265	910	243.2	0.1
Holz, Kork, Flechtwaren	7 842	8 835	12.7	0.8	2 608	5 576	113.8	0.9
Papier und Papierwaren	2 972	3 485	17.2	0.3	5 707	2 596	-54.5	0.4
Textilien und Bekleidung	223 912	266 187	18.9	25.3	5 517	13 006	135.8	2.0
Schuhe, Schirme, Daunen usw.	43 487	54 646	25.7	5.2	1	149	–	0.0
Waren aus Steinen, Keramik, Glas	6 358	8 396	32.1	0.8	1 123	1 076	-4.2	0.2
Edelmetalle, Bijouterie, Münzen	5 406	9 600	77.6	0.9	13 334	2 034	-84.8	0.3
Metalle und Metallwaren	27 730	43 143	55.6	4.1	9 833	15 053	53.1	2.3
Maschinen	132 863	196 521	47.9	18.7	267 111	332 321	24.4	51.6
Fahrzeuge, Flugzeuge usw.	5 801	8 973	54.7	0.9	2 130	5 910	177.4	0.9
Instrumente, Apparate usw.	17 240	23 519	36.4	2.2	22 798	39 251	72.2	6.1
Uhren	40 702	75 667	85.9	7.2	18 973	22 500	18.6	3.5
Waffen und Munition	43	10	-75.9	0.0	46	229	400.8	0.0
Möbel, Bettzeug usw.	22 878	28 060	22.6	2.7	482	289	-40.2	0.0
Spielzeug, Sportgeräte usw.	60 152	73 045	21.4	6.9	1 113	4 870	337.5	0.8
<b>Total</b>	<b>788 656</b>	<b>1 053 378</b>	<b>33.6</b>	<b>100.0</b>	<b>448 417</b>	<b>644 583</b>	<b>43.7</b>	<b>100.0</b>

*Source: Oberzolldirektion*

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# Recent Foreign Investments / Joint Ventures

## USA

**HONEYWELL** has broken ground on a US\$ 16 million plant in Suzhou to produce industrial wax for the Asian markets. Honeywell Specialty Chemicals (Suzhou) is expected to start operations at the end of this year.

**DHL** concluded cooperation agreements with Dragon Airlines and Eastern Airlines to improve its China operations. In 1999 the joint venture DHL-Sino-trans accounted for 35% of all express consignments to China.

**NASDAQ** will open a representative office in Shanghai to study the local conditions, cooperate with Shanghai Stock Exchange and local authorities to prepare for future offerings.

**BRADY CORP**, specializing in specialty tapes, graphics and safety products, will invest more than US\$ 5 million in its first venture in the Wuxi-Singapore Industrial Park. The Wuxi venture will be able to meet the demands of its customers in China including Ericsson, Motorola, Nokia, Shanghai Bell and others.

**CLUETT, PEABODY & CO. INC.**, New York garment company, opened its first store in Beijing, offering its 150-year-old Arrow brand garments to Chinese consumers.

**COLGATE-PALMOLIVE CO** and Jiangsu Sanxiao Group will launch a joint venture in Yangzhou which will develop and produce oral care products including toothpastes and toothbrushes.

## TAIWAN

**MOFTEC** announced that during the first four months of this year it approved 823 Taiwan investment projects with pledged US\$ 1.15 billion, a 42.8% increase from the same period last year.

## INDONESIA

**PT VIVAMAS MULTINDO** and Chinese motorcycle producer Qingqi Motor Co have set up a joint venture to produce the Chinese partner's range of motorcycles for the Indonesian market.

## JAPAN

**MITSUMI, ITOCHU, SUMITOMO**, have been granted general export licences, the first time China has allowed foreign trading companies to conduct export business.

## GERMANY

**BASF** and **SINOPEC**, in a ceremony attended by Premier Zhu Rongji and Chancellor Schroeder, signed contracts to form Nanjing Yangzi-BASF Integrated Petrochemical Site, one of the largest sino-foreign joint ventures with an investment of US\$ 2.65 billion. The two partners will each hold 50% in the venture with an annual capacity of 600.000 metric tons of ethylene.

**CELANESE** and Shanghai Wujing Chemical Corp. are entering a joint venture for the production of acetic acid. SWCC's capacity of 100.00 tons a year will be increased to 250.000 tons with Celanese technology.

**METRO** plans to open two membership shopping centers in Chongqing. During the first phase US\$ 15 million will be invested. This will be the first wholly foreign-funded wholesaler in Western China.

**MTU MOTOREN- & TURBINEN-UNION**, Munich, and China Southern Airlines formed a joint venture for the maintenance of airplane engines. MTU Maintenance Zhuhai Co. Ltd. will start business in 2002. The 50%:50% partners will invest US\$ 180 million in machinery and infrastructure.

**BAYER** (70%) and Sichuan Province General Corporation of Animal Husbandry (30%) established Bayer (Sichuan) Animal Health Co. Ltd. A new factory in Chengdu will produce animal feed additives and animal medicines, with an investment of 10 million Euro.

## GREAT BRITAIN

**UNILEVER**, the Anglo-Dutch consumer products group, is trying to be the first foreign company to list domestic A shares in China. As of now, most A share stocks are state-owned companies and foreign investors are still not allowed to list or trade A shares. Unilever has invested some US\$ 800 million in China and employs some 6.000 local people.

**BP AMOCO**, Britain's biggest oil and natural gas group, is ready to buy a 2.2% stake in Sinopec, China's second largest oil company, when the Chinese company launches an IPO this autumn. BP Amoco already bought a 2.2% stake in Petro China for about US\$ 620 million in its IPO in April.

**SHELL CHINA** and China National Offshore Oil Corp. will jointly prospect for oil in the South China Sea near the Pearl River Delta. The Shell group will cover all the costs of exploration and evaluation. If the prospecting succeeds, CNOOC will take a 51% stake of the entire area prospected.

**PRUDENTIAL** and **CITIC** will establish the first Sino-British joint venture life insurance company. Each

## Anzeige natural SW

company will hold 50% of the venture. After receiving approval from China Insurance Regulatory Commission the joint venture will establish its first office in Guangzhou.

**CGU**, leading insurance group, and **COMMON-WEALTH DEVELOPMENT CORP.**, an equity investor in emerging markets, launched **CGU-CDC China Capital Partners** which will have a representative office in Beijing. The joint venture will take equity stakes in China's private sector.

**BILLITON**, London-listed global mining group, announced a joint venture with State-owned LanPing Non-ferrous Metals Company to develop the Lanping zinc-lead deposit in Yunnan province. A feasibility study costing about US\$ 15 mio is expected to be completed by the end of 2001, paving the way for a total planned investment of US\$ 500 million.

### FRANCE

**SERVIER PHARMACEUTICALS** and China Huajin Pharmaceuticals will establish a joint venture in Tianjin with an investment of 130 million Yuan. Construction will start in October and production in 2003.

**AVENTIS CROPSCIENCE** and Hangzhou General Pesticide Plant got MOFTEC approval for a US\$ 48 mio joint venture in which the French company will take a 75% stake. The new Company will formulate and distribute a new insecticide particularly effective in protecting rice against insects.

**ALSTHOM** and Wuhan Iron and Steel Group have established the joint venture Wuhan Alsthom Automation Co. Ltd. Alsthom's stake is 60% of a total investment of 3 million Euro. The new company will produce motors, generators and other automation products.

(France continued)

**SCOOR**, French reinsurance group, opened an office in Beijing. Scoor sees great potential for its services when China joins the WTO.

**CARREFOUR**, the french supermarket chain, has centralized its purchasing system for its 23 outlets in China. More than half of Carrefour (China) goods will be purchased from headquarters in Shanghai, significantly cutting costs.

**CITROEN** will invest US\$ 116 million in its Chinese subsidiary, Dongfeng Citroën Automobile Co. Ltd. to reduce the company's debt and provide investment financing for equipment.

## HOLLAND

**ING INSURANCE** got permission by the China Insurance Regulatory Commission to establish a life insurance joint venture in China. ING opened its first representative office in Shanghai in 1993 and later opened one office each in Beijing, Guangzhou and Dalian.

## SWITZERLAND

**ROCHE (CHINA) LTD** is to cooperate with China National Human Genome Center in Shanghai with a grant of US\$ 300.000 for studies of genes for clinical disease prevention and therapy. All data and results of the research will be jointly held by Roche and CHGC.

**SWITZERLAND TOURISM**, the first European tourist organization to open an office in Beijing, is lobbying hard to get Switzerland the status of an officially recommended destination for group travel. Unlike some 7 Asian destinations, no European country has yet obtained this Chinese recognition.

**WENGER & VIELI**, Swiss law firm, received the licence to open a representative office in China. According to the Ministry of Justice, China's legal sector will open wider after accession to the WTO.

**SCHINDLER**, the elevator group, and **DAETWYLER**, its main supplier of harnessing cables, will operate under the same roof in Suzhou Industrial Park. Schindler invested US\$ 11 million in a new factory and Daetwyler, which has rented about 60% of the building, is contributing US\$ 2.7 million worth of advanced equipment.

**KABELWERKE BRUGG**, which established Geobrigg Chengdu Co. Ltd. (GCCL) in 1995, opened their new factory in Chengdu. The company specializes in the production of safety net systems for slope protection.

## NORWAY

**ELKEM**, Norwegian metals group, has taken a 79% stake in an insolvent carbon plant in Ningxia with US\$ 14 mio of the total investment of US\$ 23 coming from the International Finance Corporation, part of the World Bank. The local government has assumed responsibility for the plant's bad debts.

## BRAZIL

**BRAZILIAN AERONAUTIC COMPANY (EMBRAER)** opened a representative office in Beijing. The company had been displaying its planes in Beijing, Shanghai, Shenzhen, Kunming and Chengdu.

## NEW ZEALAND

**AFFCO** (30%), Wuliangye Group (59%) and Chengdu Xinhua Jinli Industrial (11%) established a joint venture to process 100.000 head of cattle and 40.000 goats per annum.

## CHINESE OUTWARD INVESTMENTS

The government is to provide incentives to encourage Chinese firms to set up factories abroad. Firms setting up processing or assembly factories overseas will be given priority approval for trade licences, loans and tax rebates. Those investing in areas identified as high-risk, such as Latin America and Africa, would also receive special guarantees. The incentives would be given to firms in light industry, electronics, machinery, textiles and garment manufacturers.

(see also article "Going Outward: A New Strategy of the Chinese Enterprises", page 24 ff.)

*Summary by Paul Wyss*

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Danzas  
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## In Brief

- Shenzhen Special Economic Zone will open a representative office in Nurnberg/Germany which will cover the European Union, a major investor in Shenzhen with some 232 projects worth US\$ 1.47 billion.
- China Reinsurance (China Re) opened a representative office in London to boost its relations with overseas counterparts. The company also plans to open an office in New York. China Re is the 12th largest reinsurance company in the world.

# WALU

**W. Lutz Ing. Büro für  
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Industrieabwasseranlagen im Modulsystem  
Galvaniken, Metallverarbeitung, Fahrzeugunterhalts-  
betriebe

Beispiel: Abwasseranlage Hauptwerkstätte Biel der SBB



Unsere Erfahrungen in China seit 1996 können auch Sie nutzen:

- ☐ 2-wöchige Einführungsreise für geschäftlich Interessierte nach Bei Jing und Cheng De mit Einbezug von Messegeländen etc.
- ☐ Stadtpläne, Taxi-Karten und Kurzsprachbücher im Versand
- ☐ Informationen zur Reise- und Messeteilnahme – Vorbereitung für Neu-Einsteiger in China
- ☐ Mandate für Abklärungen und Projekte im Anlagenbau und für Industrieberatung in China

- Bank of China has relaxed restrictions on the purchase of foreign currency by domestic individuals. Individuals travelling to Hong Kong and Macao can buy up to US\$ 1.000. Those travelling to other countries can buy up to US\$ 2.000.
- Effective July 1, the State Statistical Bureau will require that market research and polling institutions, especially those with foreign ties, qualify to receive necessary permits before being permitted to operate domestically.
- Tsingtao Brewery Group bought the bankrupt Langfang Brewery in Hebei province, which will add 100.000 tons of beer to Tsingtao's annual production of 2.5 million tons.  
Beer consumption is expected to swell and China may exceed the US as the largest beer consumer in the world in a few years.
- Bank of China has been granted a full licence to operate in the Philippines and Philippine banks will be allowed to set up branches in China, the Philippine Central Bank announced.
- Work on Guangzhou's new international airport began officially in April. The current Baiyun airport is one of the busiest in the country, handling about 30 million passengers a year. The new airport is designed to handle 80 mio passengers and 2.5 mio tons of cargo annually. It is located 30 km north of the city centre.
- About 250 German tourists recently arrived in Chongqing aboard a LTU airliner, marking the first direct flight between Chongqing and Munich. Chongqing is the third Chinese city, after Beijing and Shanghai, to have direct flights to Germany.
- The Ministry of Justice recently approved 11 foreign law firms and two Hong Kong firms to open branches, bringing the total of foreign law firms in China to 92, and those from Hong Kong to 28. They are now allowed to open branches in 15 cities. A restriction that each firm can only have one mainland branch will be lifted after China's WTO accession.
- Private firms are dominating China's construction sector. They produce 60% of its output of US\$ 60 billion and account for 85% of its profits of \$ 1.28 billion.
- Bank of Communications, China's fifth largest commercial bank, will open a branch in Los Angeles before the year end. So far, the bank has branches or representative offices in Hong Kong, Tokyo, New York, Singapore, London and Paris.
- The World Bank is helping China to step up its anti-pollution campaign, granting two huge loans to improve the environment in Beijing and Chongqing. A US\$ 349 million loan is designated to provide air pollution control and waste water management in Beijing. Another US\$ 200 million loan is given to Chongqing to protect drinking water and provide waste water management.