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Impressum

Information
Bulletin of the Swiss-Chinese Chamber
of Commerce

Circulation:

In print 1'400 Ex. and on website.
To the Members of the Chamber and of
the Chapters in Geneva and Lugano;
among them the leading banks, trading
companies, insurances and industrial
firms. To Trade Organizations, Govern-
ment Departments, leading Chambers of
Commerce in Switzerland, Europe and
China.

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Printing:

werk zwei
Print + Medien Konstanz GmbH
P. O. Box 2171
CH-8280 Kreuzlingen
Switzerland
Tel. 0049/7531/999-1870
www.werkzwei-konstanz.de

Advertising:

Conditions available on website
www.sccc.ch

Deadline for next issue:

1/10 May 31

Disclaimer:

The BULLETIN is a semester publica-
tion on Chinese information gathered
from various media and news services,
edited by the Swiss-Chinese Chamber of
Commerce and distributed to its mem-
bers and BULLETIN subscribers. The
Chamber does not accept responsibility
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For full overview of useful contacts in China and Switzerland turn to pages 86 & 87 in this issue.

How China Steps out of the Crisis



It is the first week in 2010, I am walking through a newly built shopping arcade in the suburbs of Shanghai. The shopping centres are packed with crowds of people. They do not only shop-seeing; they buy and load the shopping trolleys as it would be the last opportunity to do shopping for a couple of weeks. The restaurants, the coffee shops and the fast food outlets are all crowded with people standing in queues, waiting patiently to be served. At least on the spot, there are no signs of an economic downturn. Maybe these busy shopping people do not read the news; hence they are not aware of the financial crisis! But in fact, the global economic downturn has had its impact on the Chinese economy.

China's export sector, long seen as its main growth engine, was hard hit by the global economic downturn. The country's exports plunged 25 per cent in February 2009, compared with February 2008, but the decline has since slowed. September's exports were almost 12 per cent higher than those in August, although they were still 15 per cent lower than in September last year. As a consequence of the financial crisis, migrant factory workers in China's Pearl River Delta, which generates about 30 per cent of the country's export income, trekked home to the countryside as its factories cut back production. Now the situation has changed and factories in the South are again looking for workers. Fears of massive unemployment in the region have now been replaced by reports of labour shortages. These days demand is more diverse, with exporters looking also to Latin America and emerging Eastern European economies. In addition, to widen the scope for exports and open up new markets for foreign trade in 2010, China's Ministry of Commerce will make big efforts to increase domestic consumption, said Chen Deming, the country's commerce minister. Chen Deming made remarks saying the government would continue to stimulate domestic demand, especially consumption, amid the slow and

tough world economic recovery and weak overseas demand.

Despite some strong signals for recoveries, the Chinese government remains cautious what the Nations economic outlook for 2010 is concerned. On one hand, they're worried about non-performing loans and bubbles in real estate and the stock market. On the other hand, they're worried about rising unemployment. The tools for countermeasures that they have to solve one problem are likely to make the other problem worse. This indicates the complexity the government has to deal with. Meanwhile, the government would try to stimulate foreign trade next year, by maintaining the export tax rebates policy, and widening the export credit insurance coverage.

The country received foreign investment of about 85 billion US dollars in 2009, a decrease of 8 percent from the previous year. Policy and financial support will be allocated to guide foreign companies to engage in the high-tech and new energy industries, and encourage them to set up headquarters, research and development centers, and purchase centers in China. China encourages overseas investors to invest in new energy, environmental protection, high-tech, modern services, advanced manufacturing sectors and no longer into low-end manufacturing industries, according to the State Council, chaired by Premier Wen Jiabao. The government also aims to "better use" foreign investment next year by encouraging foreign companies to establish medical care and professional education training institutions.

In 2010, the world Expo with the theme of "Better City, Better Life" will be held in Shanghai. China welcomes friends from five continents to join in the spectacular gathering and jointly write a new chapter on mutual understanding and friendship between China and the rest of the world. The most attractive Swiss Pavilion has received high attention and is a show-piece in brochures and leaflets promoting the Expo 2010. In this year, we also celebrate 60 years of official bilateral relations between China and Switzerland as well as the 30th birthday of our Swiss-Chinese Chamber of Commerce. We certainly will have some great opportunities to celebrate in the upcoming Lunar New Year of the Iron Tiger.

A handwritten signature in dark ink, consisting of stylized, flowing letters that appear to read 'K. Haerri'.

*Kurt Haerri
President Swiss-Chinese Chamber of Commerce
Senior Vice President Schindler Elevator Co. Ltd.*



Moving Expo. Moving Shanghai.

Schindler is to supply 94 escalators and moving walks for the two most important structures at the 2010 world exhibition in Shanghai: the showpiece China state pavilion, and the main access route, the Expo Boulevard.

Safe and reliable mobility is essential in these landmark structures because more than 350,000 people are expected to pass through them every day during the six-month Expo. Afterwards, they will remain as permanent landmarks of Shanghai.

As a specialist in elevators and escalators, Schindler supplied the 2008 Beijing Olympics, the Expo 2008 in Zaragoza, Spain, and the Olympics of Athens (2004) and Sydney (2000), to name just a few global events and exhibitions.

世博之动力 上海之活力

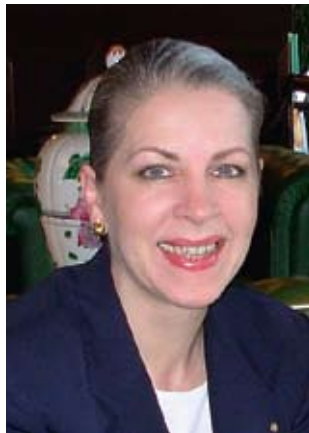
迅达将为2010年上海世博会最耀眼的两大永久性建筑提供94台自动扶梯和自动人行道：气势恢宏的中国国家馆和作为世博会主通道的世博轴。

自动扶梯将成为这些建筑内的主要乘客的交通工具，确保他们安全性和可靠性是这些建筑物最为关注的因素之一，因为在6个月世博会期间，预计这两大建筑每天都会接待超过350000人次的游客。在世博会之后，中国国家馆和世博轴也将成为上海的永久性地标建筑。

作为全球电梯和自动扶梯的专家，迅达已经成为2008年北京奥运会、2008年西班牙萨拉戈萨世博会、2004年雅典奥运会、2000年悉尼奥运会等众多重大国际性活动的主要垂直交通方案供应者。



Great Start into a Year of Celebrations



1980-2010

30 YEARS
SCCC

Dear Members and Readers,

the Chinese Tiger Year has not yet arrived, but the Chamber has already started the Western New Year with the power and roar of this heavyweight, but agile cat. 2010 is a very special year regarding the bilateral relations with China and also for the Swiss-Chinese Chamber of Commerce, which is celebrating its 30th anniversary.

Switzerland was one of the first Western countries to establish official relations with the new China: on January 17th 1950, the Swiss Federal Council recognized the new government of the People's Republic of China, and on September 14th of the same year, China and Switzerland established diplomatic relations. During these 60 years, the world has changed significantly and China has returned as a world power on the global stage.

Along with this 60th anniversary, the members of the Chamber celebrate 30 years of the Swiss-Chinese Chamber of Commerce (SCCC). Thanks to the continuous support of the Board and the members, the association today comprises a network of almost 700 Swiss business representatives and individuals and has developed to one of the strongest bilateral Chambers in Switzerland.

And last but not least, 2010 will also be the year of the biggest world exhibition ever held, taking place from May 1st to October 31st in Shanghai and expecting about 70 million visitors.

China and Switzerland have laid a firm basis and fruitful ground for the further development of their relations and mutual friendship. Let us celebrate!

Susan Horváth

Executive Director, Member of the Executive Board

New Members

Since July 2009:

Zurich

Vibro-Meter S.A.	Fribourg
Schaffner Holding AG	Luterbach
Peter Thommen	Laufenburg
CGZ Consulting Gruppe Zürich AG	Zurich
Syro Engineering AG	Zuzwil
GWP Insurance Brokers AG	Zurich
Baerg-Marti AG	Wollerau
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SAM Consulting Group AG	Basle
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Solo Swiss Group Patherm S.A.	Neuchâtel
Blueorchard Finance S.A.	Geneva
Zivana Skins S.A.	Vulliens
Bank of China (Suisse) S.A.	Geneva

Ticino

I.A.R. Art Resources Ltd., Swiss Branch	Balerna
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China's Vice-Premier Li Keqiang Meets Swiss Business Representatives

On January 25th 2010, *economiesuisse* in cooperation with the Swiss-Chinese Chamber of Commerce welcomed His Excellency, Vice-Premier Li Keqiang and his high-ranking delegation of the People's Republic of China to an event in Zurich. Almost one hundred top business leaders from various Swiss companies and representatives of the Chinese Embassy in Switzerland attended the business event. The meeting had the aim to deepen the bilateral economic relations and to further strengthen the preparatory work in regard to the feasibility study of the free trade agreement between the two countries.



Vice-Premier Li Keqiang and Gerold Bühler shake hands, showing their mutual aim to deepen the economic relations between Switzerland and China.



The two presidents: Kurt Haerri (l.) of SCCC and Gerold Bühler (r.) of *economiesuisse*.



H.E. Li Keqiang and Chinese Ambassador Dong Jingyi (f.l.t.r.).

(All photos by S. Dreher)

Switzerland Trade & Investment Promotion with New Structures

Reporting to the State Department for Economic Affairs, the Swiss government agency responsible for supporting exports and raising the profile of Switzerland as a business location is Osec Business Network Switzerland. Until end of 2009, the Swiss Foreign Investment Agency Generis carried out the tasks for Osec to promote Switzerland as a business location to Chinese corporations and the relevant public authorities there.

Since January 2010, the Osec mandate runs under a new structure: The "Swiss Business Hub China" and network partner of Osec, located within the premises of the Swiss Embassy in Beijing has expanded its staff to undertake the new mandate for the promotion of Switzerland and to plan and carry out the activities in China.

Regarding the activities in Switzerland, Osec has commissioned the Swiss-Chinese Chamber of Commerce to host Chinese delegations and to foster the understanding of Switzerland as an attractive location for both Chinese businesses and investors.

Under the banner "Switzerland Trade & Investment Promotion" (STIP), the two organizations provide services for direct investors from Greater China, ensuring that potential investors, employers, managers, consultants and other facilitators receive information about Switzerland as a business location. Osec promotes Switzerland as a place to do business in selected markets and industry sectors by running targeted marketing campaigns, in conjunction with the business development agencies of the individual cantons.

Chamber with New Project Manager



Esther Pörtig
Bruzón

In order to tackle the new mandate from Osec for the promotion of Switzerland as an attractive business location and to carry out the corresponding activities in Switzerland, the Swiss-Chinese Chamber of Commerce has expanded its resources with a part time staff.

Starting February 1st 2010, Mrs Esther Pörtig Bruzón will join the small team of the Chamber as a Project Manager and will also be responsible for the support of the Switzerland Investment Promotion mandate. Since Mrs Pörtig is continuing with her studies at the University of Zurich and due to the still scarce resources of the Chamber, she will work part time only. We welcome her warmly and wish her a great start!

Esther Pörtig Bruzón was born in 1974 in Wolhusen, near Lucerne. She obtained a Masters in Teaching and in addition, holds certificates for teaching English, Italian as well as the International Certificate of Chinese Proficiency, Beijing and the Cambridge Proficiency and the Certificate in English Language Teaching to Adults (CELTA), London.

Mrs Pörtig is still studying part time Sinology and Anglistics at the University of Zurich since 2004 and has also studied Chinese language and culture at the Beijing International Studies University in Beijing from 2007 till 2009.

During her stay in Beijing she has also worked for the Swiss Department of Foreign Affairs at the Visa Section of the Swiss Embassy and was teaching English to Chinese students.

Before going to China, Mrs Pörtig was teaching at Swiss public schools in Switzerland and Nigeria and worked for DCT International Hotel and Business Management School in Lucerne as well as for a public service organization in the field of First Aid.

Mrs Pörtig has international and multi-cultural experiences (Asia, Africa, Latin-America) and is experienced in working with government departments and state authorities.

Esther Pörtig Bruzón is married and besides learning languages, likes arts and sports.

New Economic and Commercial Counsellor



Counsellor WU Xilin

Since January 2010 Mr WU Xilin is the new Economic and Commercial Counsellor of the Embassy of the People's Republic of China in Switzerland.

He was born in December 1954 and has a Bachelor of Arts degree in French and French literature from the Shanghai International Studies University (1974–1977).

Leadership Experience

- 2010– Counsellor, Economic & Commercial Counsellor's office, Embassy of the People's Republic of China in Switzerland
- 2005–2009 General Director, Department of Outward Investment & Economic Cooperation, Ministry of Commerce (Mofcom)
- 2000–2005 Deputy General Director, Department of Outward Investment & Economic Cooperation, Ministry of Commerce
- 1996–2000 Division Chief, Department of Outward Investment & Economic Cooperation, Ministry of Commerce
- 1992–1996 Deputy Division Chief, Department of Outward Investment & Economic Cooperation, Ministry of Commerce

Working Experience

- 1992–2009 Ministry of Foreign Trade and Economic Cooperation, Ministry of Commerce
- 1988–1992 Embassy of the People's Republic of China in the Republic of Rwanda, Second Secretary; First Secretary
- 1983–1988 Ministry of Commerce (former Ministry of Foreign Trade and Economic Cooperation)
- 1979–1983 Embassy of the People's Republic of China in the Republic of Cameroon, Attaché
- 1977–1979 Ministry of Commerce (former Ministry of Foreign Trade and Economic Cooperation)

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2010 – The Year of the Tiger

1914, 1926, 1938, 1950, 1962, 1974, 1986, 1998, 2010

The Chinese New Year 4708, or 2010 in the Western calendar, is the Year of the Tiger. The cycle will start on February 14th and end on February 2nd 2011. It is also known as the Lunar New Year or the Spring Festival and is the most important of the traditional Chinese holidays.

2010 is a particular type of Tiger year, it is a Metal Tiger year. As well as the cycle of twelve Chinese Year Animal signs, there is a cycle of five elements (earth, metal, water, wood and fire), so a complete cycle is 60 years. Hence, there are five types of Tiger years: Metal, Water, Wood, Fire and Earth Tiger.

The predominant element of the Tiger is wood, so in a Metal Tiger year, there is a conflict between the metal and the wood energies. The wood energy is about future growth, moving onwards and upwards, whereas the metal energy is about spiralling in with pinpoint precision. Adventurous plans will be cut back into shape with conservative thinking controlling blue sky visions. Nevertheless, the steely decisiveness of the metal element will help you move in a definite direction and the courage of the Tiger will support you in stepping up to new risks.

The sharp metal element of the year signals rules and regulations being put into place, but the controls might be superficial since the tough wood in the rebellious Tiger will fight back and is not easily trimmed into shape. Do not be surprised when you find out that rules imposed on the financial markets fail to restrict activities in the way it was intended. The Tiger is capable of stealthy movements in the undergrowth as it prowls around the jungle.

Tiger years often herald tumultuous times and the big bold cat brings its own sense of uproar. Life can seem hectic and chaotic as you ride the roller coaster with the ferocious feline. With such an air of excitement there is a lot of enthusiasm for anything that is daring. Watch out for all kinds of “mania” and new crazes to hit the streets from out of the blue.

When you step forward, beware of falling into some traps. This is a year to move ahead cautiously. Like the Tiger, check out what is on the landscape before jumping for your goals. By the same token do not allow the Tiger to swallow you up. Forming alliances and joint ventures may be a delicate business due to the clash between the metal energy of the year against the underlying wood energy of the Tiger.

Tiger year also holds the spark of newly born fire energy. Like a candle in the wind, promising new projects at the start of the year can easily be blown out by circumstances at the Tiger's tail. Protect and nurture new endeavours in the same way that the

mother Tiger looks after for her cubs. Be prepared to keep up the momentum on anything you start, so that it doesn't fizzle out because you have switched your attention to blazing another new trail.

People born in a Tiger Year

People born in the Year of the Tiger have a lively disposition and are forthright and uninhibited in nature. They are broad-minded and quick to action. But there



2010 Business/Public Holidays in China and Hong Kong

CHINA

Jan 1–3	New Year's Day
Feb 13	Spring Festival
Feb 14	Chinese New Year
Feb 15–19	Spring Festival
Apr 3–5	Qing Ming Day
May 1–3	Labor's Day
Jun 14–16	Dragon Boat's Festival
Sept 22–24	Mid-Autumn Festival
Oct 1–7	National Day Holiday

HONG KONG

Jan 1	The first day of January
Feb 13	The day preceding Lunar New Year's Day
Feb 14	Lunar New Year's Day
Feb 15	The second day of the LNY
Feb 16	The third day of the LNY
Apr 2	Good Friday
Apr 3	The day following Good Friday
Apr 5	Easter Monday
Apr 6	The day following Ching Ming Festival
May 1	Labour Day
May 21	The Buddha's Birthday
Jun 16	Tuen Ng Festival
Jul 1	Hong Kong Special Administrative Region Establishment Day
Sept 23	The day following Chinese Mid-Autumn Festival
Oct 1	National Day
Oct 16	Chung Yeung Festival
Dec 25	Christmas Day
Dec 27	The first weekday after Christmas Day

is another aspect to their characters. They are full of suspicion, and sometimes will take hasty action. They never hide their feelings. They are honest, tender, generous and humorous at the same time. They are always kind and like anything that arouses their imagination.

Tiger people will never give up no matter how frustrated they may become, or how severe the misfortunes might seem. Even if there is only one spark left, they will try to make it fire their lives. Their spirits never die out. When they are under pressure, they may want to depend on someone else. But they still give people the impression that they are in control.

Some people born in the year of the tiger are gentle, sentimental and full of sympathy. Others can be stubborn, selfish and unreasonable. It is interesting that the two main features of his character are rashness and hesitation, a pair of contradictions. If he chooses the middle road he may become quite successful.

The Metal Tiger for business in 2010

If you are ready for some stability for your business after the past few years you may have to wait a bit longer. The year of the Tiger is traditionally associated with massive changes and social upheaval. Therefore, 2010 is very likely to be a volatile one both on the world scene, as well as for your business.

The Metal element gives the Tiger its sharpness in action and speed of thought. Tigers born in the Metal year like to stand out in a crowd. With an inspiring assertiveness and competitive demeanour, they determine their goals and then do anything necessary to achieve them. Leaders who drive their businesses like Metal Tigers will likely prosper in 2010. They are the

ones who have learned from the past few difficult years that one must stay focused and keep an edge always. As the global economy recovers, these tigers of industry will keep the lessons of the past few years close at hand as they drive their business forward.

China as an economic superpower in 2010

China may be the worldwide economic Tiger in 2010. If its recovery stays strong, China “will remain the locomotive of world economic growth”, a commentary in the overseas edition of the official People’s Daily said. China is set to surpass Japan as the world’s second-biggest economy in 2010. China is also driving the international discussion around moving away from using US dollars to a basket of currencies. However, their stance remains a diplomatic one based on recent quotes: “China favours international financial system reform, but those reforms revolve around the US dollar and so China wants only gradual changes”, said Chu, a Beijing professor. “We eventually want to reduce the role of the US dollar, but not so fast that we damage our own assets.”

So if you are a business Tiger and want to prosper in the Year of the Tiger, then keep the lessons of the recent past close at hand and look to China for opportunity and growth.

Sources:

Theodora Lau, author of The Handbook of Chinese Horoscopes, published by arrow Books Ltd.

Ting-Foon Chik, Master of Feng Shui, Feng Shui Research Centre, Ontario, Canada
People’s Daily and others

WWF: 2010 Year of Tiger Conservation



Photo by Eddy Van

This upcoming February 14th marks the start of the new year according to the traditional Chinese calendar, and as 2010 will be the Year of the Tiger, the World Wildlife Fund is gearing up a dedicated conservation program highly appropriate for this time, according to the Guardian.

Attaching top priority to remaining wild tiger populations around the world, WWF has announced that this year will witness the organization redoubling its efforts to preserve habitat and to give remaining species of wild tigers an earnest boost in their struggle to remain viable.

The numbers paint a dire picture indeed, but WWF underscores past tiger conservation efforts to indicate how successful and dedicated conservation efforts can and do make a huge difference. The Amur tiger, native to eastern Russia, was facing extinction as its ranks had been culled through hunting down to a few

dozen. As a result of successful efforts to impose and enforce hunting bans, their population has rebounded back to about 500.

Diane Walkington, overseeing species conservation efforts from the WWF’s UK outpost, provided a statement to the Guardian that the organization’s plans for the year are not simply about one critically endangered but solitary species:

“Of course, there are thousands of other species on the endangered list. However, there is particular importance in selecting a creature such as the tiger for special attention. To save the tiger, we have to save its habitat which is also home to many other threatened species. So if we get things right and save the tiger, we will also save many other species at the same time.”

By David Bois

Swiss Community Project in Sichuan

Thank you again for your support of the Swiss Community Project to reconstruct the Longxing Kindergarten School in Sichuan, after the devastating earthquake in May 2008. Since the last update Swisscham China has had some challenges in settling payments to their contractors that has caused some delays; however they have worked hard to resolved these issues. As you can see from the photograph, significant progress has still been made in the last month, with some roofing in place and most structures reaching greater heights!

The relationship with the local government remains strong and constructive. Following a successful meeting during December, Swisscham was able to confirm and progress several items with them. They also gained some additional publicity in Switzerland, with a recent article in the leading Swiss newspaper "Sonntags-Blick".

Your contributions and support will make this project a success, helping rebuild lives and providing a brighter future for over 250 children in Sichuan.

Headline news

- We had a successful meeting with the local government, including the Director of the Education Bureau in December. We were able to get their support on the payment processing issues, confirm their responsibility for local utilities and ongoing maintenance.
- We have issued the tender for interior design and landscaping contractors and will receive their proposals in coming weeks.
- Building #2, #3, #5 and #6 have roofing in place, the first floor of building #1 has been finished and the roofing of building #1 and #4 will be finished by the middle of January.
- We have engaged the free services of a Europe-China intern to help plan and prepare for the opening ceremony. He will work with the Education Bureau and donors to develop a plan in January.
- We encountered some challenges getting money through the system this has resulted in some delays as the General Contractor work slowed whilst awaiting some payments. This has now been resolved but has impacted our planned construction completion date by around 5 weeks.
- Teacher education will start in February. This was one of the topics discussed with the local Education Bureau and we are following up with our partner to finalize the details.
- We have sold almost 1000 calendars, generating additional funds and publicity.



**Update
December**

Looking forward

- The current time schedule foresees an opening during April 2010. This has moved out a few weeks due to the delays caused by payment processing issues.
- The roof will be on all the main buildings by January, so that we will be able to start the work on the interior.
- During January, we will conclude contracts with various contractors, including the Interior Design and Landscape contractors.

Buy now a Calendar 2010 and support the School Reconstruction Project in Sichuan!

This twelve month special calendar for the year 2010 contains 24 beautiful portraits of Swiss and Chinese school children taken by the Swiss photographer Petri de Pità. On each picture the children holding self-made drawings to express their future dreams and wishes.

A3 format with 18 colorful pages

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Project background and information

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*Sincere thanks, Swiss Community Project
School Reconstruction Project*

<http://www.swisscham.org/sha/news/sichuan.php>

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- We will continue planning for the official opening ceremony.

Donation update

- As at mid-December, the total amount of committed donations (both financial and in-kind) had reached RMB 7.8m.
- Based on the updated conceptual design, the main construction project budget is foreseen to be RMB 7 million. However to provide the additional on-going maintenance, fixtures and fittings, teacher training, etc the total project budget sits at RMB 9 million.
- We are therefore still looking for other Swiss organisations to join in and assist project, by providing the funding and non-financial resources that are needed.
- PricewaterhouseCoopers will provide monitoring services to ensure that resources are used effectively and appropriately accounted.

If you would like to make a donation or have further enquiries, please contact:

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 Tel. + 86 (10) 6533 2110 (Beijing)

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 Tel. +41 (0) 44 639 2015 (Zurich)

Alternatively donations can be paid into the following bank account with the reference:

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 Account Number: 2701450101
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 Tel. +86 (10) 5832 7000

Bilateral Free Trade

China and Switzerland launch a joint feasibility study for a bilateral free trade agreement

The Minister of Commerce of the People's Republic of China CHEN Deming and the Minister of Economic Affairs of Switzerland Doris LEUTHARD, decided in Geneva on November 30th 2009 to launch a joint study to examine the feasibility of a Free Trade Agreement (FTA) between China and Switzerland as a way to further promote the economic relationship between the two countries.

The Joint Swiss-Chinese Feasibility Study will examine the topics covered by free trade agreements, such as trade in goods, trade in services, investment and other possible areas of cooperation. The Joint Study Group will present its findings and conclusions to the competent Ministers with a view to offer suggestions to both Governments to take a decision on future negotiations on a free trade agreement between China and Switzerland.

Both Ministers acknowledged today the successful results of the two Workshops on Industrial Exchange for a China-Switzerland Free Trade Agreement, held in Beijing and in Bern earlier this year. The two Workshops enhanced mutual understanding of the complementarity of the Chinese and the Swiss economies and of the opportunities and challenges for enhanced economic exchange and cooperation under a Free Trade Agreement.

The Workshops were held following the meeting on 27 January 2009 in Bern of Premier WEN Jiabao of the People's Republic of China and Swiss President Hans-Rudolf MERZ, where it was decided that a China-Switzerland Joint Study Group would be established in order to examine the feasibility of a Free Trade Agreement between China and Switzer-



The Minister of Commerce of the People's Republic of China CHEN Deming and the Minister of Economic Affairs and since 2010 President of the Swiss Confederation Doris Leuthard during the Sino-Swiss Economic and Trade Forum in 2009.

land as a way to further promote the economic relationship between the two countries.

Editor: Federal Department of Economic Affairs (FDEA)

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Search in www.news.admin.ch

New Era of China-ASEAN Tie-up

The much-expected birth of the China-ASEAN Free Trade Area (CAFTA) would be a celebration of the pursuit for common prosperity over adversity, friendly cooperation over animosity, and trade liberalization over protectionism.

As leaders from China and Southeast Asia met in Oct 2009, final preparations were polished for CAFTA to enter into formal operation on Jan 1, 2010, when

90 percent of goods will cross borders at zero tariff, and services and investments at nation-treatment status. It forms the world's largest free trade area, at least in the population measure. The area integrates a market with 1.9 billion people and trade volume of \$4,500 billion, grouping China with Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

The birth of CAFTA is the fruit of true international friendship. Faltering out of the 1997 Asian financial crisis, ASEAN economies were relieved to find a firm and helping hand in China, which sacrificed its own interests in stabilizing renminbi and helping to bail them out. The proposal of a free trade area by Chinese premier Zhu Rongji, rose naturally from economic cooperation and coincided with ASEAN's dream first inked in the 1976 Bali Concord.

The Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN signed on Nov 14, 2002 was followed by a trade-in-goods agreement in 2004, a services agreement in 2007 and an investment agreement in August 2009.

The fact that the operation comes as these nations battle the chills of another financial crisis simply makes the bonds between them closer, and CAFTA, more valuable.

Just as a free trade area talk was new to China, the talk with China was also the first ever by ASEAN. As analysts observed, China followed a principle of equality and mutual benefits, offering more than taking back in the pilot zone. It adopted unilateral tariff favours and carried out "early-harvest" programs for Southeast Asian farm produce to make their way to Chinese dinner tables.

The cooperation on CAFTA is characterized by differential treatment and flexibility in specific arrangements to cope with gaps among nations. Cambodia, Laos, Myanmar and Vietnam will not reduce tariffs on Chinese products to zero until 2015, leaving time for these economies to develop. Trade in services and investments will further open up by then with all sides.

Such arrangements are not rare in stage-by-stage tariff cuts and reflect China's respect for smaller partners and for diversity. China also considers providing a total of 270 million yuan (\$39.7 million) in special aid in 2009 to less developed Cambodia, Laos and Myanmar, and helping them to tide over the most difficult time.

The measures have more than tripled ASEAN's trade volume with China to \$231.1 billion in 2008 by China's statistics and \$192.5 billion by ASEAN statistics, with ASEAN in a favourable balance.

The cooperation won immediate international recognition. Since 2003, the free trade area path China blazes has drawn over Japan, South Korea, Australia and New Zealand and India to ASEAN. Today, even Europe and the United States are eyeing their copies.

CAFTA's birth more than fast expansion of trade

Still, CAFTA's birth will mark a new era of economic integration between China and ASEAN. The potential will be more than faster expansion of trade.

As ASEAN Secretary-General Surin Pitsuwan said in Nanning in October 2009, the focus is turning to further promote liberalization of trade. As costs are

lowered and procedures simplified, producers and service providers of these nations could deepen division of labour and upgrade their product quality and variety. More cooperation and technological advances will help them to gain better foothold in the global supply chain. The facilitation of service trade and mutual investment, largely thanks to strong administrative guidance, will ensure long-term economic stability and speed up flow of funds and goods within and beyond the area. Free-investment efforts, the promotion of a common foreign reserve pool and even Chiang Mai Initiative for a network of bilateral swap arrangements will elevate their global economic status.

To speed up the process, a \$10-billion China-ASEAN Investment Cooperation Fund, initiated by China, is set up in 2009 to finance major projects in infrastructure, energy and technology. A \$15-billion credit facility extended by China will advance ASEAN integration in the next three to five years.

The Pan-Beibu Gulf economic zone, a main sub-regional cooperative project between China and ASEAN, has reasons to take off. The Nanning-Singapore economic corridor and bonded port areas round the gulf would become new hot spots and growth points.

While leading the way for developing economies, CAFTA will usher in a new era for Asia as well. As ASEAN works closely with China, Japan and South Korea, the concept of ASEAN+3 will get more popular, encouraging economic integration and regional cooperation against adverse interference and turbulence.

In the wider world, the new free trade area is a slap to various kinds of modified protectionism. Isn't it ironic that weaker economies once targeted for free trade are striving for trade liberalization while some traditional loudspeakers impose high tariffs on imports?

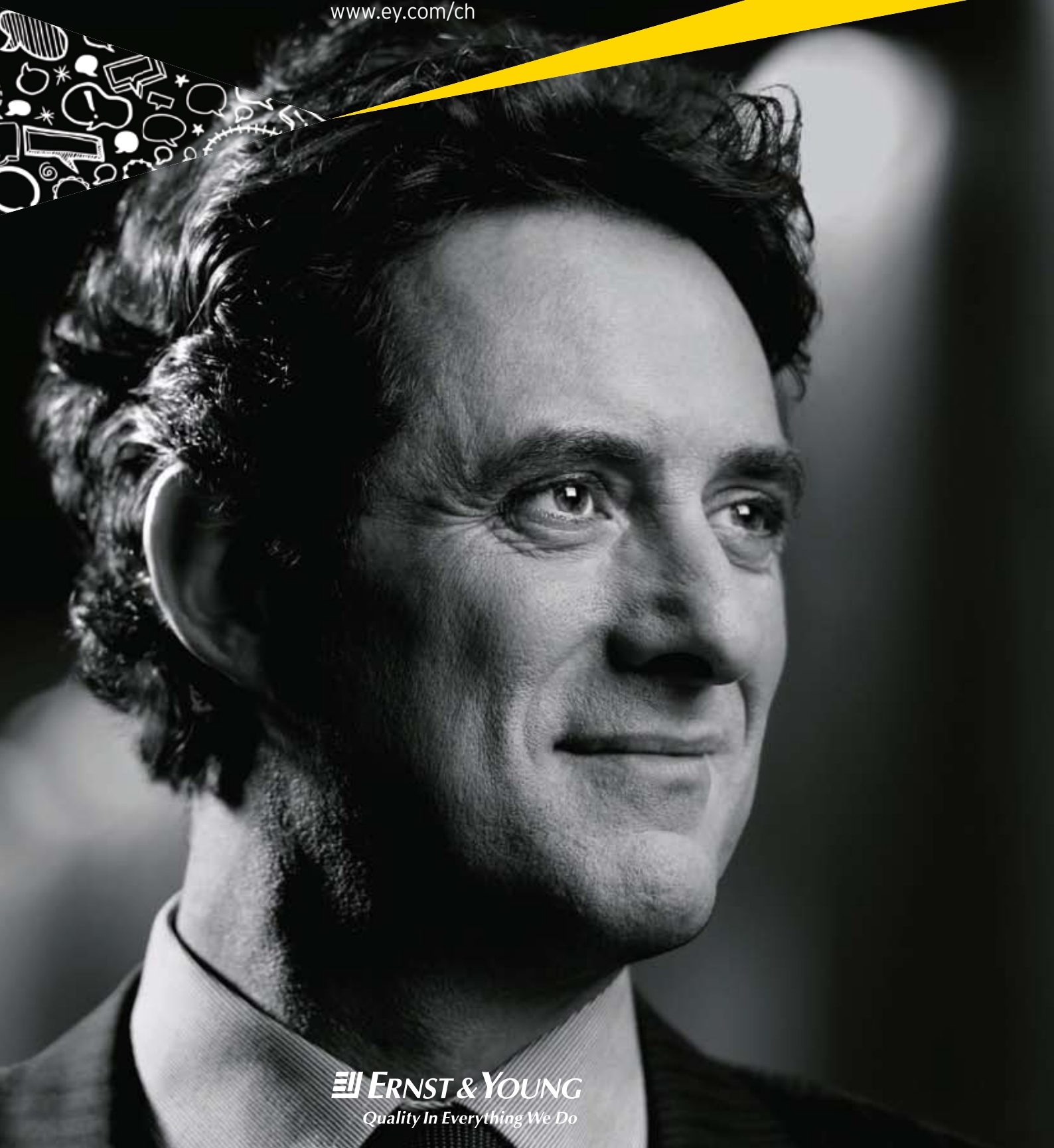
As ASEAN and China hand in hand lift their economies out of financial crisis onto recovery, both will be aware that friends made and tried out in adversity are true. To others, CAFTA is yet another proof of how the peaceful rise of China will benefit the world.

*By Wen Jia
(China Daily, October 22nd 2009)*

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China Business Confidence Survey

German companies benefit from growing domestic market – drop in profits greater than drop in revenues – inability to reduce fixed cost and low payment morale biggest challenges – Chinese economy expected to rebound in 2010 – stimulus package to contribute to recovery.

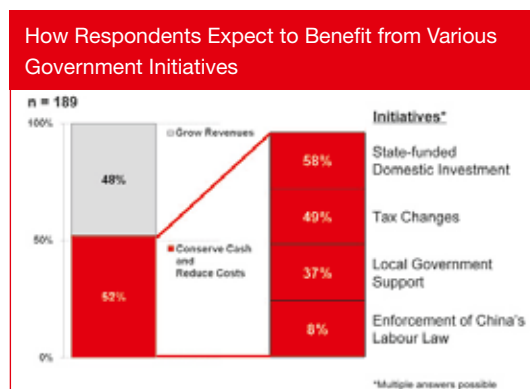
The survey, which was conducted with the more than 2,000 member companies of the German Chambers of Commerce in Greater China revealed that German companies look more optimistic towards the future compared with last year's survey results. The majority of the mostly small and medium sized entities from China, Hong Kong and Taiwan responded that the crisis has moderately impacted their business.

Over 60% are faced with dropping revenues and a limited ability to reduce major fixed cost. Maintaining liquidity was most difficult in Q1, but despite the perception of worsening payment morale, only a quarter tightened their payment terms to customers. However, a number of qualitative interviews revealed positive reasons for a faster recovery:

“Our revenues are up, because we benefit strongly from the growing automotive market which strongly benefits from government intervention.” – GM, Automotive Component Manufacturer

Under the impact of the crisis, more than half of the respondents will focus on cash conservation and cost reduction in personnel and marketing. In addition 60% have put investment plans for 2009 on hold. At the same time, in order to realise growth, respondents are focusing on proactive business development in new customer groups, as well as on further localisation of products and services.

Moreover, respondents attempt to balance continued growth with conservative balance sheet management in 2009 and more than half of the participants expect to benefit from China's stimulus package, at least indirectly. Graphic 1 illustrates how respondents expect to benefit from the various government initiatives.



Furthermore, the survey uncovered the different ideas companies have developed to realise revenue increase in the year 2009.

“We have adapted the products to the local market in the past 6 months. This has enabled us to break into the upper-medium domestic customer segment.” – GM, Industrial Company

Graphic 2 shows that among the new ideas, proactive business development and further localisation of products and services are the respondents' two main initiatives.



Although in the current situation most companies are conservative and cautiously observe market developments, respondents tend to be positive about business in China and confident of a recovery in 2010. Overall, the findings are more positive than the results of the 2008 survey.

The survey findings were presented in a webinar on 5 August 2009 which can be viewed via Fiducia's website (www.fiducia-china.com).

Source: Fiducia China Focus Newsletter

For further information, please contact:
Fiducia Management Consultants
Email contact@fiducia-china.com
www.fiducia-china.com

The Sky is the Limit

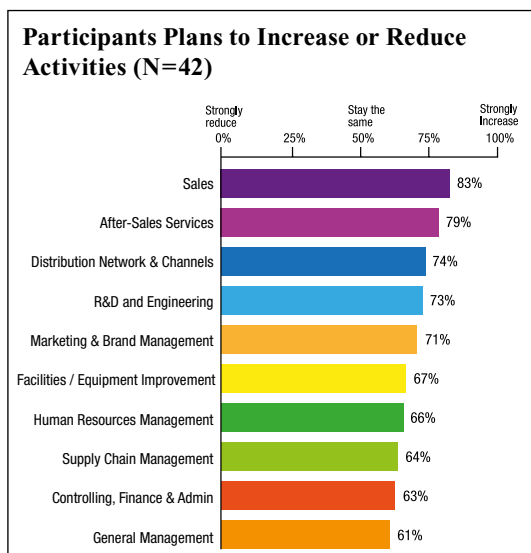
Business Confidence Survey reflects optimism of Swiss business community in China

The second Business Sentiment Survey, which SwissCham China conducted among the Swiss business community in China brought surprising findings again. The SwissCham Confidence Index scored even higher than a year ago; now reaching 75% for 2010 (66% in 2009) and an astonishing 80% for the next five years period (78% in 2009).

What perceptions and expectations for the near and distant future do Swiss business leaders in China have and what are their key concerns? And what are the major changes compared to last year's findings? This is what SwissCham was aiming to find out in conducting its much extended "Second Business Sentiment Survey" among its members, this time in cooperation with CEIBS Shanghai (China Europe International Business School).

Main Findings at a Glance

- The Swiss business community in China is even more confident than a year ago.
- For 2010: Confidence Index now reaching 75% (66% in 2009).
- For the next five years: Confidence Index climbs up to 80% (78% in 2009).
- New top concern is "Finding and Hiring Suitable Talent".
- Last year's top concern "Global Economic Slow-down" now ranks 4th.
- Two thirds of the participants plan to increase their labour force in China in 2010.



- Last year, the average intended increase of head-count was 5%. For 2010, this figure is at 15%.
- 50% of the participants plan to invest more in 2010 compared to 2009.
- Slowed dynamism in investments: Average increase of 10% compared to 15 % last year.
- More than 50% plan to increase wages by more than inflation rate.
- 70% think competition in China is tougher or much tougher compared to Switzerland.



Survey participant's information

Job position and China Experience: 85 per cent of the participants of the survey are in CEO/GM positions and over 66 per cent have more than 3 and one third more than 6 years of China experience.

Working conditions: 11 per cent of the participants are entrepreneurs and 89% are employees managing a subsidiary of a Swiss company in China.

Legal form: 80% of the companies are WOFE.

Number of employees in China: Two thirds of the companies employ less than 250 staff members.

Turnover: 40% generate an annual turnover of below RMB 50M. 30% generate between RMB 51M and RMB 250M.

Industry: 66% run manufacturing companies. 33% run service companies.

Source: *The Bridge, Journal of SwissCham China*

Full report is available at www.swisscham.org
By Alain Kaiser (survey) and Fabian Gull (text)

New Business Guide for Swiss SMEs

Responsible for project:



Antoine Perruchoud
Professor HES



Jean-Daniel Clavel
Professor

The HES-SO (Haute Ecole Spécialisée de Suisse Occidentale) published this summer a business guide for Swiss Small- and Medium-sized Enterprises interested in the Chinese market: “PME romandes face aux potentialités des marchés chinois et indiens”.

In spite of its title, this guide is for all Swiss SMEs – whether from the German-, French- or Italian-speaking part of the country, all the more so as the guide is already partially in English and is going to be translated into English.

The concept of this guide is new

First, it is in the form of a blog – that means that it favours direct contacts per internet among interested parties – Authorities, newcomers, already experienced companies and service providers. This interactive form also allows a constant adaptation of the guide to changes affecting both markets – an important step taking into account the rapid evolution of international relations in the aftermath of the financial crisis.

Second, it is very easy to consult: it has been drafted in the form of a checklist, facilitating a very quick but thorough consultation of all topics related to international operations. It contains in particular a review of explanations for success and failures, based on the concrete experiences of Swiss companies already established in China or India.

Third, it has been conceived as a “bridge” to all service providers and facilitates direct contacts with all actors in the concerned countries. In particular, it contains all important and necessary addresses of institutions and companies which should be consulted for the preparation, launching and execution of a project in China or India. A large choice of data bases facilitates the research work of entrepreneurs and businessmen.

Fourth, it deals with both markets – China and India – in a parallel way, facilitating the comparison of the two largest and most attractive foreign markets for the time being.

The address of the guide is:
<http://pmechineinde.webnode.fr>

A username (e-mail address) and a password are needed, and are free; they can be obtained from the contact person, Mrs Béatrice Girod, who can be reached per e-mail: beatrice.girod@hevs.ch, or per phone: 027-606-90-1.

The main structure of the guide for the Chinese market – indeed for both countries – is the following:

- SME specific problems in the case of international deployment
- The Chinese market, in particular:
 - Framework conditions
 - Legal aspects
 - Finance, fiscal affairs and economic zones
 - How to enter the Chinese market (a “vademe-cum” approach)
- Concrete cases
 - Main errors
 - Reasons for successes
- Attachments:
 - Addresses
 - Management tools
 - Bibliography

The search system of the blog allows any interested enterprise to find within seconds the required information, the respected sources as well as the desired contacts in Switzerland, in China or in India, allowing an immediate connection with the required interlocutors.

For further information please contact:

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<http://pmechineinde.webnode.fr>

China: Annual Economic Report

Appreciation of the economic problems and issues

December
2009

Thanks to its large fiscal and monetary stimulus, China's economy has held up well during the crisis. Although China's real economy was hit hard by the global economic downturn due to the falling exports recent **data show a strong economic recovery**. Real GDP grew by 8.9% year-on-year during the third quarter (6.1% in the first quarter and 7.9% in the second quarter). Therewith **the economy grew at an average of 7.7% during the first three quarters of this year.**¹ Most economists agree that China will reach its growth target of 8% this year.

The Chinese government had announced a RMB 4 trillion (US\$ 586 billion, CHF 693 billion) stimulus package in November 2008 with a main focus on infrastructure investment. During the first three quarters, **infrastructure investment has been the main driver of economic growth**. Consumption has also held up well and together this has led to a growth in domestic demand. Consumption was driven by falling prices and government initiatives to spur sales such as lower consumption taxes for small cars and subsidies for purchases of electronic appliances in rural areas. Sales of cars and electronic appliances have therefore been particularly strong. Increases in government transfers have further positively affected household incomes and consumption.

In 2008 the collapse in property sales and investment had heavily affected China's economic activity. Recent data show a **recovery of the real estate sector** as housing sales and construction activity have resurged. The construction recovery is not only driven by the stimulus induced low-end and mass market construction but also by a rebound in construction of higher-end and commercial properties due to higher than-expected sales and the liquidity boom.²

In November China's property prices climbed at the fastest pace since July 2008. Among mounting concerns that the record lending may create asset bubbles, the State Council re-imposed a tax on property sales.³ The government is clearly in a difficult situation as it tries to address concerns of a property price bubbles, but at the same time does not dare to take too drastic measures for fear of negatively affecting the economic recovery.

This investment boom has caused **concerns with regard to overcapacity** in certain sectors and prompted the government to react. The National Development and Reform Commission announced in October to rein capacity growth in six sectors (steel, cement, plate glass, coal-chemical industry, poly-

crystalline silicon and wind power equipment). It further warned of obvious excess supply in sectors like electrolytic aluminium, ship manufacturing and soybean oil extraction.⁴

The government's infrastructure spending has been accompanied by an aggressive loosening of credit policy. Bank lending is expected to reach RMB 10'000 bn (US\$ 1'462 bn, CHF 1'503 bn) by the end of this year, up from about RMB 4000 bn in 2008.⁵ **Concerns are rising that a large proportion of this new bank lending is flowing into the stock and housing market** and therewith fuelling asset price bubbles. Due to the huge volume of credits risks of misallocation and bad loans are real. The People's Bank of China (PBoC – China's central bank) has begun to slightly tighten monetary and credit policies. The PBoC is expected to raise policy interest rates and reserve requirement for banks in the coming year. Credit quotas are also likely to be re-introduced as under China's managed exchange rate regime the ability to increase interest rates remains constrained.⁶

The positive growth momentum from investment and consumption has partly offset the deterioration of China's trade position. **Foreign trade continued to drop but at a slower pace.** In the first three quarters total trade was down 20.9% year-on-year in volume terms. While imports kept growing since June, exports remain stuck in contraction. The trade surplus is expected to stay positive but to narrow further.⁷

During the past months, **trade tensions between China and its major trade partners have increased.** The U.S. recently imposed import tariffs on Chinese-made tyres and steel pipes and together with the EU

1 National Bureau of Statistics of China: "The steady upturn trend of national economy further strengthened", 22 October 2009.

2 World Bank, China Quarterly Update, November 2009.

3 Bloomberg: "China squeezes property speculators, extends consumer stimulus", 9 December 2009.

4 Xinhua: "China to redress production overcapacity in six sectors", 15 October 2009.

5 Financial Times: "China revives property tax to avert bubble", 10 December 2009.

6 Economist Intelligence Unit, China Country Report, December 2009.

7 Economist Intelligence Unit, Country Report China, December 2009.

Essential Economic Data

	2004	2005	2006	2007	2008	2009 ^a
GDP (RMB billion)*	15.988	18.321	21.192	25.730	30.067	33.208
GDP (USD billion)*	1.931	2.235	2.657	3.382	4.401	4.863
GDP per capita (RMB)*	12.299	14.012	16.122	19.477	22.646	24.894
GDP per capita (USD)*	1486	1.710	2.022	2.560	3.315	3.645
GDP growth (%)**	10,1	10,4	11,6	13	9	8,2
CPI inflation (%)***	3,9	1,8	1,5	4,8	5,9	-0,8
Population (billion)	1,300	1,308	1,314	1,321	1,328	1,334
Unemployment rate						
Level – registered (Millions)***	8.3	8.4	N/A	N/A	N/A	N/A
Rate – registered in urban (%)***	4.2	4.2	4.1	4.0	4.2	N/A
EIU estimates (average in %)***	9.9	9.0	9.5	9.2	9.2	9.2
Fiscal balance (% of GDP)**	-1.3	-1,2	-0,8	0,6	-0,3	-3,8
Current account balance (% of GDP)*	3,6	7,2	9,5	11,0	10,0	6,2
Total External Debt (% of GDP)****	12.8	12,2	11,4	11	8,5	n/a
Debt-service ratio (% of exports)****	3.4	3,1	2,4	2,2	1,8	n/a
Reserves, incl. Gold (USD billion)**** in months of imports	12	13	16,7	17,6	n/a	n/a

Sources: * IMF World Economic Outlook, April 2009 / ** EIU, Country Report, June 2009 / *** National Bureau of Statistics of China / **** State Administration of Foreign Exchange, PRC / ***** World Bank
a = estimates Economist Intelligence Unit, China Country Report, December 2009

and Mexico requested the WTO to set up a dispute settlement panel to investigate China's export quotas on raw materials. China on its part launched investigations on alleged dumping of cars, cars part and chicken products from the U.S. and EU imposed anti-dumping duties on Chinese-made screws and bolts.⁸

China has come under increasing international pressure to let its currency appreciate faster against the US dollar. After having allowed the yuan to appreciate about 20% against the US dollar since 2005, the yuan was re-pegged to the US\$ in July 2008. A few days before the visit of the U.S. President Obama to China, the PBoC had stated in its quarterly monetary report that foreign exchange policy should take into account "capital flows and major currency issues". However, experts do not expect an immediate change in China's currency policy and are not anticipating a steady appreciation before the middle of next year.⁹ Chinese officials insist that an abrupt change in the exchange rate would harm Chinese companies and

negatively affect China's development, which in turn would not be beneficial for the global recovery.¹⁰

After a sharp decrease in 2008 the stock market had turned upward in the first half of this year. In June the **authorities had lifted a ban on initial public offerings** which was imposed in October 2008. However, the stock market has fallen again since July.¹¹

In October, China officially launched ChiNext, a stock market for small and medium-sized Chinese companies. These companies have traditionally had little access to bank lending. So far 28 companies are traded on the board.¹²

During the recently held Central Economic Working Conference (the annual conference to set the economic policy guidelines for the coming year) **the Chinese government indicated its intention to continue its economic stimulus measures next year**. The government reiterated to maintain a "proactive fiscal policy" and "adequately loose monetary policy". At the same time the quality of economic growth shall be improved through "structural adjustment" while overcapacity in numerous industrial sectors shall be dampened. One of the key goals is to boost rural demand.¹³

A successful rebalancing of the economy is necessary in the long-term in order to allow a sustainable economic growth. The **domestic economy has to be strengthened further through consumption and services** and less dependence on investment and industry. In recent months different initiatives to rebalance and boost domestic demand, including the reforms in the health care and social security system,

8 Economist Intelligence Unit, China Country Report, December 2009.

9 Financial Times: "Chinese hint at stronger renminbi", 12 November 2009.

10 Financial Times: "Wen calls renminbi pressure 'unfair'", 30 November 2009.

11 World Bank, China Quarterly Update, November 2009.

12 Financial Times: "Demand swamps new Chinese exchange", 30 October 2009.

13 Financial Times: "China focuses on boosting rural demand", 7 December 2009.

were introduced, but still more policy measures are necessary to rebalance growth.¹⁴

International and regional economic agreements

Country's policy and priorities

China as a member of the World Trade Organisation (WTO)

Since China's accession to the WTO in 2001, the country has implemented almost all of its WTO commitments and has made significant progress in many areas. Foreign companies have continued to profit from reduced tariffs, the elimination of import licences and quotas, the opening of more sectors for foreign participation, and the easing of restrictions on business operations. Nevertheless, concerns relating to market access remain, but they are now focused on China's laws, policies, and practices that deviate from the WTO's national treatment principle, the insufficient protection of intellectual property rights, the deficient transparency of legal and regulatory processes, and the opaque development of technical and product standards that may favour local companies.¹⁵

So far, **China has leant towards being an advocate of free-trade within the WTO**, demonstrating a strong engagement in issues typically affecting emerging markets – also in the context of its involvement with the Group of 20 developing countries (G 20) led by Brazil – such as the liberalisation of agricultural markets. China wants to give the image of an active WTO-member but has so far been criticized for not engaging hard enough to find a compromise on Doha.

While China keeps engaging in multilateral trade discussions and protecting its interests within the WTO, it has also started bilateral trade deals and free-trade agreements (FTAs) with strategic partners. As China

has become a dominant trading nation, the government sees bilateral accords as a useful tool to pursue the country's strategic interest.

Tensions with major trading partners, in particular with the U.S., have accelerated recently due to an increase in protectionist measures taken in the frame of anti-dumping policies against Chinese companies.¹⁶

China-ASEAN Free Trade Agreement (CAFTA)

In 2002, China and the Association of Southeast Asian Nations (ASEAN) signed the Framework Agreement on Comprehensive Economic Cooperation – an umbrella agreement providing general provisions on the establishment of an ASEAN-China Free Trade Area (CAFTA). Under the CAFTA, a zero-tariff market is targeted to come into force in 2010 for China and the six original ASEAN members¹⁷ and in 2015 for China and the newer and less developed members.¹⁸ Within the Framework Agreement different protocols and agreements were signed in order to eliminate tariffs and non-tariff barriers and strengthen the liberalisation of trade in services and investments.

The latest one, an agreement on investment, was signed in August 2009. Together with an agreement on trade in services that was signed in January 2007, the negotiation process with regard to CAFTA is completed. China and ASEAN have defined 11 major

14 World Bank, China Quarterly Update, November 2009.

15 Economist Intelligence Unit, China Hand, February 2008.

16 Wall Street Journal: "China Goes to Trade Court", 23 September 2009; Wall Street Journal: "Protectionist Measures Expected to Rise, Report Warns", 15 September 2009; Wall Street Journal: "Protectionism Exposed", 5 August 2009.

17 Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand.

18 Cambodia, Laos, Myanmar, Vietnam.

China: Structure of the Economy

	2001	2002	2003	2004	2005	2006	2007	2008	2009 (Q1-Q3)
Distribution of GDP (%)									
Primary Sector	15,8%	15,3%	14,4%	15,2%	12,4%	11,7%	11,7%	11,3%	10,33%
Secondary Sector	50,1%	50,4%	52,2%	52,9%	47,3%	48,9%	49,2%	48,6%	48,88%
Tertiary Sector	34,1%	34,3%	33,4%	31,9%	40,3%	39,4%	39,1%	40,1%	40,79%
Distribution of Labor (%)									
Primary Sector	50,0%	50,0%	49,1%	47,0%	44,8%	42,6%	40,8%	39,6%	n/a
Secondary Sector	22,3%	21,4%	21,6%	22,5%	23,8%	25,2%	26,8%	27,2%	n/a
Tertiary Sector	27,7%	28,6%	29,3%	30,5%	31,4%	32,2%	32,4%	33,2%	n/a
(of which state sector)	10,5%	9,7%	9,2%	8,9%	11,2%	n/a	n/a	n/a	n/a

Sources: National Bureau of Statistics of China

fields as directions for future cooperation, including agriculture, information and telecommunications, transport, tourism, Mekong River exploitation, energy, culture, human resource, and the environment.¹⁹

In support of the CAFTA a first stage of a China-ASEAN Fund on Investment amounting to US\$ 1 billion will be established before the end of 2009. The fund which is under government direction will eventually reach 10 bn. USD and invest in cooperation projects in areas such as transportation facilities, public utilities, communication, energy and resources.²⁰

It follows from China's tightening ties with ASEAN that the country would **press for further regionalism**. China has supported the transformation of ASEAN+3 (China, South Korea and Japan) into the East Asian Summit (EAS), which has welcomed Australia, New Zealand and India to the group during its inaugural meeting in 2005 in Malaysia.

Other international free trade negotiations

While multilateral trade has been developing rapidly, China has also signed several bilateral free trade agreements in 2008, and is expected to sign more this year.

■ China and **Pakistan** signed an agreement on trade in services in February 2009 which took effect on 10 October. The pact leads to a China-Pakistan comprehensive free trade zone including trade in goods, trade in services and investment (a free trade agreement on goods between the two countries had already been signed in 2006). Specifically, Pakistan will relax its shareholding restrictions on China's investment in sectors of construction, telecom, finance, distribution, health care, environmental protection, tourism, transportation, research and development and IT education. The sectors that China will open mainly include mining, environmental protection, health care, tourism, sports, transportation, translation, real estate, computer, marketing consultancy.²¹

■ China and **Peru** concluded negotiations for a free trade agreement in November 2008. The pact that was signed in April 2009 will eventually eliminate

tariffs on about 90% of goods traded between the two countries.²²

■ China and **Singapore** signed the China-Singapore Free Trade Agreement (CSFTA) in October 2008, making the first comprehensive bilateral FTA between China and another Asian country. The agreement covers areas including trade in goods, rules of origin, trade remedies, trade in services, movement of natural persons, investment, customs procedures, technical barriers to trade and sanitary and economic cooperation.

■ China signed in October 2008 a trade deal with **Senegal** to offer zero-tariff treatment to more than 400 categories of goods imported from Senegal.²³

■ China and **Chile** signed an agreement of free trade in services in April 2008. The two nations committed themselves to opening up their service sectors in accordance with WTO rules, under a supplementary agreement to their formal free-trade pact signed in 2005. The service free-trade agreement covers 23 sectors in China, including computers, management consulting, mining, sports, environment and air transport. Moreover the two countries have already completed three rounds of negotiation talks in regard of a FTA in investment.

■ In April 2008, China signed an FTA with **New Zealand**, marking the first such deal between the biggest developing country and a developed economy. Under the FTA, New Zealand will phase out all tariffs on imports from China (textiles, clothing and footwear) until 2016. China will remove tariffs on 96% of its imports from New Zealand until 2019 with tariffs on some products (especially dairy products, meat, wool, etc.) being cut to zero. The agreement covers not just goods but also services, from insurance and banking to education and labour supply as well as investment. China sends more students to New Zealand than any other country and is its fourth-largest source of tourists.

■ In January 2004, the Closer Economic Partnership Arrangement (CEPA), the first regional trade agreement between China and **Hong Kong** as well as between China and **Macao**, went into effect. The CEPA initially covered the three areas of trade in goods, trade in services, and trade and investment. It has since been expanded several times. Supplement VI went into effect on 1 October 2009, which will give Hong Kong firms greater and easier access to the mainland market for tourism, securities and banking services.²⁴

FTA negotiations with other countries will continue in 2009:

■ In January 2009, China and **Costa Rica** began their first round of FTA negotiations. The first round of talks covered issues including intellectual property, technical obstacles to trade, health measures and services and investment. They completed the third round of negotiations in June 2009, which addressed issues like services, commercial defense, controversies solutions, commercial values, and other

19 Global Times: "China-ASEAN ink investment agreement", 17 August 2009.

20 Global Times: "China, ASEAN strengthen financial ties", 22 October 2009.

21 Ministry of Commerce of the PRC: www.fta.mof.com.gov.cn

22 Ministry of Commerce of the PRC: www.fta.mof.com.gov.cn

23 Xinhua: "China signs zero-tariff trade deal with Senegal", 18 October 2009.

24 Xinhua: "Chinese mainland market opened wider to HK businesses", 9 May 2009.

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issues of cooperation.²⁵ In the fourth round of negotiations in September 2009 agreements for more than 90% of each country's exports were reached. The fifth round was held in early November.

- China and **Australia** are currently negotiating a free trade deal. A framework agreement was signed in October 2003 and talks began in May 2005, after the conclusion of a feasibility study. Negotiations have been challenging, due to substantial stumbling blocks, namely in agriculture and industrial goods. A 13th round of formal negotiations was held in December 2008. A next round of negotiations is scheduled for February 2010.²⁶
- **Norway** and China completed a feasibility study and launched the official Sino-Norway FTA Negotiation in October 2008. The 6th round of negotiations started on 15 December 2009 include discussions on commodity and service trade, investment, rules of origin, SPS/TBT, settlement of disputes and IPR.²⁷
- FTA negotiations between **Iceland** and China began in April of 2007, and by May 2008 four rounds of negotiations were completed. Due to Iceland's application for EU membership in July, no further talks are currently taking place.
- China and **South Korea** conducted two rounds of joint research in 2005 and 2006 which will form the basis for exploring the possibility of initiating FTA negotiations. The last round of talks on a joint study of an FTA took place in October 2007.
- **India** and China have completed a feasibility study on their proposed Free Trade Agreement in fall 2008. It now awaits the approval of the leadership of the two countries to take it to the next level so that steps to conclude the Free Trade Agreement can be taken at the earliest.
- China has also started negotiations on a bilateral FTA with the **Gulf Cooperation Council (GCC)** and plans to follow suit with MERCOSUR and the Southern African Customs Union (SACU).

Relations between China and Taiwan

Recent months have brought significant developments in the relationship between China and Taiwan and eased trade between the two. After over ten years without any negotiations, cooperative meetings between Chinese and Taiwanese repre-

sentatives have taken place since Ma Ying-jeou took office as Taiwan's president in 2008. Mr Ma has led a more positive attitude towards relations with the mainland than his predecessor Chen Shui-bian. Improved relations can be seen in developments such as **China's acceptance of Taiwanese participation as an observer at the World Health Assembly** for the first time in May 2009²⁸. On 26 April 2009, both sides signed an agreement that **opened the financial markets and allows direct investment in Taiwan from the mainland**. At the same time, two other agreements were also signed to **increase flight connections and cooperation for crime fighting** between the mainland and the island. **On 16 November both sides signed a "Cross-Strait Banking Supervisory Cooperation Memorandum of Understanding"** covering five major sectors: information exchange, information confidentiality, financial examination, continuous contact and crisis management. The MoU will take effect within 60 days and will allow Taiwanese banks to upgrade their representative offices in China to branches and Chinese banks to set up offices in Taiwan.²⁹

Four further cross-strait agreements on fishing crew cooperation, agricultural quarantine inspection, industrial product standards and inspection and certification are expected to be signed during the 4th round of talks between the Straits Exchange Foundation and China's Association for Relations Across Taiwan Straits at the end of December.³⁰

Despite a setback of the Kuomintang, Taiwan's ruling party, in the recently held local elections, President Ma will continue to **push for the signing of a comprehensive trade pact with China, called Economic Cooperation Framework Agreement (ECFA)**. Negotiations on the cross-strait pact are expected to start next year.³¹

Outlook for Switzerland (potential for discrimination)

As both the position of China as an economic partner for Switzerland and the number of FTA between China and other industrial countries will increase, the potential for discrimination will follow the same path unless progress is made in the Doha Round or Switzerland-China FTA plans materialize. On the occasion of the official visit of **Federal Councillor Leuthard to China in July 2007 a joint declaration on economic cooperation** was signed. The declaration shall strengthen the bilateral relations on trade, investment and intellectual property rights. Further Switzerland has **recognised China as a market economy** on this occasion.

In January 2009, Chinese Prime Minister Wen Jiabao made an official working visit to Bern during which the further strengthening of economic cooperation was also discussed. **Both sides agreed on the preparation of a joint feasibility study on a possible FTA between Switzerland and China.** With

25 Xinhua: "China, Costa Rica make progress on FTA talks", 18 June 2009.

26 Sydney Morning Herald: "Govt still chasing FTA with China: Crean", 20 November 2009.

27 Xinhua: "China, Norway start sixth round of FTA talks", 15 December 2009.

28 South China Morning Post: "Deput Appearance", 19 May 2009.

29 China Banking Regulatory Commission: www.cbrc.gov.cn

30 Taiwan Today: "SEF, ARATS ready for Taichung talks", 14 December 2009.

regard to the joint feasibility study, two workshops between Swiss and Chinese government officials and industry representatives have been held, one in Beijing this April respectively one in Bern this October. During a meeting on the sidelines of the recent WTO ministerial meeting, Federal Councillor Doris Leuthard and Minister of Commerce Chen Deming decided to launch **the joint feasibility study on a possible FTA**. A first meeting of the joint study group is scheduled for February 2010.

During Prime Minister Wen's visit to Switzerland a **revised bilateral investment protection agreement was signed** which will provide notable improvements especially with regard to the transfer of returns on capital and investment, compensation for expropriation and dispute settlement procedures.³²

In February 2009, Federal Councillor Doris Leuthard and Chinese Minister of Commerce Chen Deming signed a **MoU on the intensification of technical cooperation in the field of environmental technology**. Therewith, the two countries want to strengthen the exchange of environmental technologies at company level.

In the coming year, Switzerland and China are going to celebrate the 60th anniversary of the establishment of diplomatic relations. On this occasion, several high-level visits on both sides shall take place.

Foreign trade

Development and general outlook

Trade in goods

Exports have significantly contributed to China's GDP growth in recent years. **Due to the financial crisis and the slumping global demand, China's exports and imports dropped in the past months.** In 2008, the total trade value reached US\$2.56 trillion, a growth of 17.8% compared to the previous year. The growth rate dropped below 20% for the first time since seven years. Exports were up 17.2% to US\$1.43 trillion and imports reached US\$1.13 trillion, up 18.5%. Therewith, China's trade surplus reached US\$295.5 billion, a growth of 12.5% over the previous year.³³

In the first three quarters of 2009 China's exports reached US\$ 846.7 billion, down 21.3% compared to the same period last year, while imports amounted to US\$ 711.2 billion, a decrease of 20.4%. The trade balance remained positive with US\$ 135.5 billion.³⁴

Trading partners of the People's Republic of China

Exports to Country/ Region	Billion USD	Share %	Growth in % to a comparable previous period
Jan. – September 2009			
USA	157,3	18,6%	-16,9%
Hong Kong	114,5	13,5%	-20,6%
Japan	69,8	8,2%	-18,8%
South Korea	37,7	4,5%	-34,0%
Germany	35,4	4,2%	-19,7%
Netherlands	25,4	3,0%	-26,2%
United Kingdom	22,1	2,6%	-17,5%
India	21,2	2,5%	-13,6%
Singapore	20,6	2,4%	-15,4%
Italy	14,8	1,7%	-27,2%
EU	167,5	19,8%	-24,1%
ASEAN	73,1	8,6%	-16,1%
EFTA	3,8	0,4%	-42,3%
Iceland	0,035	0,0%	-47,3%
Liechtenstein	0,004	0,0%	-30,8%
Norway	1,738	0,2%	-12,3%
Switzerland	2,011	0,2%	-33,6%
Total	846,6		-21,3%

Imports from Country/ Region	Billion USD	Share %	Growth in % to a comparable previous period
Jan. – September 2009			
Japan	92,5	13,0%	-20,8%
South Korea	72,8	10,2%	-18,3%
USA	54,6	7,7%	-12,4%
Taiwan	59,7	8,4%	-29,2%
Germany	40,2	5,7%	-5,7%
Australia	28,4	4,0%	-4,0%
Malaysia	21,9	3,1%	-13,9%
Brazil	21,1	3,0%	-10,9%
Thailand	17,4	2,4%	-11,6%
Saudi Arabia	15,2	2,1%	-37,8%
EU	92,6	13,0%	-9,2%
ASEAN	73,9	10,4%	-20,9%
EFTA	7,3	1,0%	-22,6%
Iceland	0,03	0,00%	-0,8%
Liechtenstein	0,03	0,00%	47,8%
Norway	2,40	0,34%	48,2%
Switzerland	4,87	0,68%	-10,7%
Total	711,2		-20,4%

Source: China's Customs Statistics

31 Taipei Times: "ECFA winners must give to society: Wu", 9 December 2009.

32 China has already ratified the new agreement; in Switzerland ratification will take place in spring 2010. The old agreement dating back to 1986 is valid until the implementation of the new agreement takes place.

33 National Bureau of Statistics: "Statistical Communiqué of the People's Republic of China on the 2008 National Economic and Social Development", 26 February 2009.

34 General Administration of Customs of the P.R.C.: "China's Customs Statistics No. 9, 2009", October 2009.

In November China's imports increased by 26.7% compared to a year earlier, the first rise in 13 months and therefore exceeding market expectations. This shows a strengthening of domestic demand due to strong purchases of commodities such as oil and iron ore. At the same time, China's exports continued to decline.³⁵

From the period from January to September **China's most important export markets** were the EU (19.8% of total exports), the United States (18.6%), Hong Kong (13.5%) and the ASEAN-countries (8.6%). For the same period **China's most important import sources** were Japan and the EU (each time 13% of total imports), the ASEAN-countries (10.4%) and South Korea (10.2%).

For the same period, **China's most important trading partners** were the EU (16.7% of total trade), the United States (13.6%) and Japan (10.4%).

With China's major export markets slipping into recession at the outbreak of the crisis, China's overall exports initially fell even faster than its imports. Although processing trade recovered rapidly afterwards, total volumes of exports still remain weak.

After falling sharply in the first quarter, **imports in volumes terms grew every month since June**, driven by the demand from the infrastructure investment. However, large price declines have kept the value of imports down and the recovery did not show up in trade statistics.

Restocking of raw materials was strong in 2008 and the first months of 2009, however raw material imports are unlikely to continue to expand at this pace. Imports of machinery and equipment have also been strong.

Initially, the slowdown had a major impact on the labor market due to widespread factory closing and layoffs in the export-oriented manufacturing sectors. The increase in unemployment was a major concern for the government as it negatively affects social stability. Different measures were introduced and new jobs have been created, largely in services, construction and the public sector.³⁶

Bilateral trade

Trade in goods³⁷

China is one of the most important foreign markets for the Swiss economy. Bilateral trade with China has developed extremely dynamically in recent years. In general, bilateral trade with China is developing at a higher rate than Switzerland's overall foreign trade. **In 2008, economic exchanges with China even reached new record levels:** Swiss exports to China grew by 12.8% to CHF 6.11 billion and imports from China went up by 4.5% to CHF 4.99 billion, resulting in a trade surplus of CHF 1.12 billion. The total trade volume went up by 8.9% compared to the previous year.

The economic crisis also negatively affected Sino-Swiss bilateral trade during the first three quarters. Swiss exports to China diminished by 14.3% to CHF 3.99 billion while imports from China grew by 1.2% to CHF 3.77 billion, resulting in a slight trade surplus for Switzerland of CHF 214 million. The total trade volume therewith reached CHF 7.76 billion, a decrease of 7.4% compared to the same period last year.

Combining the trade data of mainland China and Hong Kong, exports declined by 11.2% to CHF 8.11 billion and imports diminished by 6.13% to CHF 4.58 billion, leaving a trade surplus of CHF 3.53. The total trade volume (including Hong Kong) reached CHF 12.68 billion, down 9.4% compared to the same period last year.

The most important import goods from China are machinery, apparatus and electronics (Jan. to Sept. 2009 share of imports 32.1%), textiles, apparel and shoes (18.4%), chemicals and pharmaceuticals (12.1%) and precision instruments, watches and jewellery (11.1%).

Exports from Switzerland to China are dominated by machinery apparatus and electronics (39.8%), chemicals and pharmaceuticals (23%) and precision instruments, watches and jewellery (22.6%).

Direct investments

Development and general outlook

The international financial decline has also influenced direct investments in China. **Foreign direct investment (FDI) in China still increased, but much more slowly in 2008 than in previous years.** According to the Ministry of Commerce, FDI reached US\$ 92.4 billion in 2008, a growth of 23.6% compared to the previous year.³⁸

After declining for 10 consecutive months, FDI started to grow again in August, as financial conditions eased globally and China's economic prospects remained favourable.³⁹

In order to combat the decline in FDI, the government had introduced some measures. In March 2009, the

35 Wall Street Journal. "Chinese Rebound Prompts New Dilemma", 14 December 2009.

36 World Bank, China Quarterly Update, November 2009.

37 The figures discussed in this section can be found in annexe 4.

38 Xinhua: "China's FDI up 23.6% in 2008", 15 January 2009.

39 People's Daily: "Foreign investors return to China as economy warms up", 8 December 2009.

Bilateral trade Switzerland – P.R. China, Jan. – Sept. 2008/2009

	Class of goods	Import in CHF		Δ in %	Import share (%)	Export in CHF		Δ in %	Export share (%)	Trade balance in CHF
		2008	2009			2008	2009			
1	Agricultural products	95.244.793	90.084.025	-5,42%	2,39%	17.705.595	26.936.775	52,14%	0,68%	-63.147.250
2	Energy carriers	58.632	12.924	-77,96%	0,00%	1.226.407	1.104.646	-9,93%	0,03%	1.091.722
3	Textiles, apparel, shoes	673.573.019	693.325.998	2,93%	18,36%	143.016.881	146.699.934	2,58%	3,68%	-546.626.064
4	Paper, paper products, printed matter	26.883.451	25.989.373	-3,33%	0,69%	26.286.868	19.388.872	-26,24%	0,49%	-6.600.501
5	Leather, rubber, plastics	194.104.119	182.504.490	-5,98%	4,83%	76.465.509	65.727.461	-14,04%	1,65%	-116.777.029
6	Chemicals, pharmaceuticals	526.529.538	457.576.948	-13,10%	12,12%	887.187.257	917.719.067	3,44%	23,00%	460.142.119
7	Construction materials, ceramics, glass	54.621.129	48.686.709	-10,86%	1,29%	16.061.847	15.398.082	-4,13%	0,39%	-33.288.627
8	Metals and metal products	278.723.335	238.279.541	-14,51%	6,31%	201.643.845	167.069.704	-17,15%	4,19%	-71.209.837
9	Machinery, apparatus, electronics	949.590.351	1.212.186.611	27,65%	32,10%	1.773.580.503	1.586.606.305	-10,54%	39,76%	374.419.694
10	Vehicles	64.458.394	71.560.200	11,02%	1,89%	21.407.872	26.473.524	23,66%	0,66%	-45.086.676
11	Precision instruments, watches, jewellery	511.810.491	418.435.328	-18,24%	11,08%	936.932.675	900.856.645	-3,85%	22,57%	482.421.317
12	Furniture, toys	342.508.899	332.540.156	-2,91%	8,80%	28.123.484	21.377.531	-23,99%	0,54%	-311.162.625
13	Precious metal, precious stones, gemstones	3.388.665	3.036.672	-10,39%	0,08%	520.447.517	78.184.411	-84,98%	1,96%	75.147.739
14	Objects of art and antiques	9.974.655	2.562.808	-74,31%	0,07%	6.396.106	17.066.524	166,83%	0,43%	14.503.716
	Total	3.731.469.471	3.776.781.783	1,21%	100,00%	4.656.482.366	3.990.609.481	-14,30%	100,00%	213.827.698

Bilateral trade Switzerland – Hongkong, Jan. – Sept. 2008/2009

	Class of goods	Import in CHF		Δ in %	Import share (%)	Export in CHF		Δ in %	Export share (%)	Trade balance in CHF
		2008	2009			2008	2009			
1	Agricultural products	768.370	516.363	-32,80%	0,06%	52.413.032	39.177.729	-25,25%	0,95%	38.661.366
2	Energy carriers					97.860	96.554	-1,33%	0,00%	96.554
3	Textiles, apparel, shoes	53.473.389	30.602.327	-42,77%	3,83%	113.612.264	99.414.829	-12,50%	2,41%	68.812.502
4	Paper, paper products, printed matter	2.348.503	1.362.700	-41,98%	0,17%	11.163.882	13.697.359	22,69%	0,33%	12.334.659
5	Leather, rubber, plastics	6.764.784	5.035.999	-25,56%	0,63%	48.988.867	43.762.772	-10,67%	1,06%	38.726.773
6	Chemicals, pharmaceuticals	5.446.786	5.367.732	-1,45%	0,67%	336.874.046	275.240.417	-18,30%	6,68%	269.872.685
7	Construction materials, ceramics, glass	1.658.969	1.644.135	-0,89%	0,21%	9.628.701	13.228.307	37,38%	0,32%	11.584.172
8	Metals and metal products	8.134.382	7.409.144	-8,92%	0,93%	43.152.157	31.676.628	-26,59%	0,77%	24.267.484
9	Machinery, apparatus, electronics	103.181.564	86.839.479	-15,84%	10,86%	288.412.274	209.146.032	-27,48%	5,07%	122.306.553
10	Vehicles	2.128.437	3.634.985	70,78%	0,45%	2.696.821	1.710.431	-36,58%	0,04%	-1.924.554
11	Precision instruments, watches, jewellery	600.925.152	419.849.737	-30,13%	52,52%	2.516.432.302	1.883.135.915	-25,17%	45,68%	1.463.286.178
12	Furniture, toys	7.270.886	4.944.997	-31,99%	0,62%	23.784.076	21.031.059	-11,58%	0,51%	16.086.062
13	Precious metal, precious stones, gemstones	337.024.666	218.274.792	-35,23%	27,30%	987.800.953	1.478.967.785	49,72%	35,88%	1.260.692.993
14	Objects of art and antiques	14.584.202	13.964.421	-4,25%	1,75%	43.933.397	11.847.442	-73,03%	0,29%	-2.116.979
	Total	1.143.710.090	799.446.811	-30,10%	100,00%	4.478.990.632	4.122.133.259	-7,97%	100%	3.322.686.448

Source: Federal Customs Administration

China: Foreign Direct Investment

Rank	Country/Region	FDI (mio USD)	Share (%)	Variation (%) year on year
2008				
1	Hong Kong	41.036	44,41%	48,13%
2	Virgin Islands	15.954	17,27%	-3,62%
3	Singapore	4.435	4,80%	39,27%
4	Japan	3.652	3,95%	1,76%
5	Cayman Islands	3.145	3,40%	22,34%
6	South Korea	3.135	3,39%	-14,76%
7	United States	2.944	3,19%	12,54%
8	West Samoa	2.549	2,76%	17,51%
9	Taiwan	1.899	2,05%	7,01%
10	Mauritius	1.494	1,62%	12,10%
	EU	4.995	5,41%	30,12%
	Switzerland	242,6	0,26%	-18,86%
	Total	92.395		23,58%
Jan to June 2009				
1	Hong Kong	19.999	46,50%	-14,51%
2	Virgin Islands	5.852	13,61%	-37,90%
3	Japan	2.035	4,73%	-6,31%
4	Singapore	1.904	4,43%	-24,47%
5	Cayman Islands	1.577	3,67%	-1,20%
6	United States	1.374	3,19%	-16,10%
7	South Korea	1.353	3,15%	-26,12%
8	West Samoa	1.176	2,73%	-20,27%
9	Taiwan	872	2,03%	-12,51%
10	Mauritius	660	1,53%	-26,62%
	EU	2.524	5,87%	-1,32%
	Switzerland	180	0,42%	30,60%
	Total	43.008		-17,90%

Source: Ministry of Commerce

Ministry of Commerce announced the facilitation of certain foreign investments by giving provinces the authority for approvals.⁴⁰ This change applies to the establishment and alteration of an investment company with registered capital of less than US\$ 100 million by foreign investors.⁴¹ Further, the **Ministry of Commerce plans to streamline procedures for FDI approval and channel more FDI to China's central and western regions.** Investments in sectors such as hi-tech, services and environmental protection are encouraged. The government is confident that even though growth in FDI is slowing this year, China will remain an attractive destination for foreign investors due to its dynamic economy.

Some foreign observers fear that China's response to the financial crisis has also **increased nationalism and protectionism of domestic industry.** They

point especially to the government's US\$ 586 billion stimulus program. Much of the money committed to this stimulus is going to sectors in which foreign companies face relatively high discrimination.⁴² Further, the government had introduced in June an explicit "buy Chinese" policy in order to ensure the use of Chinese products.⁴³

Since 2006, China's FDI policy has shifted from export led growth to quality investment supporting domestic led growth. The shift is a result of the general economic policy adopted by the 11th Five Year Plan and set out in detail in the 11th Five Year Plan on the Utilization of Foreign Investment. **China has decided to shift its policy of attracting foreign business from "quantity" to "quality" and to push its industry up the value chain.** In a move to create a tax neutral FDI policy, the new Corporate Income Taxation Law (CIT) which went into effect on 1 January 2008 removed many of the preferential treatments foreign companies previously enjoyed to create a more equal environment.⁴⁴

Foreigners are still excluded or confined to a minority participation in particularly sensitive or strategic sectors of the economy.⁴⁵ The withdrawal of capital and profits from China is possible, but barriers remain and make the process complex and tedious for businesses.

With regard to mergers and acquisitions (M&A), regulations are stringent and occasionally formulated in a vague and open-ended language. Due to the declining inflow of foreign investment into China, the government has **relaxed M&A regulations, delegated more approval powers to local governments and allowed banks to extend loans to finance M&A.**

In December 2008, the China Banking Regulatory Commission (CBRC) issued the new "Guidelines on Risk Management of Loans Extended by Commercial Banks for Mergers and Acquisitions". These pro-

40 The Wall Street Journal: "Foreign Investment in China Falls", 17 March 2009.

41 Circular of the Ministry of Commerce on Delegation of the Authority to Examine and Approve the Establishment of Investment Companies by Foreign Investors, 6 March 2009.

42 The Wall Street Journal: "Foreign Business Say China is Growing More Protectionist", 28 April 2009.

43 Financial Times: "Buy Chinese policy to raise tensions", 16 June 2009.

44 "Five Major Changes of the New Corporate Income Tax law and the Impact on Foreign Investment in China": 5 June 2008. http://fdi.gov.cn:8080/pub/FDI_EN/News/Focus/Subject/News-The%20focus/taxlaw03/t20080605_93658.htm

45 http://www.fdi.gov.cn/pub/FDI_EN/Laws/law_en_info.jsp?docid=87372

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vide better financing opportunities for M&A by allowing banks more freedom in providing loans for M&A transactions. The guidelines apply to Chinese incorporated companies, including foreign-invested ones. Nevertheless, other barriers, such as the impossibility of converting equity injections by the foreign parent companies into RMB, still act as obstacles for foreign companies who want to make use of the new regulations.⁴⁶

Overall, M&A investments still form only a minor component of total foreign investment.⁴⁷

To some, the implementation of a new **anti-monopoly law** introduced in August 2008 also appears to specifically target foreign investments in China. While no domestic firms consolidations or acquisitions have been convicted under the law, it has been used to prevent several foreign attempts. Perhaps most prominent of these was Coca-Cola's offer for Huiyuan, China's largest juice producer. Since Huiyuan is a private company previously free of government restrictions, the rejection of the bid could imply an increased protectionism and additional barrier to foreign investment.⁴⁸ Another example of support for local (monopolistic) enterprise over foreign investors can be seen in recently passed **new postal law**, which bans foreign-owned firms from the document-delivery market and leaves this mostly to the monopolistic China Post.⁴⁹

Besides the foreign investment coming into the country, **China has also become a source of outward direct investments**. In order to secure inputs for its industry, China is especially investing in natural resources overseas. Chinese companies have taken over stakes in Australian mining enterprises and other outbound resource investment has gone to state-controlled companies, including large deals with Russian and Venezuelan oil companies.

In June this year, state-owned Sinopec group took over the Geneva based oil exploration company Addax Petroleum Corp. for US\$ 7.19 billion. This is the largest takeover by a Chinese company and increases Sinopec's presence in the oil-rich but politically sensitive Iraqi Kurdistan.⁵⁰

With China's growing foreign reserves, **the country's foreign outbound investment is likely to grow further in the coming years**. The large state-owned enterprises which enjoy financial and political support from the central government will continue to play a leading role in investing abroad.

Bilateral investment flows

At present, about 300 Swiss firms with over 700 branches are represented in China, employing several tens of thousands people. Swiss direct investments in China in 2008 amounted to CHF 1012.9 million⁵¹, making Switzerland an important origin of FDI. In the same year, the accumulated

amount of Swiss investments in China reached CHF 5.7 billion.

Switzerland has economic agreements with China regarding investment protection and avoidance of double taxation. A revised investment protection agreement was signed in February this year and is expected to come into force in the coming months. This updated investment protection agreement will allow a higher protection of Swiss and Chinese investments in the respective host country.

So far, Chinese direct investment in Switzerland is still modest. The state-owned Bank of China opened a private banking arm and an institutional management fund subsidiary in Geneva in November 2008. This is the first time a Chinese bank starts operating in Switzerland. Huawei, a Chinese telecom equipment manufacturer opened a branch in Switzerland in October 2008. In May this year, Suntech, a manufacturer of solar photovoltaic cells and modules, announced to relocate its European headquarter from London to Schaffhausen.

Trade, economic and tourism promotion "Country advertising"

Foreign economic promotion instruments

The Chinese leadership regulates all the country's economic activities to the detail and since the state remains the owner of whole areas of the industry, it is also one of the most important actors of the economy. **Regular contact with the authorities at every level is thus crucial for Swiss companies established in China.** Further, the official representations of Switzerland – the Embassy in Beijing, and the Consulates General in Shanghai, Guangzhou and Hong Kong – have to take on a particular role in the arrangement of such contacts.

Swiss Business Hub China (SBH China)

The SBH China is part of the worldwide "OSEC Business Network Switzerland" and has been opera-

46 International Law Office: "Green Light for Chinese Banks to Finance Mergers and Acquisitions", 23 January 2009.

47 China Daily: "Is M&A the right way for China?", 14 May 2009.

48 The Economist: "Coca Cola and China: Hard to Swallow", 19 March 2009.

49 The Economist: "Return to Sender", 30 April 2009.

50 Wall Street Journal: "Sinopec pact for Addax boosts China's buying binge", 25 June 2009.

51 Swiss National Bank: "Schweizerische Direktinvestitionen im Ausland", August 2009.

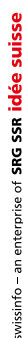
From 2010 on, the Swiss Business Hub will also assume the mandate for inward investments which is currently done by the Switzerland Trade and Investment Promotion (a merger between Location Switzerland and Osec). Therewith, the SBH China will also manage the promotion of Switzerland as a business location to potential Chinese investors. The aim is to build on the firm Sino-Swiss relationships which have been established and raise awareness of Switzerland as a first-class business location among the Chinese business owners, entrepreneurs and investors.

Swiss-Chinese Chamber of Commerce and Swiss-Cham China are private organisations registered in Switzerland and China respectively. Among their members are the leading Swiss companies in the trade, industry and financial sectors. The network consists of about 800 companies and individual members. The Swiss-Chinese Chamber of Commerce was first set up in Zurich in 1980 and established a branch

Of course there are also a number of experienced private consultants who are offering similar services to interested clients.

Presence Suisse

Swiss awareness in China is raised through a number of projects including cultural, artistic and architectural ones. The image that is being depicted by Presence Suisse is one of an innovating country emphasising values such as quality and well-being. **Switzerland enjoys a positive, although largely stereotypical image in China.** The goals of Presence Suisse are thus to bring further awareness and understanding of Switzerland to the population in China in order to create stronger relations while the country continues to gain importance in the global economy. The next upcoming important event will be the 2010 World



The swissinfo.ch news and information platform reports daily from Switzerland, about Switzerland. An interactive multimedia website in nine languages.

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Expo in Shanghai. Switzerland's official pavilion will address the EXPO sub theme "rural-urban interaction".⁵² Besides this, Presence Suisse, in close cooperation with private and public institutions, is involved in several smaller projects positioning Switzerland as an innovative, technologically advanced, internationally minded country with a high quality of life and environmental awareness.

Tourism

A consequence of the growing Chinese economy and the rise of (urban) incomes is the **booming tourism industry** for travel outside of China: 45.85 million Chinese travelled abroad in 2008, up 11.9% compared to the previous year⁵³. Therefore China is a key strategic growth market for the Swiss tourism industry. Switzerland was granted **Approved Destination Status (ADS)** by the Chinese Government in 2004. Following the implementation of the policy, there was a noticeable increase in accepting visa applications. New checks and guidelines were at the same time put into place to reduce the risk of travellers remaining in Switzerland illegally.

Switzerland Tourism reports 194'140 overnights from Chinese (not including Hong Kong) visitors to Switzerland for the first three quarters of 2009, which represents a 16% increase compared to the same period last year. Switzerland Tourism predicts a long-term annual growth rate of 10-15% in normal years. **Switzerland's entry to the Schengen-Agreements, which became operational at the beginning of December 2008 brings some advantages** but also creates a competition for the easiest visa and complicates exact tracking of visitor numbers. Switzerland Tourism was established in Beijing in 1998 and a second branch opened in Shanghai in August 2008.

Education

In 2002, the Swiss and the Chinese Governments renewed their "**Memorandum of Understanding for educational exchanges**", and during her visit to China in 2006, Swiss Foreign Minister Micheline Calmy-Rey signed another MoU, focusing on **increased scientific cooperation**. In April 2007 State Secretary Kleiber signed a joint statement which proposes a **four years (2008-2011) Swiss-Chinese science cooperation strategy for education, science and research**. The strategy aims at strengthening the cooperation between Swiss and Chinese universities and fostering cooperation in the field of vocational education. Further, the feasibility of a general Memorandum without time limits will be examined. Each year the Swiss – respectively Chinese – government offers 18 full-time Scholarships to the partner country. In addition, 30 Swiss students are awarded a partial scholarship from the Chinese government to adjust the financial balance.

The Swiss education sector has shown an increasing interest in attracting Chinese students to its institu-

tions. As a result of a larger offer of study programmes taught in English in most Swiss universities, there is also a growing interest among the Chinese audience. The Science and Education Section of the Swiss Embassy is actively involved in promoting Swiss education opportunities throughout China. This includes participation at the China International Education Exposition and other similar educational events such as conferences, workshops and presentations at the 38 top-universities in China.

Swissnex

In order to strengthen bilateral cooperation in the field of higher education, Swissnex, an initiative of the Swiss State Secretariat for Education and Research, the Ministry of Foreign Affairs and the Ministry of Home Affairs, officially **opened an office in Shanghai in August 2008**. Swissnex Shanghai exploits the potential of cooperation in the areas of research, technology, innovation and culture. A **structured scientific cooperation program with China** was signed in 2003. The program, which is receiving around CHF 9 million of federal funding between 2008 and 2011, is designed to promote lasting cooperation between Chinese and Swiss universities and research institutions in the areas of life sciences and biotechnology, environment, sustainable urban development, material sciences and medicine. Swissnex Shanghai has the task of coordinating program activities in China, serving as a link between Switzerland and the various Chinese authorities, and of establishing an efficient system for selecting students and researchers wishing to take part in the program.

Swissnex Shanghai also has the task of **positioning Switzerland as a leading location in terms of higher education, research and innovation**.

Interest for Switzerland as a location for investment, potential for development

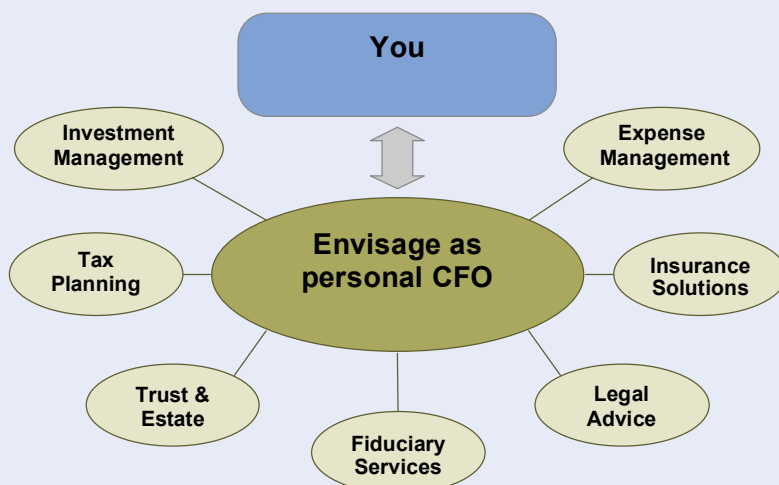
Switzerland's strengths as an investment location are currently promoted in China by Switzerland Trade and Investment Promotion but from next year on the Swiss Business Hub will take over this task (cf. section 5.1). Besides this, the cantons have their own investment promotion agencies. Switzerland Trade and Investment Promotion, who carries out systematic market analysis and development has organised some high-level seminars, elaborated brochures, manuals and presentations and assists cantons in their own endeavours in the very demanding Chinese mar-

52 www.swisspavilion.ch

53 National Bureau of Statistics of China: "Statistical Communiqué of the People's Republic of China on the 2008 National Economic and Social Development", 26 February 2009.

Wealth Management firm in Zurich, recently formed, providing comprehensive family office services. Fully independent, open architecture model using network of independent service providers. Anglo-Saxon management working to global best practices. Transparent fee structure, full disclosure policy, no retro-cessions or kickbacks taken. Up to 50% cost reduction possible compared to “traditional” Swiss Independent Asset Managers. Value add; Solution oriented approach, independent advisor, principle of services as commodities with defined prices. Competent management of your financial affairs in Switzerland and internationally if desired.

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ket. Switzerland is most actively advertised with emerging globalizing Chinese companies as a location for international headquarters and business control centres. Cooperation opportunities with the very innovative export-oriented Swiss economy are also highlighted. With a number of recent Chinese investments in different parts of Switzerland **the joint efforts of Switzerland Trade and Investment Promotion, the cantons and the service sector have already generated results.** Main competitors in Europe include Belgium, France, Germany, the United Kingdom, the Netherlands and Sweden. Like in other Asian countries, Switzerland is perceived as a premium location in the heart of Europe, but high living-costs and barriers for entry of Chinese workforce are on the flip-side.

Interest for Switzerland as a financial location, potential for development

Switzerland's reputation as a financial location – as far as there is such a perception among the general public – is still generally positive, especially with the

Chinese Government, the National Bank and the regulatory bodies of the financial sector. The Swiss Banking Association initiated a constructive dialogue with Chinese financial authorities in 2006 on issues of mutual interest to Chinese and Swiss financial services industries. So far both the President of the Governing Board of the Swiss National Bank and the Chairman of the Swiss Banking Association, have met high-level financial authorities in Beijing. The leading Swiss banks, which have acquired minority participations in Chinese banks and insurance companies, regularly receive Chinese officials and financial sector professionals for trainings and know-how exchange.

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Environmental Technology in China

For more than 30 years, China experienced rapid economic growth which successfully improved the living standards of hundreds of millions of people in the country. However, the economic progress has left its marks on the environment. In the coming five years, balancing economic development and environmental consequences is a major challenge for China.

Today, the majority of the world's 20 most polluted cities are located in China. Many Chinese rivers are polluted beyond repair by large amounts of toxic chemicals and untreated sewage. According to the Chinese Ministry of Environmental Protection, barely 50% of municipal wastewater was treated "sufficiently" in the past year. The level of air pollution is as alarming: Many cities suffer from dangerously high levels of particles and greenhouse gases. In 2007 China became the world's largest emitter of sulphur dioxide with a total output of 25 million metric tons. So it seems just a matter of time before the country leads in the emission of greenhouse gases.

However, China is not doing that badly in the international comparison. Australia remains the world's biggest polluter on a per capita basis. Furthermore, a closer look at the history of developed countries in Europe and America reveals that in the middle of last century Germany and USA had to deal with similar ecological problems.

Nevertheless, pollution is a massive problem for China and similar to the development of other countries before, the evident challenges start showing changes in the public opinion. Today, pollution and sustainable development are not just important issues on China's political agenda but also an increasingly important topic for its citizens. A good example is China's growing middle class, which is increasingly concerned about the air quality especially in the booming mega-cities such as Shanghai and Beijing. At the same time, in the countryside farmers are

beginning to understand that the nearby factories are polluting groundwater and rivers, thus threatening their harvests and livelihood.

A new thinking

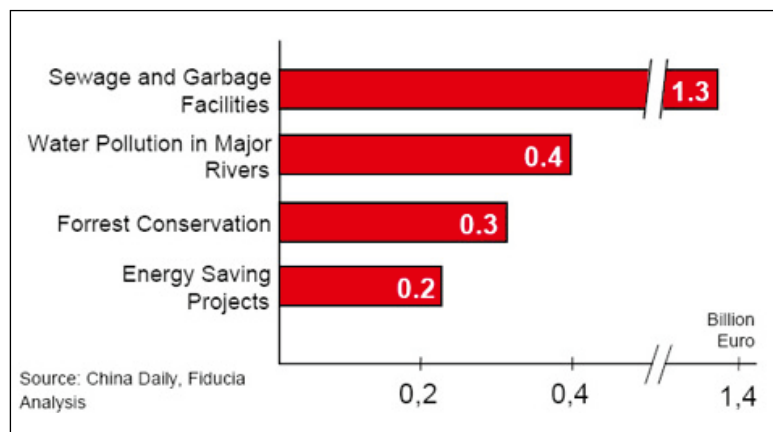
With the adoption of the Eleventh Five-Year-Plan in 2007, the Chinese government clearly defined objectives for environmental protection. As such Beijing aims to cut emissions of toxic substances like SO₂ by 10% until 2012, and introduced subsidies and tax incentives to promote environmental technology. Another interesting step was to couple political careers of government officials at regional and provincial level with the achievement of environmental objectives. Performance evaluation therefore doesn't any longer mainly depend on the economic output of a region but also on other criteria targeting a more sustainable development. Moreover, the government in Beijing shows an increasing openness to also publicly discuss failures such as missing the targets for environmental protection that were specified in the last Five-Year-Plan.

Since the beginning of the economic crisis, the government has sought to increase confidence and shore up support by implementing a range of policies. Core of its efforts remains the Euro 460 billion stimulus package. Five percent of these subsidies are budgeted to flow directly into alternative energy, emission reduction and other environmental protection projects. Up to now, Euro 23 billion of the package have actually been allocated, of which 10% went into environmental projects.

Public tenders

Many of these environmental projects are commissioned directly by government agencies and go through public tenders, which are required by law for projects larger than Euro 500,000. Starting point of this process is usually the Reform and Development Committee of a city or province. Here, the projects have to be registered including all technical specifications and selection criteria for potential bidders. Once all proposals have been submitted, they are evaluated by a project committee.

In theory, the bidding processes for all environmental technology sectors are transparent and open for both domestic and international companies. However, reality shows that relationships or "guanxi" continue to play a role in the decision making and are a sometimes more sometimes less influential factor. Therefore, international companies' experiences of environmental project tenders are mixed.



A diverse market landscape

The competitive situation for international companies in China strongly depends on the respective industry segment. As an example, wind turbines are predominately manufactured using international technology and by local joint ventures of large international players. Equipment for wastewater treatment, however, is primarily produced by local suppliers. The water treatment market is highly fragmented: according to a study by CCID, it is estimated that over 85% of Chinese firms in this field are small and smallest companies that produce technologically less advanced equipment and facilities for pre-treatment. Only about 5% are large companies with substantial research budgets. This leaves niches for international technology firms or installation companies.

Environmental protection and green technology has become increasingly important in China. Even during this global economic downturn the Chinese government seems determined to lay the foundation for a sustainable development. This provides opportunities for international companies.

Source: Fiducia China Focus Newsletter

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Navigating Unpredictable Waters

Strategies for China's Pharma Market Future

China's huge population of 1.3 billion people, many of them just beginning to use western modern medicine, is a potentially giant market for pharmaceuticals. Many multinational pharmaceutical companies are betting on future expansion in China, though their sales in the mainland now account for less than 3 to 4 percent of their global sales despite huge investments and efforts over the past 20 years.

Though all involved expect China to eventually become the world's largest pharmaceutical market, it is a field still rather mysterious and hard to predict for many foreign pharmaceutical players. "I could never have correctly envisioned that China would be at where it is right now. So when I try to predict the next 20 years, I can also not figure out exactly how it will look", William Keller, a former general manager of Roche China, told InterChina in an exclusive interview at his office in Pudong, Shanghai.

Keller, a Swiss national, started his career with Roche in 1972 in Switzerland. He worked for Roche's nutrition division and also worked as deputy general manager in Brazil and Columbia. He was appointed general manager of Roche China in 1990 and was tasked with building up its operations here. He helped set up 6 China joint ventures and a holding company, including an R&D center and plants. Keller was in charge of Roche Pharmaceuticals, one of two main divisions of Roche China, between 1994 and 2002, and was

also general manager of Roche China Ltd., its China holding company.

While working in Shanghai the city recognized his efforts – including speaking on behalf of Shanghai's successful bid in 2001 for the 2010 World Expo, by making him an honorary citizen. After leaving Roche in 2003, Keller stayed in Shanghai with his family and formed a consulting company, Keller Pharma Consultancy (Shanghai) Co., Ltd. His office, based in the Shanghai Pudong Zhangjiang Pharma "Valley", advises the government on strategies for promoting the high-tech industrial park. Keller also is a director of the board of several companies in and outside China, and advises medium-sized pharmaceutical companies on their strategies for China.



William Keller
General Manager
Keller Pharma
Consultancy
(Shanghai) Co., Ltd.

China HealthCare Reform

InterChina Consulting: *China's healthcare reform has been the focus of discussion in the last few months. If you look into the future, where do think China's healthcare system is headed? What kind of system will China have in 20 years compared to now?*

William Keller: This is a question I have asked myself many times in the last 20 years. However, you cannot take an existing healthcare model and compare it with China. I believe China will become its own model,

tailored to the needs and ambitions of China. I also think that there will be a pharmaceutical market with Chinese characteristics. What I am sure about, though, is that China will have a major influence on the global market and also on other healthcare systems. We should not think about teaching or lecturing China on what they should do. Maybe we can learn something from China instead, since it will have an impact on the global healthcare business and pharmaceutical industry.

What will really change?

It's the broad coverage that will be widened and established. I am also sure that the reforms will have some success in changing the system from hospitals to clinics – this will be more difficult as you have to change people's habits and the services provided, and the choice of drugs must be attractive to the patients. This will take time. Now, I hope that we'll see a system like a basic insurance supported by co-payment system, where the government looks after the basic system, and then is topped up by insurers and co-payers. The reform is an enormous undertaking with no parallels in the world and it's being done in a quite comprehensive and careful way. This task cannot be completed in the next 5 years – this is a task for a generation.

I don't think the problem of drug prescription and drug dispensing (in most Chinese hospitals, the dispensing of drugs is not separated from the prescription) will really be solved in the short-term. This will remain an issue for a long time, because remuneration and incentives for doctors must be reasonable and fair. However, an important and often overlooked point to notice is that doctors are now allowed to practice in more than one location or practice. This gives them better opportunities and makes it possible for them to practice in front-line clinics.

How do you see the definitions of the essential drug list and reimbursement lists shaping up? Is this a black box for MNCs?

No, the way the Chinese authorities are handling these lists is very transparent, but it's also a very difficult task. There are many, many interests which are difficult to balance. You have regional and local interests, you have industry interests. There are many parties the government must listen to. The authorities are actually very open to suggestions and opinions of foreign players – they actively consult the different players.

How worried are the MNC pharmaceutical companies about this? They may not be that worried about eroding innovative margins, but what are they doing against this?

The list will have a certain impact, but I don't think in the short-term that we should expect a "revolution" – it will be rather an evolution. The big pharmaceuti-

cal players are quite active in supporting the Chinese government and they support the healthcare reform. Of course, the research-based companies, and also the home-grown innovative companies, are concerned that innovation won't be rewarded in the future.

Another concern is 'quality'. After unfortunate accidents and developments in the recent years, the Chinese government is aware of quality issues, and is looking for 'better quality, better price'. The government understands that a low price without any quality is meaningless. So, the government tries to reward innovation on one hand, but also to reward producers who provide quality. In every healthcare reform, the key to everything is standards, the quality. So there are now some discussions how 'quality' can be built into the pricing systems, to find some objective – or more objective – criteria that allow fixed prices which in turn allow the motivation of quality through price. This applies especially for generic drugs. For innovation, there is also some effort there. The problem in all these discussions is to find the starting point. Pricing incentives are probably a good way to create quality, by setting incentives for a higher price, if you can put in a certain quality. The same is obviously true for innovation.

The Chinese Players

So, Chinese innovators could be actually further incentivized by such a system?

They should be!

However, it seems that Chinese players will become even more generic...

No, the question should not be 'foreign or local' – the question should be whether the player achieves cGMP (current good manufacturing practices). We should distinguish standards, and those standards should move up in line with global quality standards. This would also help globalize the Chinese pharmaceutical industry. Therefore higher standards will also favour local players, because once Chinese players reach an international level in manufacturing, the global market will be open to them.

Do you see a certain legion of Chinese innovative players arising?

This innovation movement started around the year 2000, though the majority of Chinese innovators became visible around 2004. Of course, the build-up of an innovative industry takes time. Now we already have very high-level CRO2 (Chinese Contract Research Organization) companies. There will be good innovative companies – but first we'll see very good generic companies. There are actually quite a number of Chinese companies good at discovery, but the big challenge for them is to find good people to

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further develop and launch their products. Hence, the innovative field basically is still dominated by MNCs right now, but Chinese companies are going to catch up.

Furthermore, it will now be just a matter of time until Chinese products developed by Chinese companies will go global.

When do you see this happening?

In 10 years from now. There is an interesting development taking place. For example, Novo Nordisk is building a big insulin plant in northwestern China, and some MNCs are exporting finished preparations already. We see the first plants specifically built for exports, too. This is irreversible.

These companies can do this because they have easy access to global customers. For API3 (Active Pharmaceutical Ingredients, or also raw chemicals for production of finished preparations), it worked very well, but now there are plans by Chinese players to build formulation plants (finished preparations) in China for exports.

For a Chinese company, exports of finished preparations are much more difficult. You can build a plant, but where are the customers? This will probably happen in two steps. First, they start from the CRO model, serving their customers. As a second step, they add manufacturing capabilities (CMOs; Contract Manufacturing Organization), producing finished preparations on behalf of their customers in export markets.

In a way, this will be a different route compared to other industries, which started with OEM products for export first and only at a later stage went into design /innovation / development. Chinese pharmaceutical players will do it the other way round.

There is an on-going debate over whether CROs are cheaper in China.

The issue of being cheap or cheaper is probably not the key reason why Chinese CROs are successful. These CROs land contracts because they are flexible and fast. If you look at really successful Chinese CROs – which are also active for global customers – their major strength is their flexibility, and their ability to scale up very fast, and also provide good quality. Yes, they are also cheaper. Even in manufacturing in early stage clinical trials, they are much faster than Western companies.

Why are they faster?

Chinese people work harder. I can see this here in Zhangjiang Pharma Valley – people work longer hours, and they are willing to work harder. Costs are certainly going up, but I think it is a dangerous game for a Western player to just wait and hope for labour costs to level out.

The MNC Players

How do you see MNCs reacting to healthcare reform? What are they doing differently now?

MNCs used to apply a “global model” here, but in reality it was rather an Anglo-Saxon market model. Now they are facing emerging markets like China and India, which will become very big markets. The MNCs try to integrate such emerging markets into their global model. However, they find that “global” is not as uniform anymore as they would like to pretend.

I hear MNCs talking about a “BRIC strategy” – that doesn’t make sense at all. To mix Brazil with Russia, India and China – I can hardly see any similarities between these markets, except for that they are fast growing.

So for China, the biggest challenge for MNCs is to understand that they cannot copy their model to China. They should beware the trap of traditional corporate wisdom. They have to come up with local strategies, adapted to the realities of China.

Does this mean “local products, developed for China”, by China organizations independent from their global structures?

I think the ideal China subsidiary of a pharmaceutical MNC is an organization which has a high degree of freedom to choose of what is right in China and for China. Maybe organizations can learn something from China, and bring it to other places and markets. We should not always try to impose our ideas on China. This is basically the biggest healthcare reform mankind has seen so far, and there will be major opportunities, which we don’t or cannot see right now. Some MNCs are actively trying to do so.

What are those MNCs doing or trying to do in China?

After marketing, sales, and manufacturing, R&D is moving finally to China. Hence, many MNCs conduct research in China, and now also development. Most of the big pharmaceutical companies have moved major development hubs to China. Doing R&D here helps them to better understand the local disease patterns and local patients and also they learn important lessons on how to integrate Chinese R&D into global activities.

Another frontier for MNCs is their organization in China. I still see very complex matrix structures, which are going completely against the grain of Chinese culture, and they are very difficult to manage.

I see MNCs taking various different routes in China when it comes to product strategy, on the question of which products they should carry. There are still a few which go the old way by putting all their efforts into new products and neglecting product life cycle management with “Chinese characteristics”. Of course, you have to develop and launch new products, but the current portfolio and life cycle management is very important as well. This is because product lifecycles in developed markets are different from in China. Here, there is a much higher brand awareness among patients and doctors towards the drugs (i.e. because of quality issues), and it just doesn’t make sense for MNCs to neglect trusted product brands.

As a solution to this, some MNCs are now trying to acquire local companies, probably with the intention of structuring their portfolio this way. This may be the way to go, but it should be done with a lot of care. If you acquire a Chinese company and integrate it too quickly into the system of an international

company, you will damage the local company and lose the opportunity to create synergies. You have to do the integration very carefully and over a long time. There should be a very clear strategy on how to do this.

Do you see M&As actually happening in China’s healthcare industry?

Some MNCs are looking for acquisition targets, but there are no real success cases so far. There have been some acquisitions, but in my opinion the integration has been done in too much haste and hurry, and they harmed the good assets, too.

Are the MNCs looking for brands for the generic market? Is this their major objective?

Not entirely – their interest should be to create a product portfolio adapted to the needs of the Chinese market, being aware that China is not ONE market but many different markets in a vast country. An MNC here in China should carefully consider what kind of organization is best to cover the Chinese reality.

MNC’s China sales compared to their global sales are still low. What’s going wrong here? How can MNCs increase the importance of the China market?

It’s true, at first glance, China is still around 3 – 4% of the global sales of the global pharmaceutical companies. But you have to look at this a bit more closely. The MNCs’ China products portfolio is much narrower than the global portfolio. If you compare a similar portfolio and sales, or product sales in different markets, and you will find higher figures for China.

Furthermore, rankings in China do not reflect global rankings at all. The largest companies in China are not always the largest companies worldwide. For example, China’s largest pharmaceutical company in terms of sales (measured according to hospital drug sales) is Bayer – but they are not the world’s largest pharmaceutical company. That shows a bit of the difference and the structure of the market.

What do you predict the MNCs will do? Will they bring more products to China from their global portfolio or will they develop products “in China, for China”?

We currently don’t have “products made in China, for China” yet. But you have products which are more successful in China than in the global market. Now, with the research building up in China, I am sure that in the coming years the first products will come out from the research pipelines of MNC’s and local innovative companies in China.

Most companies pursue a strategy of introducing brands from their global portfolio into China. This brings difficulties, especially in pricing.

Smaller foreign pharmaceutical companies which enter China very much depend on import and distribution partners in China. Do you see any alternatives for such a distribution structure, or is it better left to a local partner?

Distribution in China again is a bit different from other markets. Distributors in China are basically logistics companies, or box movers ... a rather passive affair. Distribution is very regional and local. I don't see any effort to change this. Even the big guys like Sinopharm buy local distributors, and put together a patchwork of distribution points, which is far from efficient or consolidated.

There are foreign drug brands and pharmaceutical companies which have been not very active in China yet. Is a market entry still possible?

If the company features innovative or orphan drugs, there are and always will be opportunities and needs

in the Chinese market. In such cases, it makes sense to start with developing import sales rather than setting up a plant right away. For certain niche drugs, the market may be respectable but often not large enough to justify local production. You still have to take it step by step.

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Establishing an Effective Sourcing Structure in China

There are various structures available to companies looking to source effectively in China. The individual options vary in terms of investment, risk, commitment, control and time frames. For the export out of China customers generally have two options:

1. *Exporting from China without any local representation or*
2. *By establishing a sourcing presence in China*

It is important for companies to understand what strategies are available and how these structures could fit into their existing business models.

Outsource all export activities in China

Sourcing with no representation

Many foreign companies may feel that in today's global economy, it is vital for their business to be present in the rapidly growing Chinese market. Not every company, however, has the resources to immediately set up their own entity or send expatriate staff to China. At the same time they may not feel complete loyalty from the local suppliers, trading agents and logistics providers.

A foreign company has the option of establishing a network of logistics providers all around China to assist in the export of goods as suppliers are located in various regions of China. Sourcing in China without any local warehousing facility is naturally the first step for many, but if any company wishes to expand and use the full potential of the China market, a local presence may be unavoidable as consolidated shipments may be required to customers all around the world.

Looking for an appropriate agent

The greatest challenge for foreign buyers is to find dedicated, reliable, professional and credit-worthy agents. A long-term, focused and consistent strategy is needed to access and profit in the market. An agent could be a manufacturer who is in a similar field as the foreign company or an import/export company that is well established in the field and has connections and an extensive network with suppliers. Agents both buy and sell the products, or they act as commission agents receiving a sales commission.

A first step towards a buying representation in China would be to identify an agent who will search for reliable suppliers on the Chinese market; however this is not always a recommended method as the agents can be in conflict due to sister companies which produce similar products.

Outsource your "Buying Office"

Service providers have developed services where the foreign company can utilize outsourcing services in order to establish their own buying and consolidation network without having to set up their own entity with fixed cost, or loose control over the order transactions to a local agent or logistics provider. As a second step, companies with their own representation can also outsource their local sourcing, invoicing and warehousing.

This effective outsourcing solution provides the foreign company with a customized outsourcing service for a smooth and trouble-free market entry. The foreign company may continue to utilize the service providers for as long as they wish. Usually, after a few years, clients have gained significant experience and access to the market, and are ready to set up their own entity. At this point it will also be possible for the foreign company to then take over the employees, which so far have been working for them in China within the service provider's structure.

Establishing a Hong Kong Trading Company

Establishing a Hong Kong Company for purchasing activities with China and the rest of the world has many advantages. When buying from the Chinese and/or Asian market, the Company can enjoy significant tax and operational benefits – with or without a China mainland entity. The Foreign Company can use a Hong Kong Company as a re-invoicing center for purchases from China and other Asian countries and accumulate profits at favourable tax rates. The regular tax on profits is 16.5%, but if the profits of a Hong Kong Company are generated through offshore business, they are tax free.

Every year once the company has been audited, the tax return to the Hong Kong Inland Revenue Department has to be filed. If the company has only conducted offshore business, a 0% tax rate can be applied for. In order to be able to justify "offshore business" the company should:

- have no employees in Hong Kong
- do not issue or receive any invoices to and from other Hong Kong companies
- shipments should not go through Hong Kong
- business decisions should be done outside Hong Kong

There are two common possibilities to structure the Hong Kong Company. It can either be a subsidiary of

the overseas company or a person can be the shareholder of the Hong Kong Company.

Once the Hong Kong Company has made profit, and the annual audit and tax return have been completed, the dividends can be remitted. Dividends in Hong Kong are tax free. If the company in Hong Kong is held by an individual, the profit can be repatriated to the home country; however it will most likely be taxed on the profits in the home country.

Establishing a Hong Kong Trading Company with a Representative Office in China

Nevertheless, if the Company decides to hire mainland Chinese staff in China, in addition to having a trading company in Hong Kong, a legal entity would need to be established. A Representative Office (RO) is the easiest and most economic way of setting up a legal presence in China. It is an office of a foreign enterprise set up for the purpose of liaising with Chinese businesses and customers on behalf of its parent company. A RO is not considered to be a separate legal entity and it can not carry out direct revenue earning business activities, i.e. it cannot enter into purchase/sales contracts and cannot receive payment for products or services, issue invoices or repatriate monies overseas. A RO is restricted to conduct only “indirect operational activities”, such as:

- Business liaison
- Introduction of products
- Market Research
- Technology exchanges

By law the Chinese staff must be employed by a Chinese entity in China. Together with their gross salary, the company must provide social insurance to each employee. As social insurance is owed to the State and not the individual, it is recommended that this be done in a legal way so as to not incur any difficulties with the Labour Arbitration Committee and other government bureaus in China.

There are many foreign companies in China that do not monitor the daily business of their local employees in their RO, allowing many of these employees the opportunity to engage in activities not allowed by the RO. The consequence is often that the parent company becomes blacklisted by the Chinese government. A further advantage of a Hong Kong company would be that it takes this liability away from the parent company.

There are no capital contribution requirements for a RO. Establishing a RO is therefore largely a matter of complying with the prescribed application procedures. A RO, although indirectly operational, is liable for filing and paying Business Tax, Foreign Enterprise Income Tax and Individual Income Tax based on your expenses. You will pay approximately 10% of your expenses in the form of Business Tax and Enterprise Income Tax. There is an additional called

Stamp Tax which is required for all signed contracts – Therefore your lease contract will require a Stamp Tax (approx. 0.01% of the rent total).

In summary, the Hong Kong Trading Company can handle all purchase issues with the supplier and the customer. The RO would act as the sourcing and quality control liaison office, making sure that the negotiations, contracts, production and quality control issues are all being taken care of.

Establishing a Hong Kong Holding Company with a Limited Company in China for Export and Warehousing Purposes

If the Company wishes to act as the exporting agent from China as well as have its own independent warehousing facilities, a Limited Company would need to be established. A Wholly Foreign Owned Enterprise (WFOE) / Foreign Invested Commercial Enterprise (FICE) is a limited liability company wholly owned by the foreign investor(s). WFOEs / FICEs allow foreign investors to manufacture, process, assemble, trade, distribute or deliver services in China, without joining together with a Chinese partner. Setting up a Limited Company does not necessarily mean that you can engage in any sort of activities, as may be the case in the West and certainly in Hong Kong. WFOE's / FICEs can only be operated within the scope of business as approved by the authorities. If, at a later date, the WFOE wishes to add other activities, these are subject to further approval by the relevant government authorities. It is therefore very important from the onset of your establishment to determine what will be the functions of the WFOE.

The difference between a WFOE and FICE is that the FICE is able to have distribution rights (i.e. import and export rights) included into its business scope.

In China there are two possible options to establish a trading entity.

Wholly Foreign Owned Enterprise (WFOE) Establishing a trade and distribution entity in the Free Trade Zone (FTZ):

This type of entity is the “old” trading structure (prior to 2005). The advantage of establishing in the FTZ is that goods can be imported and remain in the FTZ until they are being further “imported” into domestic China. No VAT (Value Added Tax) or customs duty has to be paid when the goods are shipped from overseas into the FTZ. VAT and Customs Duty are only paid upon delivery to the clients (on consignment basis for example), allowing for a more flexible cash flow structure.

Depending on the level of registered capital and whether an official customs agent is employed by the company, the entity must go through an Import/Export agent when importing into domestic China from the zone (as the FTZ is considered “outside of domestic China”). The I/E agents generally have a

service fee of approximately one percent of the sales invoice value in order to help with the necessary paperwork, customs clearance and initially to help issue the VAT invoices. A further disadvantage of this structure is that the VAT invoices must be controlled and issued by the Bonded Commodity Market in the Free Trade Zone.

A WFOE can only be operated within the scope of business approved by the authorities and is limited to one product line. Additionally the office would need to be registered in the FTZ (however an office can also be rented in the downtown business districts).

Foreign Invested Commercial Enterprise (FICE) Establishing a trade and distribution entity in domestic China:

A FICE is actually a WFOE, however with an Import and Export license. The advantage of establishing a FICE is that the company is given the freedom to register the office address anywhere in domestic China. Additionally, the company is not required to use an Import/Export agent and it can issue VAT invoices without being tied to a Bonded Commodity Market. In this situation once the goods are imported from overseas, VAT and Customs Duty are paid upfront.

Similar to a WFOE, a FICE can only be operated within an approved business scope. However, the FICE offers greater flexibility and business can be done within five different product lines.

The Hong Kong Company can act solely as a Holding Company to the China Limited Company. The Hong Kong Holding Company would then be fully liable for the China investment and protects the existing parent company. Also, dividends received by the Hong Kong Holding Company are tax free, but incur a 5% withholding tax in China compared to 10%-20% from other countries and can be used for further investment.

The main disadvantage in establishing a Limited Trading Company in China to handle the export business is that the existing suppliers will now be conducting local sales in Renminbi (RMB) when selling to the new China Trading Company and as they are no longer exporting from China will not be receiving the VAT Refund any longer potentially causing an increase in prices. Not to mention the larger investment requirement and higher risk involved when establishing a Limited Company.

Establishing a Hong Kong Trading Company with a Limited Joint Venture in China for Production Purposes

A Company may want to go into partnership with an existing supplier in China in order to have exclusive production rights for the products they are designing. The main reason is to take control of all production capabilities of the supplier and to have more of a legal right in production processes and delivery times within the factory. The Company could then either

export these products internationally via a Hong Kong Trading Company keeping a profit margin in Hong Kong and/or sell domestically on the local Chinese market.

For any Joint Venture partnership it is highly recommended to at least establish a Hong Kong Company as a holding entity for the Joint Venture so that all liability remains in Hong Kong instead of the parent company in case of failure with the Chinese party. The Hong Kong Company can also be used for international export trade purposes and profit accumulated for further investment. Additionally profits from the purchase of goods build up in the Hong Kong Company can also be used for re-investment. It is important to make sure that all transfer pricing issues between the Hong Kong Company and the production facility in China are being well taken care of.

An alternative solution when wanting to build a partnership with a local supplier is to setup the Joint Venture with your Chinese partner in Hong Kong as it would be based on Hong Kong Law. Additionally it would be much easier to exit this Joint Venture in the future and it would be advantageous to receive your dividends from China in Hong Kong due to the favorable Hong Kong Tax Laws. From this Hong Kong Joint Venture, you can then establish a Limited Company (WFOE or FICE) in China (based on one shareholder which is then your Hong Kong Joint Venture).

Recommendation for ease of sourcing activities in China

For export business, depending on the type of export terms, the overseas client and the currency being used, an most effective solution would be to establish a trading entity outside of China. A trading company in Hong Kong has numerous advantages, such as lower risk, a more developed trading infrastructure, as well as a free currency in and outflow. With a Hong Kong company it is possible to sell directly from Hong Kong to worldwide clients with lower Freight On Board (FOB) Asia prices. Furthermore Hong Kong offers a lower profits tax (16.5 percent or 0 percent when the business has been done outside of Hong Kong) and most importantly can also be operated with minimal cost.

With time it may then be required to employ staff who are on the ground and based in China in order to supervise production processes, quality control issues as well as delivery times. In this regard only a Representative Office would be needed allowing saving on larger and more riskier investments.

Conclusion

With all these options available, it is important for a company to evaluate its best China sourcing strategy and to consider which option fits their profile most. There is no reason for foreign investors to be nervous or hesitant about establishing a Hong Kong and/or

China operation. The key for many investors is to make sure they do not become excessively complacent and to avoid any fraud or non-compliance issues. It is advisable to obtain advice and assistance through a consulting company or law firm in relation to the requirements, regulations and related activities.

Source: ChinaInvest.biz Magazine by Klako Group (December 2009)

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Improve Quality of Export Products

Measures for the Classified Administration of Enterprises Exporting Industrial Products

Issued by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China

Subject: Foreign economy and Trade

Promulgated on June 14th, 2009

Effective from August 1st, 2009

Source <http://www.aqsiq.gov.cn>

For purposes of regulating the inspection, supervision and administration of enterprises manufacturing industrial products for export, enhancing the effectiveness of inspection, supervision and administration, encouraging the good faith of enterprises manufacturing industrial products for export, enhancing the awareness of accountability and promoting the improvement of the quality of export products, on June 14, 2009, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China issued the "Measures for the Classified Administration of Enterprises Exporting Industrial Products" (hereinafter referred to as "Measures"). The Measures took effect on August 1, 2009.

The Measures only apply to the inspection, supervision and administration of enterprises, whose products are listed in the "Catalogue of Import and Export Commodities Subject to the Inspection and Quarantine of Entry-Exit Inspection and Quarantine Institutions". They are inapplicable to the administration of enterprises producing food, animal and plant products for export.

According to the Measures the enterprises are classified into Category I, Category II, Category III and Category IV, on the basis of their credit, quality guarantee capacity and product quality status, and should

apply in different ways of inspection, supervision and administration in light of the risk levels of its products (high risk, relatively high risk and ordinary risk). There are 5 different ways of inspection and supervision, namely, special supervision and administration; close supervision and administration; ordinary supervision and administration; verification-based supervision and administration; and credit-based supervision and administration.

The Measures strengthen scientific and effective combination of inspection and supervision and shift the focus from product inspection into the production process supervision. Moreover, the implementation of the Measures can make the products of those enterprises, which have strong quality assurance ability and a high degree of integrity, being exported faster, so that those really good enterprises can get more comfort and benefit. In addition, it also encourages enterprises to strengthen self-discipline and actively improve the quality of its export products.

Source: Wenfei Attorneys-at-law Ltd., Beijing (December 2009)

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New Rules for Representative Offices

Fiducia's Newsletter "China Focus" compares old and new draft regulations of setting up representative offices in China. A Representative Office ("RO") is often the first step for foreign companies to enter the Chinese market as it gives them a legal presence to conduct (limited) business in China.

The regulations governing RO date back to 1983 ("1983 Provisions"). The State Administration for Industry & Commerce has recently released a draft of new regulations ("Draft Provisions") and we would like to highlight some main aspects.

While the 1983 Provisions vaguely define the RO, the Draft Provisions define it as a foreign firm's local business office which engages in non-profit-making activities, with no legal person status and no right to engage in profitable business activities.

The regulations mention expressly – so far it was practice only – what activities the RO may engage in: market research, display and promotion activities, liaison activities in relation to sales of products, provision of services, procurement and investment within China as well as business activities that might be permitted under international treaties and agreements. While the 1983 Provisions limited the penalty for engaging in profit-making activities to RMB 20,000, the Draft Provisions are stricter regarding scrutiny and provide a penalty up to RMB 500,000 or the revocation of the business license in serious cases.

Until now, the Chief Representative is not allowed to sign any contracts on behalf of the foreign company. Based on the needs of a RO, the Draft sets forth such a right and stipulates that a Chief Representative

may sign a contract on behalf of the foreign company provided that he/she has been authorized by the foreign enterprise in writing. In order to avoid unpleasant surprises we suggest the foreign company ensures that the extent of power of attorney for the Chief Representative or any other representative is clearly defined.

Further, the Draft Provisions stipulate that the name shall not conflict with any previously registered name. Whereas the 1983 Provisions only set forth what elements the name of a RO must include. Therefore, we suggest the foreign company to do a careful research before submitting the name application.

The Draft Provisions set forth that the RO is free to choose its site. However, the authorities are still legally entitled to require a RO to change its site in case such site is not in accordance with the national security and public interest. Previously, the 1983 Provisions do not set forth any particular requirements regarding the office site. While in some cities (e.g. Shanghai) a RO is obliged to rent an office space in a so-called Grade-A building (high standard building), other cities (e.g. Beijing) do not have such requirements.

The Draft Provisions clearly define the power of the authorities when dealing with an illegal case and the liability of an illegal activity.

In general the new rules have increased transparency. Some of the differences are compared in the table below.

Source: Fiducia Management Consultants – China Focus Newsletter

	1983 Provisions	Draft Provisions
Re-registration	Every 3 years	No re-registration, valid as long as the foreign company exists
Mother company	Can be newly established	Needs to be established for more than 1 year
Annual report	Report submission every 3 years	Publish annual audited reports between March 1 and June 30
Documents	Only the mother company's certificate of incorporation has to be notarized and authenticated by the Chinese Embassy	Substantially more documents required
Supervision by authority	Almost no power to supervise the business activities; in practice no punishment for illegal activities	Power to supervise the business activities and punish illegal activities
Fines	Below RMB10,000 if set up without registration with authority	RMB10,000–100,000 in this case

Requirements for Foreign Employees

Visa, Individual Income Tax, Employment structure in China

For foreign employees looking to work in China an understanding of the common visa, tax and employment practices is significant. It is important for all companies and foreign employees to understand their rights in terms of contractual agreements, hiring, terminating as well as other employment issues, such as the dangers to the individual and company should tax evasion occur.

Visa Application Process

There are three types of visa that apply for foreigners coming to China.

The **L-Visa** is commonly known as a tourist visa and according to recent regulations can be extended in China twice.

An **F-Visa** is a business visa which can also be extended in China twice (according to recent regulations). It is available for multi-entry and the individual is permitted to stay for a period of 30 days per stay in China. To extend the visa a notification form is required and it can only be applied for by locally registered companies.

The **Z-Visa** is a single entry visa which has to be applied for at the individual's home country or in Hong Kong (which has recently permitted such applications as well). The Z-visa is required when an individual relocates to China and will have to apply for a residence visa (and work permit). Within 30 days upon arrival in China the expatriate has to convert his Z-Visa into a residence visa. Additionally, the foreign expatriate must also receive a Health Check performed by a specific government hospital in the city of relocation. It takes around 4 weeks to obtain both work permit and visa (including the Health Check process). The FIE has to provide a series of documents for the application.

Should a company wish to hire staff from Hong Kong, Taiwan, or Macao these are considered expatriates as well and have to go through the same application procedure.

When companies relocate their foreign staff to China they should be aware of the fact that an employment contract in China is only valid when the employee holds a proper work permit and residence visa. Otherwise there is no legal relationship and the contract will not protect the employee by law. It is therefore

recommended to mention in the work contract that the employment starts on the date when the Chinese work permit and residence visa have been granted.

Red Flags to be aware of when applying for Work Permits and Residence Visas

There are certain criteria which are important to keep in mind when applying for a visa in the PRC, such as:

- The retirement age for expatriate women is 55 years and for expatriate men 60 years. After the employees have reached this age it might become more difficult to receive a visa, if at all.
- The educational degree is important and needed for the visa application. It is important to check whether your employee holds an appropriate degree before relocating them.
- The employment letter must be already in place as this is must be submitted for the application.
- To qualify for a Chinese visa the applicant should have had at least 2 years relevant job experience. Due to this fact it is becoming more difficult for FIEs to hire interns for a temporary or full-time employment, particularly as a "working proof" document is required to be signed by the previous company.

Permanent Residence Permits

The requirements for the application of a permanent residence permit vary from province to province and city to city. The permanent residence permit allows you to have a residence visa for a period of 5 years.

The most basic requirements (among others) are the following:

- The employee must be employed by a Limited Company (it will not be applicable if the employee is working for a Representative Office).
- The person assumes in China the position of a board member, general manager, deputy general manager or a senior title within the company or as an associate professor or researcher.
- The person has held the post for four consecutive years and has lived in China not less than an accumulated three years.
- The person has a good record of tax payment.

Individual Income Tax (IIT)

Foreign individuals residing in China for less than one year are subject to tax only on PRC sourced income. Remuneration from foreign employers to individuals working in China is exempt from tax if the individual resides in China for less than 183 days in a calendar year, provided the remuneration is not borne by an establishment in China (however this does bring in the issue of the secondment assignments – see below).

Individuals who are not domiciled in China but reside in China between one to five years may, with approval, pay tax only on their China-sourced income and non-China sourced income, payment of which is borne by the China establishments. Commencing in the sixth year, their worldwide income will be taxed.

From November 2006, the State Administration of Taxation (SAT) released the “Trial Individual Income Tax Self Reporting Regulation”, Guo Shui Fa [2006] 162 (Circular 162). This stipulates that individuals with a yearly income of over RMB 120,000 (USD 15,000) shall “self report” their income tax together with other personal information within three months of the end of the tax year.

Eleven types of taxable income are included when assessing whether an individual has annual income of more than RMB 120,000, thus:

- Income from wages and salaries
- Income from production and business operations by industrial or commercial households
- Income from contractual or leasing operations of enterprises or institutions by individuals
- Income from remuneration for labor services
- Income from remuneration for manuscripts
- Income from royalties
- Income from interest or dividends
- Income from the leasing of property
- Income from sales of property
- Contingent income

Taxpayers with annual incomes of more than RMB 120,000 should complete an annual tax return as well as their routine monthly tax filing, whether via their employer or individually. This annual return should be finished before the end of March each year.

How to structure an Employment Contract for Foreigners

In regards to structuring employment contracts there are three options available to both the company and the employee.

Structure 1 – Compensation Split

The expatriate can receive compensation from both the parent company and the China entity as there may be certain benefits which the expatriate will want to continue to receive in the home country such as Social

Security. Having the parent company continue to pay the expatriate a salary for services rendered outside China would be reasonable. At the same time, the China entity will require that the expatriate receive some compensation within China, where the expatriate will actually be rendering services. The separation of compensation into the parent company and China components must have substance and be based on the reality of the expatriate and his services. The parent company can either declare the “parent company portion of the Salary” or the entire compensation (i.e. the parent company and China Salary together) and in China only the “China Salary” would be declared.

While physically in China, the expatriate only provides the types of services outlined in a simple contract that are appropriate for the China entity. The China entity will then compensate the expatriate for those services in an amount that is comparable to what someone who provides similar services in a similar market (i.e. China) would receive. It is important to provide an appropriate salary amount. While physically working abroad, the expatriate only provides services to the parent company. The parent company then compensates the expatriate based on those services. The idea is to have the expatriate only conduct China business while in China and only conduct parent company business while overseas.

The tax bureau in China may want to see the resume of the individual. The reason is to understand whether the salary declared is reasonable compared to the individual’s age, work experience and what is being currently offered on the market.

Structure 2 – Declaration of the entire Salary in China

Many foreign employees also “shut themselves down” in their home country tax bureau stating they will live abroad. Hence they declare their full salary in China and no taxes will need to be paid in the home country. A disadvantage would be that no benefits would be provided in the home country either.

Structure 3 – Declaration of the Total Salary in both China and Home Country

As there is a double taxation treaty between many overseas countries and China, it is possible that you can declare the full salary in China, provide the tax receipts to the home country’s tax authorities upon your return and you should not be liable to pay taxes then in the home country.

It is highly recommended that further information should be asked for by tax advisors in the home country.

Secondment Arrangements

Recently China’s local level tax bureaus started to pay much closer attention to secondment arrangements of FIEs. Multinationals in the service as well as in the manufacturing sector have been investigated by the

Chinese authorities who suspect the companies to have established Permanent Establishments (PEs) which would have different tax implications.

Up until now secondment arrangements were not questioned in China. Generally, an overseas Company would send its employees (secondees) to work for its affiliate in China. The Chinese affiliate would reimburse the foreign entity for the cost of salaries, allowances and other benefits of the seconded employee with no profit mark up (through management contracts). In the past, the Chinese authorities had accepted that the foreign entity assigning secondees to the Chinese subsidiary is a mere salary paying agent. They would agree that the foreign entity does not provide services to its affiliate and hence does not establish a PE. The secondees were regarded and reported as employees of the subsidiary and would pay IIT on their income according to Chinese law.

In case secondees are seen as representatives of the foreign entity providing services for their sister company in China, the foreign company might be deemed as constituting a PE in China. If the authorities see a PE as established, the foreign company would have to pay corporate income tax as well as business tax on all services, including the reimbursement payments.

The Chinese tax officials seem to judge these arrangements purely by identifying the party that pays the salary to an employee in China. If the foreign company pays the salary to the staff to an offshore account and recharges the amount to the subsidiary in China, the foreign entity is considered to provide services to the Chinese subsidiary and therefore is a PE. The reimbursement would be regarded as service fee payment and incur 5% business tax.

However, service and secondment arrangements should be distinguished as under a secondment arrangement the foreign employee is usually under the control and supervision of the Chinese entity and it is this entity that benefits from the employees work and not the foreign entity. Under a service agreement, the employee would rather report to the foreign entity and fulfill services laid out in a service agreement between the foreign company and its Chinese affiliate.

It is very important for all FIEs that have such arrangements to be prepared and have proper documentation in place proving the nature of the arrangement to the authorities. This should be done in close cooperation with the foreign company which might also be able to provide evidence to substantiate the nature of the secondment arrangement.

Structuring your expatriate employee's salaries and ensuring they are in compliance is a major part of any corporate planning for companies in China. Should the employee not be in compliance then neither will the employer and this could result in the possibility of high fines and future audit problems. Companies should frequently review arrangements (legal form and economic substance) with their foreign employees to make sure all issues are within accordance to PRC requirements.

Source: ChinaInvest.biz Magazine by Klako Group (September 2009)
www.klakogroup.com

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Conclusion

Prior to relocating foreign employees to China or hiring foreign employees on the ground it is important to check with the overseas tax advisors on how to best structure their employment contracts so that the employees can gain all benefits when going back to their home country.

SFST of Hong Kong Visits Switzerland

The Secretary for Financial Services and the Treasury, Professor K. C. Chan, visited Frankfurt, Germany as well as Berne and Zurich, Switzerland in November 2009 in order to meet and exchange views with the leading figures in the financial and banking sectors in Europe; and updated them on the latest developments in Hong Kong.

One of the main purposes of his visit was to deliver a keynote speech at the Euro Finance Week Lead Conference held in Frankfurt from 15 to 20 November 2009. During the visit in Europe, he met the President of European Central Bank, Mr Jean-Claude Trichet; Swiss Vice President (and then designated President) and Minister of Economic Affairs, Mrs Doris Leuthard; State Minister of Finance of Hesse, Mr Karlheinz Weimar; senior members of finance ministries; central banks; regulatory authorities; stock exchanges; leaders of different banking and business associations; top managers of major banks; and Chinese Ambassadors and Consulate-Generals.

On 18th November 2009, Professor Chan gave a speech in Zurich to brief guests on the latest development in doing business in Hong Kong at a business executive luncheon co-organised by HKETO Berlin and the Hong Kong Trade Development Council

(HKTDC) with the support of the Swiss-Hong Kong Business Association.

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K. C. Chan, at the Euro Finance Week Lead Conference (November 17, Frankfurt).

“I am honoured to speak on the same panel with the brains behind the European and international regulatory reforms going on today. As we are discussing the reforms to the international financial architecture, I would like to offer an Asian perspective on the financial crisis, how we have weathered the storm and the way we propose to move forward.”

The financial crisis to Hong Kong

“It has been a little over one year since the financial crisis began to unfold in front of our eyes. Governments around the world have had no choice but to focus all their energy on kick-starting their economies and refining and strengthening their own financial regulatory regime. US and European regulators have been faced with the additional task of stabilising



Professor Chan during his keynote speech at the business executive luncheon organised by HKETO, Berlin and HKTDC Frankfurt and the Swiss-Hong Kong Business Association in Zurich.

their own markets and systemically important institutions.

Fortunately for us, Hong Kong has been able to tide over well and has not experienced any systemic failures. Our banking system continues to be fundamentally sound, healthy and robust. It remains liquid. The capital adequacy ratios of locally incorporated banks remain strong and are consistently well above the local statutory requirement and international standard of 8%. The securities and insurance sectors in Hong Kong also remain financially sound and healthy. Indeed, the Hong Kong Government need not 'rescue' any bank, nor is there any default of intermediaries. That said, we are aware that further efforts should be made to boost confidence and better contain the contagious effects of the global financial crisis.

We are not without problems of our own but they are just of a different nature from that faced by the West. Our attention has primarily been focused on handling complaints of mis-selling products which failed from the collapse of Lehman Brothers. Hence our proposed reform has veered towards reforming and strengthening our regulatory structure to enhance investor protection, rather than tightening prudential regulations on our banks.

Professor K. C. Chan **Secretary for Financial Services and the Treasury**

Professor K. C. Chan was born in 1957. Before assuming the post of Secretary for Financial Services and the Treasury, Professor Chan was Dean of Business and Management of the Hong Kong University of Science and Technology (HKUST). Prior to joining the HKUST Business School in 1993, Professor Chan had spent nine years teaching at Ohio State University in the USA.

Professor Chan received his bachelor's degree in economics from Wesleyan University and both his M.B.A. and Ph.D. in finance from the University of Chicago. He is specialized in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

Before joining the Government, Professor Chan held a number of public service positions including Chairman of the Consumer Council; director of the Hong Kong Futures Exchange; member of the Commission on Strategic Development, Commission on Poverty, the Exchange Fund Advisory Committee, the Hang Seng Index Advisory Committee, and the Hong Kong Council for Academic Accreditation. Professor Chan is also former President of the Asian Finance Association and former President of Association of Asia Pacific Business Schools.



During the business executive luncheon (f.l.t.r.): Stephen Kai Wong, Director, Hong Kong Economic and Trade Affairs (Central and Eastern Europe), Corine Mauch, Mayor of City of Zurich, Professor K. C. Chan, Ambassador LI Baodong, Esther Nägeli, Vice President, Swiss-Hong Kong Business Association and Winchell Cheung, Director, Germany and Central Europe HKTDC.

If there is one thing that we learnt from this crisis it would be that the financial system runs on a global platform and the problem faced by one economy could quickly spread to others. Hong Kong will not be spared by the collapse of any major financial institutions regardless of how far away we are by distance, how far removed the company is in structure terms, or how well our local economy is holding up. Only a seamless approach to regulation that goes beyond borders and has the capability of overseeing the organisation in its entirety will serve the purpose."

Over-the-counter (OTC) derivatives

"Many blamed the current turmoil on the financial innovators cleverly repackaging risks into complex derivatives. These instruments are often traded over the counter whose risks are opaque and few people outside or even inside the companies which are taking the risks have the expertise to understand them, let alone assess their potential aggregated impact and exposure.

We are supportive of the global efforts towards enhancing transparency of the OTC derivatives markets. In particular, the G20's recommendations to require all OTC derivative contracts to be reported to trade repositories and move all standardised OTC derivative contracts to exchanges or electronic trading platforms, and be cleared through central counterparties (CCPs) by end 2012. The increased transparency of this previously mysterious market would give the authorities a more complete picture of the positions that are building up and hence a better handle on the potential risks to global and domestic financial stability. This is clearly an important piece previously missing from the financial regulation jigsaw.



Professor Chan (r.) with Ambassador Li Baodong (l.), Permanent Representative of the P.R. of China to the United Nations Office at Geneva and with Economic and Commercial Councillor WANG Heliang.

Getting all trades on a platform would be the ideal situation. However in reality, jurisdictions with less developed markets may not be able to establish a meaningful clearing house as larger market players may prefer to settle trades (especially those denominated in US dollars) in the developed market. For the same reason, it may not be feasible for these jurisdictions to set up central repositories to collect data on OTC derivative trades, making it impossible for their regulators to obtain a full picture of their OTC derivatives market.

Nevertheless, relying on each regulator to independently collect information without regard to what

the others are doing will not get us where we want to be. Market fragmentation due to the establishment of clearing houses in different jurisdictions and information asymmetry amongst different regulators may give rise to regulatory arbitrage and defeat the very purpose of the current reform on the OTC derivatives market. It is clear that global co-operation among the regulators in overseeing clearing houses and sharing information collected by trade repositories is essential. In this regard, we welcome the establishment of the OTC Derivatives Regulators Forum under the auspices of the Financial Stability Board in September 2009 which comprises central banks and regulators in 15 countries. The Forum has ‘hit the nail on its head’ by making clear that one of its objectives is to co-ordinate the sharing of information among regulators or to the public by OTC derivatives CCPs and trade repositories – this may seem a small task, but the success of the current reform hinges on it.

It is important that we have access to information kept by the CCPs and repositories that is needed for our financial stability surveillance. More information sharing with the relevant regulators would be welcomed especially on (i) positions of Credit Default Swap (CDS) on Hong Kong-related entities, (ii) positions of CDS taken by Hong Kong incorporated financial institutions. It would also be helpful if Hong Kong authorities could have access to information on positions related to Hong Kong dollar denominated OTC trades registered with overseas trade repositories, as they may be settled offshore through overseas clearing platforms or on a bilateral basis. All such information would help us monitor potential risks in Hong Kong equity, interest rate and foreign exchange markets.”

Hedge fund

“Hedge fund regulation is another area which many regulators have recently homed in on. It is generally recognised that hedge funds did not cause the financial crisis, but the speed of growth of this industry has raised concern that sooner or later ‘systemically important’ hedge funds will emerge and we need to be prepared for any potential risk to financial stability caused by their failure. We support the International Organisation of Securities Commissions’ recommendation for co-operation between regulators and the hedge fund industry associations to identify the reporting standards of hedge fund managers.

Reciprocal information is not only important among regulators but also to investors in different jurisdictions. There must be a level playing field for investors globally in terms of information disclosure and protection offered by regulators. It is also conducive to financial stability to have a regulatory regime which promotes active due diligence and risk monitoring by the investors themselves.

The EU Directive released in April provides that only authorised funds established in Europe can provide their services in the EU unless non-EU funds are



Lore Buscher, Regional Director, Europe, Hong Kong Trade Development Council (HKTDC), Frankfurt.

Bundesrätin Doris Leuthard empfängt Prof. K. C. Chan, den Secretary for Financial Services aus Hongkong

Die Vorsteherin des Eidgenössischen Volkswirtschaftsdepartements (EVD), Bundesrätin Doris Leuthard, hat am 18. November 2009 in Bern Professor K. C. Chan, Secretary for Financial Services and the Treasury of Hong Kong, im Rahmen eines Arbeitsbesuches zu einem bilateralen Gespräch getroffen.

Bundesrätin Doris Leuthard und Professor K. C. Chan nutzten diese Gelegenheit, die Bekämpfung der Finanz- und Wirtschaftskrise in der Schweiz und in Hongkong zu thematisieren. Des Weiteren unterstrichen die beiden die sehr guten bilateralen Beziehungen zwischen der Schweiz und Hongkong. Bundesrätin Doris Leuthard informierte Professor K. C. Chan über den Stand der Entwicklungen bezüglich des angestrebten Freihandelsabkommens zwischen Hongkong und der Schweiz resp. den EFTA-Staaten.

Der wirtschaftliche Austausch mit Hongkong bleibt sehr dynamisch und intensiviert sich zunehmend. Hongkong gehört zu den wichtigsten Handelspartnern der Schweiz in Asien. Seit

über einem Jahrzehnt verzeichnet die Schweiz mit diesem für sie bedeutenden Handelspartner einen signifikanten Handelsbilanzüberschuss. Er erreichte 2008 mit über CHF 4,7 Milliarden einen neuen Höchststand. Sowohl die Exporte (CHF 6,2 Mrd.; +17,1%) als auch die Importe (CHF 1,4 Mrd.; +21,5%) legten letztes Jahr im Vergleich zur Vorjahresperiode deutlich zu. Darüber hinaus zählen Schweizer Firmen zu den bedeutendsten Investoren in Hongkong. Der Kapitalbestand (Ende 2008) der schweizerischen Direktinvestitionen in Hongkong beläuft sich auf rund CHF 4,6 Mrd.

Herausgeber:

*Eidgenössisches Volkswirtschaftsdepartement
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domiciled in countries which impose EU-equivalent regulatory and supervisory standards. While this proposal has good intentions, if not executed properly and with the co-operation of the other countries, it may easily result in market fragmentation and protec-

tionism. It will cause uncertainties and anxiety among the fund managers and EU investors may be stripped of investing choices. But I am glad to hear that the rules may be significantly amended before they are rolled out."



Executive compensation

“Executive compensation is another politically charged topic that has grabbed the attention of the public. Instead of rewarding long term performance

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is the first free trade agreement ever concluded by the Mainland of China and Hong Kong. The main text of CEPA was signed on 29 June 2003.

CEPA opens up huge markets for Hong Kong goods and services, greatly enhancing the already close economic cooperation and integration between the Mainland and Hong Kong.

CEPA adopts a building block approach, and the two sides have been working closely to introduce further liberalization measures continually. The agreed liberalization measures for various phases of CEPA are stipulated in the CEPA Legal Text.

CEPA is a win-win agreement, bringing new business opportunities to the Mainland, Hong Kong and all foreign investors. For Hong Kong, CEPA provides a window of opportunity for Hong Kong businesses to gain greater access to the Mainland market. CEPA also benefits the Mainland as Hong Kong serves as a perfect “springboard” for Mainland enterprises to reach out to the global market and accelerating the Mainland’s full integration with the world economy. Foreign investors are also welcome to establish businesses in Hong Kong to leverage on the CEPA benefits and join hands in tapping the vast opportunities of the Mainland market.

CEPA covers 3 broad areas:

- Trade in goods – All goods of Hong Kong origin importing into the Mainland enjoy tariff free treatment, upon applications by local manufacturers and upon the CEPA rules of origin (ROOs) being agreed and met.
- Trade in services – Hong Kong service suppliers enjoy preferential treatment in entering into the Mainland market in various service areas. Professional bodies of Hong Kong and the regulatory authorities in the Mainland have also signed a number of agreements or arrangements on mutual recognition of professional qualification.
- Trade and investment facilitation – Both sides agreed to enhance co-operation in various trade and investment facilitation areas to improve the overall business environment.

that is in the best interest of the company and its shareholders, the banking sector has rewarded recklessness and short-term gains. This compensation model is not limited to the traders who took home multi-million dollars, but everyone from the front line sales whose commission is proportional to sales volume, to senior management whose bonus reflects the current year’s profit. I wouldn’t attribute this pay matrix merely to individuals’ greed but more the accepted way the ‘game’ was played, the rules of which were allowed to be formulated under a cloud of failed risk management. We believe a sound remuneration model is a critical element for effective risk management.

As an international financial centre and an active member of the Financial Stability Board, Hong Kong is committed to adopting international standards and best practices. To this end, we have developed a set of guidelines on the basis of the principles issued by the Financial Stability Board with a view to providing broad guidance on the governance and control arrangements for, and operations of, a sound remuneration system for the banking sector. We are currently consulting the local banking sector on the guideline and aim to finalise the guideline for implementation by the end of this year.”

Conclusion

“The central theme weaving through the various areas of regulations seems to point to the fact that unilateral action by individual regulators would jeopardise the chances of a successful regulatory reform of the financial industry which has gone global in every sense of the word. Despite the temptation to find a quick fix to the problem, there is no room for protectionism or inward thinking. What is required now is a recommitment to co-operation between governments and closer collaboration among regulators in leading markets to deal with the financial crisis.

Hong Kong stands ready to be part of this global effort to restore stability to our financial system. You can count on us to play our part as an international citizen and we look forward to working closely with all of you in the future.”

Speech by the Secretary for Financial Services and the Treasury, Professor K. C. Chan, at the Euro Finance Week Lead Conference, Frankfurt

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Asien – Erfolgskontinent des 21. Jahrhunderts

In seinem Buch „Expedition in fernöstliche Märkte“ verrät der Top-Manager und ehemalige Präsident der Wirtschaftskammer Schweiz-China, Jörg Wolle, wie in Fernost Geschäftserfolge gelingen. Und er beschreibt die Geschichte des Schweizer Unternehmens DKSH – des weltweit führenden Dienstleisters für Marktexpansion in Asien.

Asien ist ungeachtet der Wirtschaftskrise die Region mit dem weltweit grössten Wirtschaftswachstum. Aber wie gelingen erfolgreiche Geschäfte in Fernost, und wie ticken die Asiaten? Kaum jemand dürfte das besser wissen als Jörg Wolle, Chef des Konzerns



DKSH übernimmt die gesamte Wertschöpfungskette für Konsumgüter in Asien: hier Marketing für Ovaltine in Rangoon, Myanmar.

DKSH. Das weltweit führende Unternehmen für Market Expansion Services mit Schwerpunkt in Asien, das Firmen und Marken aktiv bei der Expansion von Geschäften in bestehenden und bei der Erschliessung neuer Märkte unterstützt, beschäftigt 22.000 Mitarbeiter und verbucht einen Umsatz von 8.4 Milliarden Schweizer Franken. Niemand spürt den Puls der asiatischen Märkte unmittelbarer als der 52-jährige Wolle. In seinem neuen Buch „Expedition in fernöstliche Märkte“ vermittelt er das Know-how für den erfolgreichen Markteintritt und gibt zudem einen umfassenden Einblick in die faszinierende Erfolgsstory von DKSH.

Dabei erfährt der Leser auch viel über die Arbeitsweise eines Top-Managers mit einer aussergewöhnlichen Biographie. Der in Sachsen geborene Jörg Wolle setzte sich 1988 mit dem Sprung aus einem Zug in den Westen ab und baute sich anschliessend eine internationale Bilderbuch-Karriere auf. Heute leitet der promovierte Ingenieur eines der grössten Schweizer Unternehmen und ist zudem Honorarprofessor für Interkulturelle Kommunikation an der Fachhochschule in Zwickau, Deutschland.

Intime Einblicke

Wolle gibt einen intimen Einblick in die alltägliche Arbeit eines global aktiven Konzerns. Ein überaus seltenes Ereignis, wie auch Unternehmensberater Roland Berger in seinem Vorwort betont. Denn Top-Manager sind üblicherweise äusserst verschwiegen und wachen argwöhnisch darüber, dass aus dem Innenleben ihrer Firmen nichts nach aussen dringt.

Detailliert beschreibt Wolle die abenteuerliche Entwicklung des 144 Jahre alten Handelshauses, das Pionierarbeit in Asien leistete. Die beginnt in der zweiten Hälfte des 19. Jahrhunderts, als es einige junge Schweizer nach Japan, auf die Philippinen und nach Singapur zieht, um hier unabhängig voneinander jeweils eigene Handelsunternehmen aufzubauen. Dabei sind sie überaus erfolgreich, und in der Folge überstehen die Unternehmen Diethelm, Keller und SiberHegner diverse Kriege in Fernost ebenso wie das Regime totalitärer Systeme. Schwierig wird es zu Zeiten der Asienkrise Ende der 90er Jahre. Kurz darauf übernimmt Wolle die CEO-Position und beschert dem Haus durch einen umfassenden Umbau 2001 einen Rekordgewinn.



Dr. Jörg Wolle, CEO DKSH Group



2002 entsteht aus der Fusion der drei Traditionshäuser Diethelm, Keller und SiberHegner schliesslich DKSH – der weltweit grösste Dienstleister für Marktexpansion in Asien. Das Unternehmen mit Hauptsitz in Zürich handelt mit Konsumgütern des täglichen Bedarfs, Pharmaprodukten, Rohstoffen sowie Technologie und hilft Unternehmen mit fachlicher Expertise beim Einstieg oder der Expansion in den asiatischen Märkten. Heute verfügt DKSH über 440 Niederlassungen in Asien und ist in 35 Ländern aktiv.



In Japan, auf den Philippinen und in Singapur tauchen in der zweiten Hälfte des 19. Jahrhunderts junge Schweizer auf, die nur eines im Sinn haben: ein eigenes Handelsunternehmen aufzubauen. Unabhängig voneinander bauen sie drei erfolgreiche Handelshäuser auf, Diethelm, Keller und SiberHegner. Diese schliessen sich 2002 zu DKSH zusammen, dem führenden Dienstleister für Marktexpansion in Asien.



DKSH liefert spezialisierte Inhaltsstoffe für die Pharma-, Chemie-, Nahrungsmittel- und Kosmetikindustrie.

Von 2004 bis 2008 ist der Umsatz um fast 80 Prozent auf 8.4 Milliarden Schweizer Franken gestiegen, der Gewinn hat sich seither verdoppelt.

Wichtig fürs Geschäft: Die kulturellen Besonderheiten

Seine Karriere führte Wolle um die halbe Welt, nach Russland, in den Iran, China und Indien, und noch immer verbringt er die Hälfte des Jahres in Asien. Anschaulich beschreibt er die spezifischen Besonderheiten der verschiedenen Länder, denn deren Kenntnis entscheidet häufig über das Gelingen eines Geschäfts. So sind die Chinesen die hartnäckigsten Verhandler, und sie führen harte Preisdiskussionen. Das erwarten sie auch von ihrem Gegenüber, denn nur wer für seine Interessen kämpft, wahrt sein Gesicht. Wolle beschreibt das am Beispiel einer zähen Verhandlung, bei der ein Abschluss einfach nicht gelingen will. Da wischt er bei einem nervenaufreibenden Meeting alle Zahlen von der Tafel und zeichnet eine Brücke, von der ein Strichmännchen fällt. Die Chinesen sind verblüfft. Wolle beklagt, dass er seinen Partnern ja entgegengekommen sei. Aber anstatt sich zu treffen, stosse man ihn nun von der Brücke. Nun könne er ja schlecht nach Hause schwimmen und seinem Chef sagen, dass er den Auftrag doch nicht bekommen habe. Der theatralische Auftritt macht Eindruck, die Chinesen sehen sich unter Zugzwang, und die Einigung gelingt.

In China erweist es sich zudem immer als wertvoll, auf die wirklichen Bedürfnisse der Kunden einzugehen. „Als Partner, der dem Gegenüber hilft, seine Probleme zu lösen, hat ein westlicher Geschäftsmann noch immer die besten Chancen, mit dem Chinesen ins Geschäft zu kommen“, erklärt Wolle. Wichtig sei zudem, dass der chinesische Partner, der einen Vertrag unterschreibt, danach bei seinen Chefs als Gewinner gilt.

In Japan sind hingegen unbedingt langfristig aufgebaute Beziehungen erforderlich, um erfolgreich zu sein. Und die müssen gepflegt werden, auch wenn gerade kein Auftrag in Sicht ist. So treffen sich die Partner regelmässig und erkundigen sich nach dem Wohlergehen der Familie. „Das geschieht fünfmal, zehnmal, ohne dass das Gespräch sich jemals ums



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Think Asia. Think DKSH.

DKSH ist das führende Unternehmen im Bereich Market Expansion Services mit Schwerpunkt Asien

Die Gruppe unterstützt und begleitet andere Unternehmen dabei, in neuen oder bereits existierenden Märkten in Asien zu expandieren. Dazu offeriert DKSH alle erdenklichen Kombinationen von Sourcing, Marketing, Verkauf, Vertrieb und After-Sales Service. Mit mehr als 22.000 Mitarbeitern in 35 Ländern erarbeitete DKSH im Jahr 2008 einen Umsatz von 8,4 Milliarden Schweizer Franken. Das Unternehmen verfügt über ein Netzwerk von 440 Niederlassungen in Asien sowie 20 weiteren in Europa und Amerika.

Geschäft dreht“, erläutert Wolle. „Wenn der Kunde dann einen Bedarf hat, weil er Neuinvestitionen plant oder expandiert, wird er sich melden – sofern die persönliche Beziehung trägt.“ Zudem ist den Japanern Qualität wichtiger als der Preis.

In Indien geniessen Investoren eine rechtsstaatliche Sicherheit, müssen allerdings eine altertümliche Bürokratie und langsam arbeitende Verwaltungen hinnehmen. Das Kastensystem ist hier zwar längst abgeschafft, aber nicht wirklich überwunden, wie Wolle festgestellt hat. Vermutlich ein Grund, weshalb Visitenkarten eine so grosse Bedeutung haben. Und wenn das Gegenüber den Kopf wiegt, sollte niemand nervös werden. Das Kopfschütteln gilt hier nämlich als Zustimmung.

Während es in China oder Japan recht ernsthaft zugeht und die Koreaner fast mit Kampfesmiene in Verhandlungen gehen, wird in Thailand viel gelacht. Das ist hier ein Gebot der Höflichkeit. Zudem verstecken sich die massgeblichen Personen oft hinter dem Team. Auch wenn die Thailänder sich häufig konfliktscheu zeigen, sollten sie nicht unterschätzt werden, warnt Wolle. Eine wichtige Rolle spielt zudem das Königshaus, Kritik an der Monarchie ist daher ein absolutes Tabu.



Vertrieb, Inbetriebnahme und Service von technischen Produkten und Anlagen, hier für Joghurtabfüllung in einem Betrieb für die Herstellung von Milchprodukten in Osaka, Japan.

Singapur ist die effizienteste Volkswirtschaft des Kontinents. Die Menschen hier sind gleichzeitig selbstbewusst und zurückhaltend und gelten als die „Schweizer Asiens“. Die Wirtschaft zeichnet sich durch hohe Innovationskraft und langfristige Planung aus, aber auch durch harte und pragmatische Führung. Im Geschäftsleben geht es effizient, aber auch etwas steif und eher konservativ zu, berichtet Wolle.

Verträge per Handschlag

Zu den Besonderheiten Asiens zählt, dass Verträge häufig noch per Handschlag geschlossen werden. Und es gilt auch als Vertrauensbeweis dafür, dass mögliche spätere Probleme auf dem Verhandlungsweg und für alle Beteiligten befriedigend gelöst werden können. Damit zeigt sich Asien als das Gegenstück zum Westen. Amerikaner beispielsweise brauchen für einen Vertragsabschluss meist eine Heerschar von Juristen. In China hingegen hat Wolle noch nicht erlebt, dass nach Vertragsabschluss jemals Anwälte eingeschaltet werden mussten.



Die von DKSH betriebene Bally Boutique in Bangkok, Thailand.

Zugleich sollte in Asien die Bedeutung der Religion und Landesbräuche nicht unterschätzt werden. So werden für die Wahl der richtigen Krawattenfarbe bis zur Büroeinrichtung Feng Shui-Meister und Berater konsultiert. Eröffnungen oder wichtige Vertragsunterzeichnungen finden oftmals an Kalenderdaten statt, die zuvor von einem Astrologen errechnet wurden. Entsprechende Termine sollten also tunlichst akzeptiert werden, denn die Gründe für ein bestimmtes Datum kann nur ein Astrologe oder ein Feng Shui-Meister ermitteln.

Das 21. Jahrhundert wird asiatisch

Der Wirtschaftsboom in Asien wird nach Überzeugung Wolles noch lange andauern. „Vieles spricht dafür, dass das 21. Jahrhundert ein asiatisch geprägtes sein wird“, sagt er. „Die gegenwärtige Krise wird das Tempo vorübergehend etwas drosseln, mehr jedoch nicht.“ Das gilt nicht nur für China, das über 20 Jahre ein durchschnittliches Wirtschaftswachstum von 9



Täglich werden hunderttausende von Arztpraxen, Apotheken und Spitäler von DKSH mit Medikamenten beliefert, wie hier in Vientiane, Laos.

Prozent erreichte und selbst 2009 noch ein Plus von mehr als 7 Prozent erreicht. Aber wer in Asien erfolgreich sein will, der hat nicht nur in China die Chance auf exzellente Perspektiven. „Es existieren viele andere, für Neueinsteiger möglicherweise ebenso attraktive Märkte in Fernost“, betont Wölle.

Zu den potenziellen Expansionsmärkten zählt er beispielsweise Thailand, das stabile Wachstumsraten um die fünf Prozent verzeichnet, und die Philippinen, die sich ein ähnliches Ziel setzen. Vietnam, wegen seiner Dynamik auch das „kleine China“ genannt, verbucht bis zu acht Prozent Wachstum. Zu den aufstrebenden Ländern zählt auch Indonesien, zumal die Lohnkosten hier im Vergleich zu China nur 50 Prozent betragen. Auf der anderen Seite der Skala gibt es Länder wie Myanmar, Laos oder Kambodscha, die über beachtliche Bodenschätze verfügen. „Ich bin mir sicher, dass auch diese Länder in nicht allzu ferner Zukunft ihre Märkte dem Welthandel öffnen und dann denselben Entwicklungsweg einschlagen werden wie China Ende der 1980er Jahre“, betont Wölle.

Eines zeigt die Analyse des Experten deutlich: Der weitere wirtschaftliche Aufstieg Asiens lässt sich nicht aufhalten. Es geht nur noch um die Frage, in welchem Tempo das geschieht. Und wer wissen will, wie man sich auf dem grössten Kontinent der Welt orientiert und erfolgreich geschäftlich behauptet, für den ist dieses Buch ein wahrer Schatz.

Jörg Wölle, „Expedition in fernöstliche Märkte – Die Erfolgsgeschichte des Schweizer Handelspioniers DKSH“, Orell Füssli Verlag, CHF 49.90, ISBN 978-3-280-05352-2

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China in Numbers

China's growth has been phenomenal in recent times. Here are some interesting statistics to reflect some of the remarkable developments.

300 million: Number of people currently living in rural areas who are predicted to migrate to urban centres in the next 15 to 20 years, according to the Ministry of Housing and Urban-Rural Development.

USD261 billion: China's current account surplus this year, according to the latest World Bank's forecast. This is half the size of 2008's surplus, which suggests China has made progress in rebalancing its economy – importing more and exporting less.

12 million: The number of vehicles made in Chinese auto factories by the end of the year. The 10 millionth vehicle was made by FAW Group in October 2009.

15 million: Number of tourists who visited Beijing during the first eight days of the October this year. The first week of October is Golden Week, the name given to the second annual seven day national holiday in China.

100 million: The number of cameras Canon expects to ship to China the next years. Canon is already the biggest player in China's digital camera market, shipping over 35 million units to the mainland last year.

8.5%: Predicted increase in Chinese GDP in 2009, according to new estimates from the International Monetary Fund, with growth expected to reach 9% next year.

Rmb17 billion: The value of new individual mortgages granted by Chinese banks in Shanghai, says the Shanghai branch of the People's Bank of China. Most of the transactions are in the luxury segment.

650,000: The number of cars Volkswagen sold in the first half of 2009 in China (compared to 630,000 in Germany over the same period). To keep pace with soaring demand, the carmaker is spending USD5.8 billion to increase production in China.

3.9%: The rise in house prices in October 2009 from a year earlier, the sharpest increase in 14 months. Guangzhou reported the biggest rise at 12.1%.

Source: Week in China.

Schaffner Group Confirms Major Order for High-speed Trains in China

Delivery of Magnetic Components in the high single-digit Millions



Alexander Hagemann
CEO, Schaffner Group

The Schaffner Group (SIX Swiss Exchange: SAHN) will supply, in a first tranche to be delivered by mid-2010, transformers and reactors valued in the upper single-digit millions for new high-speed trains currently under construction for the Chinese National Railway.

The major order for delivery of components for the Chinese National Railway's new high-tech trains reconfirms the Schaffner Group's standing as a leading supplier of magnetic components to the international rail technology sector. "This major order will significantly strengthen Schaffner's position in what is today the world's biggest market for high-speed trains", explained Alexander Hagemann, Chief Executive Officer of the Schaffner Group. Schaffner will supply transformers and reactors to Siemens, which is delivering components such as the electronics equipment and undercarriages for the high-speed

trains being constructed in China with local Chinese partners.

China commissioned the construction of 100 modern high-speed trains in the first quarter of 2009. The high-tech trains being built in China have a top speed of 350 km/h, comprise 16 coaches totalling around 400 meters in length, and will have the capacity to carry over 1,000 passengers. They are scheduled to go into operation in 2010 on the new 1300 km track running between Beijing and Shanghai, and will cover the distance in four hours.

Schaffner – energy efficiency and reliability

The Schaffner Group is the international leader in the development and production of solutions which ensure the efficient and reliable operation of electronic systems. The Group's broad range of products and services includes EMC/EMI components, harmonic filters and magnetic components as well as the development and implementation of customized solutions. Schaffner components are deployed in energy-efficient drive systems and electronic motor controls, in wind power and photovoltaic systems, rail technology, machine tools and robotics as well as power supplies for numerous electronic devices in sectors such as medical technology or telecommunications.

Schaffner provides on-site service to customers around the world through an efficient, global organization and makes ongoing investments in research, development, production and sales to systematically expand its position as leader on the international market.

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The Schaffner Group supplies transformers and reactors for new high-speed trains of the Chinese National Railway, the picture shows the Velaro CN on the high-speed route near Beijing.
©Siemens press picture

Very Latest Turbocharger Technology

ABB Launches New Turbocharger Manufacturing Base in Chongqing

ABB – the leading power and automation technology group maintain its steady investment pace in China even during economic recession. On August 25, 2009 it inaugurated a brand new turbocharger manufacturing base in Degan Industrial Park, in Jiangjin District of Chongqing. In the new facility, the latest turbocharging products are being localized. These turbochargers improve the output of large diesel engines by 300% and increase fuel efficiency by 10%.

This new plant of ABB Jiangjin Turbo Systems Co., Ltd., occupying a total land area of 73,000 m² and a building space of 21'000 m², is three times bigger than its old site. It is one of the three global turbocharging manufacturing bases of ABB, who is the leading supplier with over 30% market share of turbochargers of 500 kW and above, focusing to support customers in marine, railway and power plant areas.

“We don't want to make the financial crisis a 'waste'. We will keep reinforcing our technologies and manufacturing capability based on the future needs of our customers”, said Brice Koch, ABB Group Senior Vice President and ABB China Chairman. “We planned to invest 150 million US dollars in China this year and have new construction and expansion projects in 7 out of the 27 ABB local facilities.”

ABB has been active in the China turbocharger market for many years, starting with a license agreement 30 years ago and then continued in the joint venture company ABB Jiangjin Turbo System Co. Ltd from 2006 together with the partner Chongqing Jiangjin Turbo & Charger Machinery. The joint venture company, with ABB's forefront technology and production line based in Chongqing, and 6 service stations along China's coast cities (Shanghai, Hongkong, Guangzhou, Tianjin, Dalian and Qingdao), soon established itself as the biggest supplier in China with large size turbochargers.

So far, ABB turbochargers have been chosen for many important projects, including being installed in the high-power locomotives on Qinghai-Tibet Railway, in all the Dongfeng 11G locomotives for the 5th national large-scale railway speedup, and in the Cape-size bulk carriers manufactured by Shanghai Waigaoqiao Shipbuilding Co., Ltd. ABB's products have also been widely deployed in container and cargo vessels operated by Cosco, China Shipping, China Changjiang Shipping, etc.

Ulrich O. Birch, head of ABB Turbocharging in China said, “the new facility, allows us to localize the



Opening ceremony of the new plant of ABB Turbo Systems in Chongqing.

very latest turbocharger technology and enables ABB Jiangjin Turbo Systems to further strengthen its position in the industry”.

The new manufacturing base houses advanced facilities, includes fully air-conditioned workshops, advanced manufacturing machinery, and energy saving and rainwater collection facilities. It will not only further improve product quality and working efficiency, but will also cut more than 30% of energy consumption and 10,000 tons of water consumption each year, compared with conventional buildings.



Bird's eye view of new turbocharger manufacturing base.



Workshop of new ABB plant.

The new site has allowed ABB to start local production of the most popular of its product series, including TPS, TPL, and TPR. ABB's latest A100 series is expected as well to be manufactured in the new site, which will be a significant step in the development of high-efficiency, high-pressure turbochargers and will set a new industry standard with highest compression ratios for modern diesel and gas engines.

With more than 80 years of experience in the research, development and production of turbochargers, ABB

has currently 190,000 units in operation in the world, supported by more than 100 ABB service stations in over 60 countries.

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 120,000 people. ABB has a full range of business activities in China, including R&D, manufacturing, sales and services, with 15,000 employees, 27 joint ventures and wholly owned companies, and an extensive sales and service network across 60 cities.

For additional information or help with any technical terms in this release, please go to: www.abb.com/glossary

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TITONI Engages in Animal Protection

Adoption of “Ruirui” by Swiss watch company at the Chengdu Research Base for Giant Panda Breeding

“Ruirui” was born on May 17, 2007. At the time, she weighed only 129 grams. By now she has grown into a fifty-five-kilogram beauty. Sometimes, she likes to daydream; sometimes, she is a troublemaker chasing about and playing with her peers. Most of the time, she simply enjoys the delicacies carefully prepared for her. Beside the food that is especially arranged by her nutritionists, she likes bamboo leaves and cookies. The average Giant Panda eats as much as 12 to 38 kilograms of bamboo a day and an adult panda can weigh about 100-150 kilograms and grow up to 150 cm. – “Ruirui”, a Giant Panda, has been a new member of the large family of Titoni Ltd. since November 9. The female panda was adopted by the famous Swiss watch company for two years during a trip by Titoni’s CEO Daniel Schluep to Sichuan Province in November 2009.



Handover of the adoption certificate.

The Giant Panda – an endangered species

The Giant Panda is one of the world’s rarest species and is found only in China. According to the latest report, China has about 250 Giant Pandas in captivity with another 27 living in zoos all over the world. It is also estimated that around 1600 Pandas are currently living in nature reserves in Sichuan, Gansu and Shaanxi provinces. The Giant Panda is also an endangered, conservation-reliant species, threatened by continued habitat loss and by a very low birthrate, both in the wild and in captivity. When the cub is first born, it is pink, furless, and blind. A Panda cub is extremely small, and it is difficult for the mother Panda to protect it because of the baby’s size. The cub begins to crawl after two to three months; mothers play with their cubs by rolling and wrestling with them. The cubs are able to eat small quantities of bamboo after six months, although mother’s milk remains the primary food source for most of the first year.

The Chengdu Research Base for Giant Panda Breeding is a non-profit organization engaged in wildlife research, captive breeding, conservation education, and educational tourism. It was founded in 1987 with six Giant Pandas rescued from the wild. – The Giant Panda is perhaps the most powerful symbol in the world when it comes to species conservation and, in China it is considered a national treasure. Giant Pandas have for a long time also been used as diplomatic gifts to other countries: the practice existed as far back as the Tang Dynasty, when Empress Wu Zetian (625–705) sent a pair of Pandas to the Japanese

Emperor. After the founding of the People’s Republic, Mao Zedong revived the so-called Panda Diplomacy by giving away Pandas to other countries. One highlight was the gift of two Giant Pandas to the USA after President Nixon’s historic visit to the Middle Kingdom in 1972. From the middle of the 1980s on, China began to offer Pandas to other nations (especially to zoos), but only on 10-year loans. The standard loan terms include a fee of up to 1 million US\$ per year



Daniel Schluep, Titoni’s CEO, with a Giant Panda.



“Ruirui” (center) is named after the Chinese translation for “Switzerland”.

and a provision that any cubs born during the loan are the property of the People’s Republic of China.

By mid-2005, the Chinese government had established over 50 Panda reserves, protecting more than 10,400 km² and over 45% of the remaining Giant Panda habitat. In spite of all these measures, this peaceful member of the bear family still faces a

number of threats. Its forest habitat is fragmented, and populations are small and isolated from each other. Meanwhile, poaching, which was popular until the 1980’s due to the soft fur, remains an ever-present threat. Today, the captive population of the Chengdu Research Base for Giant Panda Breeding has increased to almost 90 “individuals”. Thanks to the research and the commitment to animal health and welfare, more than 120 Giant Panda cubs have been born at this base. “Ruirui” is one of them.

“Ruirui” and her Swiss connection

In 2007, “Ruirui” was first adopted by Swiss Federal Counselor Doris Leuthard and members of the economic delegation traveling with her to Sichuan. At the end of the adoption period, “Ruirui”, named after the Chinese translation for “Switzerland”, was happily handed over to the watch company Titoni Ltd. As an independent Swiss enterprise, Titoni Ltd. is fully aware of its social responsibility. Daniel Schluep himself is a nature-lover and feels that the concern of sustainable well-being is a global issue. Therefore, Schluep, together with the staff of Titoni Ltd., quickly made the decision to become engaged in conserving the endangered species Giant Panda. “In Switzerland, Titoni Ltd. has long considered the support of social, cultural and environmental institutions as being an important element within its business activities”, said Mr Schluep in his speech at the Chengdu Panda Research Base before a large audience of media representatives from Chengdu and Chongqing.

The adoption ceremony for “Ruirui” was also attended by the honorary guest Ms Flavia Schlegel, Executive Director of Swissnex Shanghai. Swissnex, Switzerland’s Outpost for Science, Technology and Culture, promotes cooperation between Switzerland and China in the fields of higher education, research, technology, innovation and culture. “Titoni’s efforts in the interests of sustainable well-being in our industrialized world are a precise reflection of the culture of “Swissness”. Swissnex appreciates and shares these values of this independent and responsible family watch company”, explained Ms Schlegel. For her, the Giant Panda evokes a feeling of warmth and exhilaration in a way that no other animal does.

This year (2009) marks the 90th anniversary of the establishment of Titoni Ltd. in Grenchen and, at the same time, Titoni’s 50th anniversary of its entry into the Chinese market. The high quality of Titoni’s watch-making, its classic design and dedicated after-sales service have won the brand increasing clients in China over the decades. From the very beginning, Titoni Ltd. has been committed to the interests of its clients and has listened to their voices with gratitude. In addition, the family-owned company does not only devote itself to a higher quality of watch-making and services, but also makes every sincere effort to give its benevolence back to society. With the adoption of “Ruirui”, Titoni Ltd. is determined to support the living needs of Giant Pandas and also wishes to further



The adoption ceremony was also attended by Ms Flavia Schlegel, Executive Director of Swissnex Shanghai.



TITONI
OF SWITZERLAND

Shaping
moments of life



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Master Series

Facts and Figures on Titoni Ltd.

- Family-operated business, founded in Grenchen in 1919 under the name of FELCO
- Swiss manufacturer of timepieces “Made in Switzerland”
- Independent small company owned for three generations by the Schluep family
- Current CEO: Daniel Schluep
- Number of employees: 50
- Specialized in the manufacture of mechanical self-winding watches (approx. 90 percent of its production)
- Brand positioned in the middle to upper price segment
- Sales of watches in Europe, Russia, India, the Middle East, Southeast Asia and China (since the late 1950s)
- Approximately 800 sales outlets in China (besides Hong Kong, Taiwan, Macao) as well as roughly 50 service centres on the mainland

Swiss benevolence in China. The adoption also symbolizes the ever increasing friendship between Switzerland and China.

As it is said in the watchmaker’s slogan “Shaping Moments of Life”, Titoni Ltd. feels that philanthropic actions like this are shaping an important moment in its life. Personally, for Daniel Schluep, who is very interested in Chinese culture and visits China several times a year, there is now another lovely reason that keeps him coming back to China regularly.

By: Matthias Messmer

For further information, see also:

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Qu Jiang Park and south lake in Xi'an.



Xi'an: “Freedom in the West”

A company should open its doors to the outside otherwise the door will eventually be opened by somebody else to the inside with unpleasant consequences.

This advice can be given to Swiss businesses, which have to find their way in this global world, which is more and more influenced by the P.R. of China. How should people cope with huge cultural differences? The need is in the will to change, in the willpower to understand other cultures. It is a daily struggle moreover a lot of work. It is a pity that the Swiss tend to be kind of arrogant, but on the leap to China this is – as hard as it sounds – the wrong

attitude. However, what advice should be given to Swiss businesses, who want to expand in China? You learn your first lesson when you are ripped-off; western people do not possess this attitude of the Chinese, which is anchored to their culture. To be successful, the person in charge of your China business should have a lot of patience, read and write Chinese and furthermore, she/he should have knowledge about both, western and Chinese culture. Knowledge of Chinese history can additionally be helpful to understand the People's Republic's future.

The expansion to China, with its gigantic geographic size and its countless minorities, is a step

into another world on the continent of Asia. It cannot be treated casually, it calls for full attention, plenty of time and enough resources. This stride is not for spoiled managers, who are longing for a fast gain. The following article would like to put an eye on the potential of the city of Xi'an. At this particular time, Xi'an is becoming more and more a city of great interest for Chinese companies, since the well-known industrial regions are reaching saturation. If one turns the pages in history back, Xi'an has been an important location on China's map already 5000 years ago.

Translated into English, Xi'an means "Freedom in the West", where well-known Swiss companies have already found their freedom and there are most hopefully more to come.

The "Freedom in the West" was in China's Tang Dynasty one of the most important cities. When we take a comparison with a city nowadays, we can take Shanghai or New York. With about 8 million citizens it seems Xi'an will be an important town again. Since China's premier minister Wen Jiao Bao decided to put again large efforts to the West of China, Xi'an is developing rapidly.

The city is ranking under the top ten of the richest cities in China. Xi'an is proud to be number three in China, when it comes to the numbers of universities and colleges. The modern city is also the heart of the aeronautic and aviation industry. In the next couple of years, China plans wide-bodied aircrafts for domestic use and as a next step their export. These plans are concluded within Xi'an. The "City of Freedom" is becoming important. Starting 2009, the central government decided to hold the annual European-Asian's Forum for economics yearly in Xi'an. This happened for the first time in November 2009.

The city is also speeding up all construction works. Examples are huge city parks like "Da Ming Gong" (Da Ming Palace Park), "Da Tang Furu Yuan" (Tang Paradise Park) and "Ju Jiang Nan Hu" (Ju Jiang South Lake). The size of such a park as the "Da Ming Palace Park" is 3,2 km². Most of these parks already existed in the Tang Dynasty. The new local government under



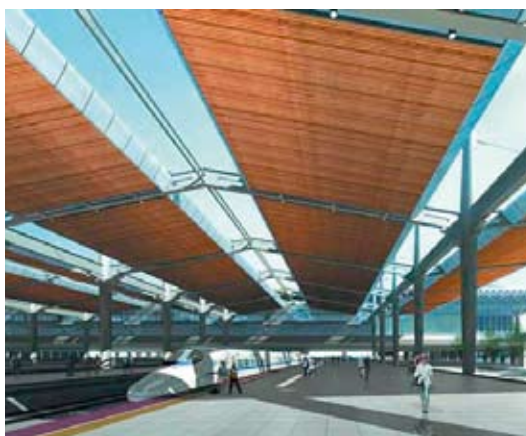
Xi'an's hi-tech development zone.

the outstanding and strong leadership of Mayor Cheng Baogen decided a few years ago to renew Xi'an completely. The hard working Mayor made most of the following mega projects for Xi'an possible:

Subway: Currently there are major construction works along Xi'an from west to east and south to north for the first metro system of Xi'an. There are six lines planned. The system should be completed by 2020. Track 2 (south to north), which has started the construction works in 2007, is predicted to be finished 2010 / 2011. The construction works of track 1 has started early 2009, and should be finished 2011. The construction works of Track 3 will start 2011.



Construction site of Xi'an's metro.



Xi'an's new train station for the "High-speed Bullet Train".

The second train station for the "High-speed Bullet Train": Xi'an's new train station for the "High-speed Bullet Train" (350 km/h) will be finished next year. The "Bullet-train" network is connecting all important cities like Shanghai, Wuhan, Beijing, Zhengzhou, Guangzhou etc. The "Bullet-train" will have his western start point in Xi'an.

The expansion of the International Airport Xi'an: The German company "Fraport", the constructor of the Frankfurt Airport, which has a joint venture with



The famous holly Daoism Huashan mountains.

Xi'an Yang International Airport at the Xi'an International Airport, will upgrade and expand the Xi'an facilities at the airport. This will happen till end of 2009.

The World Horticultural Expo 2011: Xi'an was chosen to host the World Horticultural Exposition 2011 by the Association of International Producers of Horticulture (AIPH) at its 59th congress. The exhibition will be located in a new district of Xi'an, the Chanba district. It is expected to bring more than 10 million visitors to Xi'an.

UNESCO has appointed the Qingling Mountains to be world heritage: The "Qingling Mountains (秦岭山)" are a major mountain range, located mainly in the eastern province of Shaanxi. The moun-



World heritage Qingling mountains.

tains provide a natural boundary between the north and south of the country. It is supporting a huge variety of plants and wildlife. Some of them cannot be found anywhere else on earth.

Important links for Xi'an's development zones:

<http://www.xainvest.gov.cn/en/tzhj/ehj16.htm>

<http://www.xetdz.com.cn>

(English version is in progress)

<http://www.xdz.com.cn>

Xi'an Foreign Business Forum: www.xianfbf.com

Xi'an's Da Ming Palace Park:

<http://www.dmgzy.com>

The 18 km long "Zhongnanshan Tunnel": It will start to operate soon and connect the cities Chongqing, Wuhan, Shanghai etc. The tunnel is passing through the Qingling Mountains and through the partly finished section through the Zhongnan Mountains. The section of the tunnel to Chengdu was finished last year. The section of the tunnel to Chongqing will be completed soon.



The Zhongnanshan tunnel will connect cities such as Chongqing, Wuhan and Shanghai.

Fact is that already in the AD 838 a member of a group of travelling foreigners, Ennin, a Buddhist monk, wrote a detailed diary of his nine-year sojourn. It was the first foreigner's travel report about China. It was written about 400 years before Marco Polo set his eyes on Kublai Khan's princely pleasure dome. The group landed during the glorious days of the Tang Dynasty (AD 618-907). It is considered as the peak of Chinese civilization. The economy, politics, cultures and military strengths had reached dizzying levels. China was the most powerful and prosperous country in the world at that time.

During the Tang times there were large numbers of foreigners travelling through the country, they were bargaining and exchanging ideas just as it is today. The Tang Dynasty's capital was Chang An (the ancient name for Xi'an). At that time, it was the world's biggest city with around 1 million citizens. And today, Xi'an is going to be one of the important cities in the west of China again.

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School of Business FHNW and China

A Long Term Commitment to Learning Bears Fruit

For many, the end of the year is a time to reflect on returns achieved before looking forward to the new year ahead. The School of Business FHNW, has had a remarkable twelve months especially in regard to its activities in China and this article will look at some of 2009's successful activities, consider the reasons for the success of the school and give a brief insight into our future plans.

At the end of 2008, despite the extraordinary economic situation, the school determined to further develop its 15-year commitment to its China activities. During the Year of the Ox that stability, perseverance and sheer hard work have paid dividends.

According to Prof. Dr. Ruedi Nützi Director of the School of Business FHNW, "Like any other success-

ful organisation, we need to have a clear vision of where we are heading and a definite strategy to help us get there. Internationalisation is a central issue for us. As a forward-looking school of business we need to reflect the international emphasis of the Swiss economy so that we can best develop future employees for Swiss companies as well as offering continuing education for existing staff. To achieve this goal we need to constantly enrich and renew our learning and experience through cooperation and research. For the School of Business FHNW, Internationalisation is important because of the benefits it brings for the Swiss economy".

Within the internationalisation strategy of the School of Business FHNW, China plays a key role. Although the FHNW itself was only created through



The exchange of the friendship Agreement between Canton Solothurn and Gansu Province. Cantonal Councilors Esther Gassler, Walter Straumann and Klaus Fischer; Dang Jianwu (Gansu delegation) and Wang Ruihong (front row f.l.).

School of Business FHNW Key China Activities 2009

- Signing of a Friendship Agreement between the Canton of Solothurn and Gansu Province.
- Reception of the delegation from Gansu Province and signing of a Memorandum of Understanding between the Canton of Solothurn and Gansu related to city partnerships.
- 2nd intake Executive Certificate in Public and Business Administration: 4-month intensive further education programme for 15 senior officials from Gansu Province.
- Training programme for junior managers from the Shanghai Economic Management College under the Basel-Shanghai city twinning programme. Within the scope of the co-operation, the City of Basel has delegated responsibility for the areas of education and further training to the School of Business. Negotiations and Agreement with SEMC for further co-operation for the years 2010 and 2011.
- Negotiations with the National School of Administration in Beijing and signed agreements for faculty exchange.
- Negotiations with Beijing Foreign Studies University School of Management in October: intensification of student and lecturer exchange, a Memorandum of Understanding, an Executive programme planned for 2010. Research project International Negotiations with the participation of BFSU faculty.
- Invitation to participate in the 60 Year Anniversary of the People's Republic of China at the Chinese Embassy, Bern.
- Guest lectures and appearances at School of Business FHNW China events from amongst others, Reng Huangang (China's Permanent Mission to the WTO), Harro von Senger, Kurt Haerri, Susan Horváth, Daniel Christen, Beda Bischoff, Kong Xian Chu, Manuel Salchi (Head of Major International Events Präsenz Schwiez and Chief Organiser Swiss Pavilion Expo 2010), Anna Mattei (EDA), Urs Schöttli.
- Company and institutional visits and presentations both in Switzerland and China including Alstom, Dolder, Erne, Interchina Consulting, Swiss Business Hub Beijing, Swissnex Shanghai, ABB, Schindler, TBEA (Tebian Electric Apparatus Stock Co., Ltd), China National Petroleum Corporation, Tianshan Wool Textile Co., Goldwind Science and Technology Co.
- Student exchanges with Beijing Foreign Studies University, Qingdao Tech, Shanghai Economic Management College.
- Chinese language tuition in School of Business academic programmes.
- Press coverage in regional and national Swiss press and the South China Morning Post.

merger in 2006, the School of Business and its predecessor schools have worked continuously with China since 1994, initially participating in Swiss national programmes to train and develop administrators in China's national and provincial government, then developing a strong long-term connection with Gansu Province and currently with partnerships and cooperation agreements in Gansu, Beijing, Shanghai and Qingdao with further partnerships currently under negotiation.

One example of the Schools long-term approach has been the development of the relationship with Gansu Province. In the past 15 years, more than 200 management officials from Gansu province have attended training courses in campus Olten. With this long standing cooperation, a platform has been established and further cooperation in fields of education, economy and culture between Gansu and Solothurn are under discussion.

In August, three members of the Solothurner Regierungsrat, attended the signing ceremony in the



Klaus Fischer, President of Canton Solothurn Government and Dang Jianwu, Chief of Gansu Delegation.

“Ambassadorsenhof” in Solothurn where a friendship agreement between the regions of Gansu and Solothurn was exchanged. In October, a delegation led by the Chief of the Provincial Personnel Department, Gansu Province visited Olten and a letter of intention for building up a city partnership between Olten and Lanzhou. For Chen Weizhong, Head of the Overseas Friendship Association and the initiator of the relationship, it was “a dream has come true”.

In 2009, the Executive Certificate in Business & Public Administration (ECBPA) with Gansu Training Center for Senior Management Officials offered participants from a wide range of organisations a four-month full-time training programme hosted by the School of Business FHNW. The ECBPA programme combines input from FHNW lecturers, specialists and practitioners to offer concrete learning opportunities for participants in both theory and practice. The programme focuses in developing transferable skills which can be applied by the participants in their home environment.

The School of Business FHNW

The School of Business, part of the FHNW University of Applied Sciences Northwestern Switzerland, is one of the largest business schools in the country. It is active in the areas of undergraduate and postgraduate education, continuing education, research and development, and consultancy services. Currently there 1700 students enrolled in the wide range of Bachelors and Masters degree programmes. A further 800 students are enrolled in MBA, EMBA and MAS programmes, including 300 from China and Vietnam.

The School of Business has student and lecturer exchange contracts with over 130 international co-operation partners. In addition, 6 strategic partner countries have been targeted for extending co-operation in research, executive programmes and consultancy services: China, India, Vietnam, Russia, the United Kingdom and the USA.

Employers of the ECBPA 2009 Participants

- Gansu State-owned Assets Supervision and Administration Commission
- Gansu Provincial Department of Finance
- Gansu Regional Development & Reform Commission
- Gansu Environmental Protection Bureau
- Gansu Industrial & Commercial Bureau
- Gansu Overseas Friendship Association
- Lanzhou Jiaotong University
- Northwest Normal University
- Lin-Xia Government
- Mining Region of Jin-Chuan Company Ltd.
- Hua-Ting Coal Mining Company Ltd.
- Gansu Provincial Department of Culture
- Gansu Provincial Bureau of Quality and Technical Supervision
- Gansu Statistics Bureau
- Bureau for Retired Senior Officials

According to Dang Jianwu, Head of the Gansu Delegation, “through the (ECBPA), our biggest harvest in Switzerland is not about knowing the huge achievements Swiss people have made, but learning how they have managed to get there.

Specialist seminars and visits have included all levels of Swiss public administration from the commune through city, cantonal and national level including receptions and meetings with legislators and executives at all levels; regional promotion, inward investment and utilities including Präsenz Schweiz, Standortmarketing Basel, Canton Solothurn; the City of Olten, regiozofingen, Nidwalden; HR Department of the Canton Baselland; Swiss and Chinese Permanent Missions to the WTO, all levels of the education system, power generation plants; the Swiss National Bank, Swisscom, Ypsomed, SBB, Alpiq.

Participants Yang Hui and Zhang Bing commented, “We find that lessons are very well prepared here and the professors are very experienced and at a high level. What we also appreciate are the different companies and institutions who deliver guest input. They have great working experience and we could profit from their knowledge of industry”.

A particular highlight was a negotiation simulation between the ECBPA participants and senior officials from the Swiss State Secretariat for Economic Affairs, the Federal Department of Foreign Affairs Swiss Agency for Development and Cooperation. One sen-

The SCCC and the School of Business FHNW

The School of Business FHNW has been a member of the SCCC for many years and has enjoyed the active support of the organisation. Our goal is to further develop the relationship with the SCCC and its members in the coming years.



Graduation Ceremony “Executive Certificate for Business and Public Administration”: Cantonal Councillor Walter Straumann, Chinese Ambassador Dong Jinyi, Director Ruedi Nützi, Peter Abplanalp (1st row f.l.). Programme director Michael Jelve, followed by fresh graduates from Gansu (2nd row f.r. et al.).



The class of Insight China 2009 during a visit at Alstom in China.

ior Swiss official noted after our negotiation simulation “It was indeed a very enjoyable experience last week. I certainly learned a lot, it has changed my perception of the Chinese”.

Insight China

Another programme with a long history is Insight China. In 2009, the Insight China Project enabled 22 students and 5 lecturers from the School of Business FHNW, Engineering, Life Sciences and Applied Psychology to experience a remarkable introduction to the culture and economy of China.

During the initial one week intensive preparatory seminar in Olten which also attracted a large number of additional School of Business and international visiting students, speakers from a wide range of organisations including the Federal Department of Foreign Affairs, Permanent Mission of China to the WTO, the Swiss-Chinese Chamber of Commerce, Swiss Federal Institute of Intellectual Property Presence Switzerland, NZZ, CSEND, ITCCA, Alstom, Schindler Elevator Ltd., Albert-Freiburg University lectured on core upcoming challenges for China.

The 15-day onsite seminar visited Beijing, Lanzhou, Urumqi and Shanghai included over 18 visits to com-

panies and economic organisations (8 international, 10 Chinese); 15 cultural institutions and sites of interest; and three universities. The student project raised approximately CHF 30,000 in external sponsorship from industry and thus reaffirmed the School of Business FHNW as one the leading China players within the tertiary education sector in Switzerland.

The project generated extensive coverage in local and regional media. Insight China provides a platform each year for the School of Business to demonstrate its commitment to knowledge transfer between China and Switzerland and develop the internationally oriented graduates vital for the Swiss economy.

The long-term orientation of the School of Business FHNW has certainly paid dividends in 2009, but what about 2010? We will continue our policy of developing lasting relationships with key partners in China as part of the school’s international strategy, will further strengthen ties with our existing partners, and attempt to develop stronger economic ties between those in our network.

Most of all, the School of Business FHNW will continue to live by the maxim that in internationalisation “actions speak louder than just words”.

For further information regarding the School of Business FHNW, our activities or future projects contact:

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Insight China 2010

Feb 8–12
Preparatory Seminar at the School of Business FHNW

March 26–April 12
Onsite Seminar visiting Beijing, Tianjin, Lanzhou & Shanghai

www.insightchina.ch

Baerg Marti Investment 2010

About a unique investment in a real, authentic product

Professional storage allows balsamic vinegars of the highest quality to mature into particularly high-class aromatic delicacies. Moreover, after a good five years they form valuable balsam crystals, which are highly prized as seasoning ingredients and garnishing in upmarket restaurants. The vinegar that has undergone upgrading during storage and the balsam crystals formed in the vinegar increase the value of this purely natural product many times over. This in turn makes balsamic vinegars ideal investment products with a guaranteed appreciation in value.

The Swiss vinegar manufacturer Baerg Marti with headquarters in Wollerau on Lake Zurich is therefore now offering its vinegar creations as investment products: the finest balsamic vinegars are filled into wooden kegs, flown to the 3000-metre high Mutthorn in the Bernese Oberland region and stored in a tunnel on the glacier as a profitable investment. The climate high in the mountains is ideal for allowing the vinegars, which are created using high quality, natural raw materials, to mature into first-class aromatic products in which valuable balsamic vinegar crystals form.

Exclusively matured upmarket vinegars, to which your investment product will belong after it has been stored for at least five years, are enjoying great popularity. There is particularly high demand for balsamic vinegar crystals: the demand is so great in certain parts of Asia and Russia alone that the balsamic vinegar crystals currently available worldwide can only meet about 0.5 per cent of demand. After a five-year storage period you can decide whether you would like to continue to store your vinegar and the crystals it contains, collect it and use it yourself or have it auctioned off by renowned auctioneers at a profit (Baerg Marti arranges the auction).

Investment at a glance

The possibility of being able to acquire the finest vinegars as investment products and storing them at 3000 metres in the Alps is unique. The Mutthorn mountain in the Bernese Oberland region of Switzerland is the highest storage place for top-class vinegars; the change between the extreme cold in the winter and the mild mountain climate in the summer coupled with the low-oxygen environment subjects the vinegars to an ageing process that boosts their value from year to year and gives them a distinctive aroma.

The price for the purchase and transportation of a 30-litre wooden keg is CHF 11,500.



The possibility of being able to acquire the finest vinegars as investment products and storing them at 3000 metres in the Alps is unique. (Photo by Reuters)

- Baerg Marti guarantees careful management and regular quality monitoring of your investment product during the entire storage period by their food engineers.
- Your investment product is insured against all possible damage, e.g. against rockfall and the resultant damage to the tunnel and the kegs stored in it.



The finest balsamic vinegars are filled into wooden kegs, flown to the 3000-metre high Mutthorn in the Bernese Oberland region and stored in a tunnel on the glacier as a profitable investment. (Photo by Reuters)



Choose from different types of top-quality balsamic vinegar: blueberry, blackberry, red currant, raspberry, cherry, pear, apple and "Berry Dream".

(Photo by Reuters)

- You can choose from the different types of top-quality balsamic vinegar: blueberry, blackberry, red currant, raspberry, cherry, pear, apple and "Berry Dream".

With Baerg Marti balsamic vinegars on the Mutthorn, you have an investment with considerable potential for appreciation within the first five years and a further increase in value during the following years (increase in value: 200-300 per cent).

From the fifth year of storage onwards, so-called balsamic vinegar crystals form in the vinegar. It is estimated that some 500-700 g balsamic vinegar crystals per keg will form after a storage period of five years. The current market value of the crystals is CHF 1,500 per 100 g, which is on top of the rate of increase in value given under point 3.



Besides the Baerg Marti logo, your keg will carry details of the type of vinegar contained in it and the year it was filled; if you wish, it can display your name, family crest or other additional information.

(Photo by Reuters)

After a five-year storage period, your vinegar will have achieved an optimal degree of maturity and you can then collect it from the mountain tunnel or you can extend the storage period for a further five years and profit from the further appreciation in value of your investment product.

Baerg Marti organises auctions on the Mutthorn; after a storage period of at least five years, they offer you the opportunity to let renowned auctioneers sell your vinegar, together with the balsamic vinegar crystals that have formed in it, at a profit. If you wish, you can, of course, put your vinegar to your own use or sell it yourself.

Thanks to a special co-operation with Air Glaciers SA, you can book a flight between April and September from Lauterbrunnen to the Mutthorn to inspect the tunnel and your vinegars stored in it.

Your investment is presented in a certificate individually prepared for you.

Besides the Baerg Marti logo, your keg will carry details of the type of vinegar contained in it and the year it was filled; if you wish, it can display your name, family crest or other additional information.

In addition to guaranteeing the care and insurance of your investment product, Baerg Marti also guarantees that they will protect your privacy as an investor. Your details will be treated with absolute and uncompromising discretion. Your details will not be divulged for advertising purposes or in any other way. This also applies even after you have collected your vinegar from storage.

- Only after you have given your express written permission to do so would Baerg Marti use your name, e.g. as a reference for the media. And then only after Baerg Marti has given you the right to read the content of what they intend to publish.
- It is left to each investor to decide whether he wishes to make his investment in Baerg Marti public.

About Baerg Marti balsamic vinegars

The raw materials that vinegar maker Baerg Marti uses to produce its finest balsamic vinegars are of the highest quality. They are exclusive natural ingredients from local, organic products: fully ripe fruits are fermented to the purest vinegar, and the Baerg Marti brand thus stands for Swiss vinegars made from the purest natural essences.

After undergoing thorough quality control, vinegar intended for sale in bottles is filled by hand and labelled. Bottles of Baerg Marti balsamic vinegars are available online from their shop (www.baerg-marti.ch) as well as from selected delicatessen stores and exclusive department stores (details are given on the website).

The vinegar intended for investment is placed in barrique kegs and transported from Lauterbrunnen to the Mutthorn.

Each type of vinegar carries details of a different object of interest or a small town in Switzerland. The design resembles a culinary journey across Switzerland. The concept is closely linked to an ongoing history on the www.baerg-marti.ch website.

Baerg Marti will also gladly send you a copy of the report on their products prepared by the Cantonal Food Control Department in Brunnen (Schwyz).

Vinegar: the history of a culinary treasure

Vinegar has been playing a central role in kitchens around the world for thousands of years. For example, traces of the valuable liquid have been found in old Egyptian ceramic jugs that are 6000 years old. Vinegar was also highly valued for its preserving, aromagiving and disinfecting qualities in China and Mesopotamia, where it was called sour beer. After the Middle Ages, taxes were imposed in Europe on vinegar and foods pickled in vinegar, which demonstrates its high value. Subsequently, veritable vinegar dynasties developed, especially in Italy (Piemont, Modena); in Austria, too, the art of vinegar production was refined.

Balsamic vinegar is an extremely versatile delicacy that harmonises with meat, salads, soups, fish, cheese, fruits and desserts. A tradition-steeped culinary treasure for upgrading whole menus and additionally an alternative investment with attractive growth in value: that is what Baerg Marti has to offer you.



Thanks to a special co-operation with Air Glaciers SA, you can book a flight from Lauterbrunnen to the Mutthorn to inspect the tunnel and your vinegars stored in it.
(Photo by Jan Thalmann)

For orders or further information, please contact:

Baerg Marti

Mr Stephan Marti, owner

Phone +41(0)43 888 99 01

Mobile +41(0)79 831 11 77

Email marti@baerg-marti.ch

www.baerg-marti.ch

Roofing Ceremony of Swiss Pavilion

Swiss Pavilion celebrates and tours the Yangtze River Delta Region with interactive roadshow

On October 23rd 2009 the Swiss Pavilion at Expo 2010 Shanghai celebrated its roofing ceremony and thus an important milestone. Guest of honour was the Federal Councillor Eveline Widmer-Schlumpf, Head of the Swiss Federal Department of Justice and Police (EJPD). The official celebration was also attended by Mr Huang Jianzhi, Deputy Director General, Bureau of Shanghai World Expo Coordination. More than two hundred invited guests were present at the roofing ceremony, including a delegation from the Swiss Federal Parliament, led by National Councillor Bruno Zuppiger.

In her speech at the roofing ceremony, Federal Councillor Widmer-Schlumpf stressed the importance of Expo 2010's theme of "Better City, Better Life" against the background of the challenge of achieving sustainable urban development. In her remarks, the Head of the Swiss Federal Department of Justice and Police also had something to say about the EXPO sub-theme of "Rural – Urban Interaction", which is the subject dealt with in the Swiss Pavilion: "The Swiss are strongly aware of the benefits of a close interaction between rural and urban areas. This is natural, as Switzerland is small, mountainous and



Federal Councillor Eveline Widmer-Schlumpf, Head of the Swiss Federal Department of Justice and Police (EJPD), attended the roofing ceremony as guest of honour.

densely inhabited and has a solid rural tradition alongside thriving cities. We have the duty to find sustainable ways of protecting and conserving our natural heritage – while improving living conditions in urban areas.”

The completion on schedule of the basic steel structure represents the conclusion of a further building phase for the Swiss Pavilion. In the course of recent months, some 780 tons of steel and 600 cubic metres of concrete have been incorporated in the structure covering an overall surface area of 4000 square metres. A total of 132 piles have been driven into the ground to form the foundation for the gigantic steel structure, which is going to have to bear the load of an expected flow of 15 000 visitors per day.

Only few days after celebrating its roofing ceremony, the Swiss Pavilion started its month-long interactive roadshow. As the first country pavilion to tour

the Yangtze River Delta region, the Swiss Pavilion intensified its Expo promotions in a roadshow format. The roadshow toured Shanghai, Nanjing, Suzhou and Hangzhou, generating extensive reporting by the local media and becoming one of the local hot topics. A great number of students and the general local public visited the interactive exhibition and appreciated a first-hand taste of the highlights of the Swiss Pavilion before the Shanghai Expo opens. The Swiss Pavilion's star attractions, including a piece of the interactive and intelligent pavilion facade, the chair lift and a 3D viewer, were popular among the local visitors and many of them said they enjoyed learning about Switzerland's achievements in innovation and sustainable development through the engaging roadshow and are excited to see more at the Swiss Pavilion next year.

For more information, please contact:

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Presence Switzerland

Head of Team Marketing & Communication

Phone +41 31 322 58 86

Email xenia.schlegel@eda.admin.ch

Swiss Pavilion at EXPO 2010

EXPO 2010 is taking place in Shanghai from 1 May to 31 October 2010. It is going to be the biggest world exhibition ever held, covering a surface area of 5.28 square kilometres and is expecting to have 70 million visitors pass through its gates.

The architecture of the Swiss Pavilion, which has been created under the project management of the Federal Department of Foreign Affairs FDFA, Presence Switzerland, constitutes a hybrid between hi-tech and nature, uniting town and country and maintaining the equilibrium between them. An interactive exhibition inside the pavilion presents the innovativeness of the Swiss and displays a number of positive examples of the interaction between town and country in Switzerland. The pavilion visit will finish on a high with a six-minute ride on the chairlift up to the roof of the Swiss Pavilion – a bridging element, bringing town and country together.

Apart from providing a forum for exchanging knowledge, Switzerland's presence at EXPO 2010 is an important platform for sustainably strengthening the image of Switzerland held in China, of nurturing existing relations and of building up new ones.

Further information about the Swiss Pavilion:
www.swisspavilion.ch



Switzerland intensifies its Expo promotions with a road show targeting students and the general public (here also with Swiss Consul General William Frei).

Pop-up Switzerland at EXPO 2010

Do you remember the time when you were little, holding one of these magnificent Grimm fairy tale volumes? And when you opened the centerfold, Snow White would mysteriously rise, together with the seven dwarves; and how they surprisingly folded back into the book when you closed it? It was a time when a book was still more than a lump of tatty paper, when printing and binding were crafts and their products treasures of lasting value.

One who has not forgotten these long past times, is Albi Matter, the famous Zurich-born artist-agent and founder of the Zurich Country Music Festival. Since he got his first wage as an apprentice printer, he has collected any pop-up books he could get a hold on. This passion may well have been the source of his wish to be able to publish his own series of carton sculptures one day. Albi Matter is by no means a man of mere wishes, but rather one who realizes them. After five years and with the support of a graphic artist, a modifier, a historian, a writer, a printer, a paper engineer and a binder, the first three volumes “Zurich”, “Berne” and “Lucerne” of a whole 3D-series on the most beautiful places in Switzerland could be realized and published in 2006.

For the 3D objects, up to 9 inches high, such as the Grossmünster, the Bundeshaus and the Kapellbrücke, the original construction plans had to be acquired and hundreds of pictures of detail aspects had to be taken. Extensive research for local history, folklore and lifestyles were required for each of these towns and regions described on 48 pages in each volume, in German, French, English, Spanish,



Chinese and Japanese. Furthermore, the search for a company which offers the required professional skills and also delivers highest quality for a tolerable price turned out to be most difficult. Finally, Albi Matter found this company in China, where the tender hands of ladies, not of children, fit, fold, flatten, glue, sew, wrap thousands of parts and then ship them to Switzerland.

All these efforts have been worthwhile, as they have resulted in the probably most attractive book series that has ever been published. Even more so, as these pieces of art are affordable, despite highest paper and printing quality, an embossment on the



front page, point-painted pictures and true to scale as well as colorfast 3D objects. The price for one copy is CHF 49.80 only, in the bookshops and at the kiosks! At the same time, a double-card series with 15 motifs, in large format, suitable for mailing, with 3D models of legendary steam boats on Swiss lakes, aircrafts above Swiss landscapes, the famous cobra-tram, the St. Peter church, the Zytgloggeturm and many more Swiss monuments, are available for the adequate price of CHF 14.50.

The big coup – Best of Switzerland

Besides the tourists visiting Switzerland, bookstores and souvenir shops as well as Government representatives, tourism associations, airlines and companies discovered with the pop-up books the perfect giveaway for their friends and clients. The tremendous success has led to the creation of the edition “Best of Switzerland”, which also includes a CD with Swiss country music and sounds compiled by Carlo Brun-

ner. Hence, Best of Switzerland completes the series not only visually, but also acoustically in a most charming way. The price for the book: CHF 69.80.

All pop-up books, launched under the name of “stand-up-switzerland”, guarantee to inspire a lot of people from Switzerland as well as from abroad. It is informative and attractive and will spread the feature and history of this country in the whole world. These qualities might have induced various City Councilors to write their prefaces for “their cities” in person. In addition, these representatives were kind enough to honour the visionary idea and the high quality of the realized products in their personal laudations at the presentation of the series to the media. A thing well done found its reward.

*You will find more information at
www.stand-up-switzerland.ch*

Ask for discount rates available for Members of the Swiss-Chinese Chamber of Commerce.

Chinese Guide on Switzerland

The all new and 11th annual issue of the Guide VIEW SWITZERLAND, entirely in Chinese has been out in May 2009. It covers Switzerland's history, culture, geography, population as well as its place in the glo-

bal economy and finance. Comprehensive information with maps is provided for the major tourist destinations, cities and sights. Special features cover shopping directions and Swiss watches. The strength and integrity of the publication is generated by the use of lavish photography complemented by informative and highly readable editorial.

The Guide has been published for the first time in 1998 and is circulated in 70'000 copies. It is published annually in May and made available in mainland China, Hong Kong and Taiwan to Chinese interested in Switzerland and/or wishing to visit our country, by Switzerland Tourism offices, Swiss representations Visa sections, Airlines, leading tour operators and travel agents, luxury hotels, etc.

Members of the Swiss-Chinese Chamber of Commerce are entitled for a limited number of free copies for handing out to their Chinese guests. The Guide is also acknowledged as successful advertising vehicle for reaching affluent Chinese visiting Switzerland.

Kindly direct your inquiries to:

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Wie die Uhr nach China kam

Wissenschaft und Technik als Vehikel des kulturellen Austauschs zwischen Europa und China

**Zur Ausstellung mit Symposium „Europa trifft China“ an der Universität Zürich
Mai/Juni 2010**

Konrad Specker hat zur Aufnahme der diplomatischen Beziehungen zwischen der Schweiz und der Volksrepublik China vor 50 Jahren eine historische Perspektive entworfen (Swiss-Chinese Chamber of Commerce, 20th Anniversary Edition – Bulletin 2/00, S. 47). Seither hat die Globalisierung weite Teile des wirtschaftlichen Lebens in beiden Kontinenten erfasst, sowohl in positiver als auch in negativer Hinsicht. Welche Rolle kann und soll nun der Kleinstaat Schweiz im Verhältnis zu China spielen? Soll man als „Weltgewissen“ den Platz auf dem Richterstuhl wahrnehmen – oder lieber auf den diplomatischen Errungenschaften der 50er-Jahre aufbauen?

Anker der schweizerisch-chinesischen Beziehungen

Aber anhand welchen interkulturellen Paradigmas können wir Schweizer auch im Lauf des 21. Jahrhun-



Matteo Ricci im Dialog mit XU Guangqi.

derts eine konstruktive Vermittlerrolle zwischen dem „Westen“ und China übernehmen? Tatsache ist, dass Schweizer Hochschulen einen verstärkten Zulauf chinesischer Studenten und Postgraduates verzeichnen, vor allem in den Natur- und Ingenieurwissenschaften. Im November 2009 gab das Schweizer Sekretariat für Bildung und Forschung bekannt: „20 Jahre nach Unterzeichnung des bilateralen Forschungsabkommens mit China bekunden beide Länder grosses Interesse an einer weiteren Intensivierung der Wissenschaftsbeziehungen. China gilt als wichtiges Schwerpunktland der bilateralen Wissenschaftsaussenpolitik, wie sie vom Parlament für die Jahre 2008 bis 2011 verabschiedet worden ist.“

Es sind also nicht zuletzt Naturwissenschaft und Technik, die China mit der Schweiz verbinden – jene „exakten Wissenschaften“, die einst auch die kulturelle Brücke zwischen China und Europa gebaut haben.

Europa trifft China – China trifft Europa

Denn der Wissenschafts- und Technologieaustausch zwischen Europa und China zu Beginn der Neuzeit ist ein überzeugendes interkulturelles Paradigma: Im 17. und 18. Jahrhundert setzten vor allem Jesuiten-

Projektorganisation

Patronat

Schweizerisch-Chinesische Gesellschaft (SCG)
Präsident: Dr. Thomas Wagner, vormals Stadtpräsident von Zürich

Mitwirkung

- Universität Zürich, Ostasiatisches Seminar
- Hochschule für Technik, Wirtschaft und Gestaltung (HTWG), Konstanz
- Wirtschaftskammer Schweiz-China (SCCC)
- Provinz der Schweizer Jesuiten

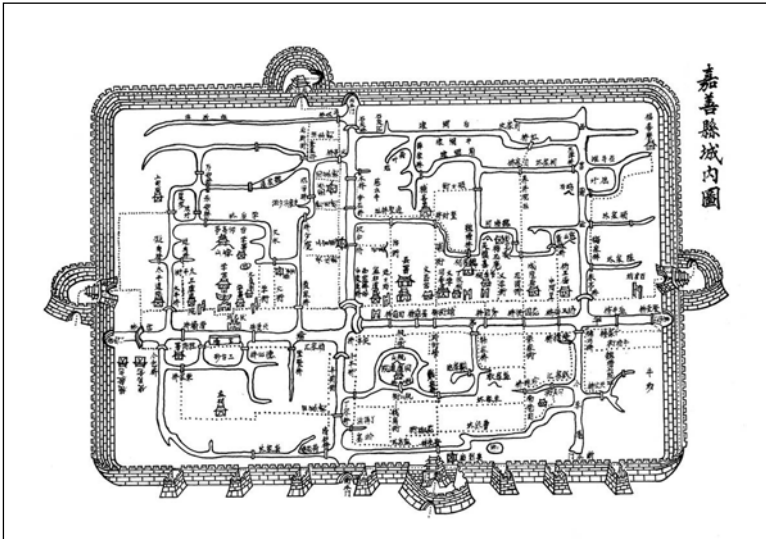
Koordination & Gesamtverantwortung

Bodensee-Institut für interkulturelle Bildung & Zusammenarbeit (BIIB)

Präsident: Dr.-Ing. Jean-Pierre Voiret, Sinologe
Vizepräsident : Prof. Dr. Erich Zettl

Beratung

Prof. em. Dr. Robert Gassmann



Zeitgenössischer Stadtplan von Jiashan.

missionare aus fast allen heutigen Staatsgebieten Europas Naturwissenschaft und Technik als Vehikel zur interkulturellen Begegnung und Auseinandersetzung ein. Initiator dieser Begegnung war der Italiener Matteo Ricci, in China auch heute noch unter dem chinesischen Namen Li Madou allgemein bekannt. 2010 ist sein 400. Todesjahr.

Aus diesem Anlass hat das Bodensee-Institut für interkulturelle Bildung und Zusammenarbeit die Initiative zu einem groß angelegten europäisch-chinesischen Kulturereignis an der Universität Zürich ergriffen.

Der erste intensive Kulturaustausch zwischen Europa und China unterschied sich deutlich vom (halb-)kolonialen und imperialistischen Vorgehen im 19. Jahrhundert bis zur Ausrufung der Volksrepublik China 1949. Ausschlaggebend für eine neue Bewertung dieser Epoche ist, dass die moderne chinesische

Geschichtsschreibung die europäisch-chinesische Begegnung und Auseinandersetzung zunehmend als Bereicherung der Kultur Chinas darstellt. Dafür zeugt nicht nur die Pflege des Zhalanfriedhofs auf dem Gelände der kommunistischen Parteihochschule in Beijing und des Jesuitenfriedhofs in Hangzhou, die beide unter chinesischem Denkmalschutz stehen, sondern vor allem auch die ernste wissenschaftshistorische Diskussion in der Chinesischen Akademie der Naturwissenschaften und auf Hochschulebene.

Vier Vertreter dieser neuen Generation chinesischer Wissenschaftshistoriker werden auf dem Symposium am 14. und 15. Juni 2010 an der Universität Zürich über ihre Erkenntnisse berichten. Denn der Italiener Matteo Ricci, der Schwabe Johannes Schreck, der Rheinländer Johann Adam Schall von Bell, der Flame Ferdinand Verbiest und viele andere werden als integrale Persönlichkeiten der chinesischen Geschichte wahrgenommen.

Heute mutet die ungeheure Bedeutung der mathematischen Disziplinen für angehende Theologen merkwürdig an. Mathematik in Verbindung mit Kartographie und Astronomie bildeten jedoch einst den Schlüssel zum innersten Entscheiderzirkel des chinesischen Kaiserreiches. Der Erfolg dieser Strategie ist besonders sichtbar im Toleranzedikt von Kaiser Kangxi (1692) und in der Tatsache, dass das Astronomische Amt rund 150 Jahre lang von Jesuiten geleitet wurde. Offensichtlich war die Zeit jedoch noch nicht reif für eine vorbehaltlose Begegnung zwischen China und Europa, sprich abendländischem Christentum und chinesischer Kultur. Ritenstreit und europäische Machtpolitik haben die mutige Vision des Matteo Ricci und seiner Gleichgesinnten zunächst scheitern lassen.

Zukunftsweisende Ansätze

Durch den Schutt der europäisch-chinesischen Geschichte hindurch zeigen sich aber Ansätze, die auch auf die künftigen Beziehungen zwischen der Schweiz und China übertragbar sind. So hat der erste Schweizer, der auf dem chinesischen Festland wirkte, ein zivilgesellschaftliches Werk hinterlassen, das bis heute Bestand hat. Der Freiburger Jesuit **Nikolaus Fiva** (1609–1640) wurde von seinen Obern wegen seiner besonderen mathematischen Begabung nach China entsandt. Seine Kontaktfreudigkeit verhalf ihm überraschend schnell, den Zugang zur wissenschaftlichen und literarischen Elite in der Stadt Jiashan, Provinz Zhejiang, zu finden. Rund 3000 Christen verehren Pater Fiva so heute noch als Gründer ihrer Pfarrgemeinde. Dort möchten sie ihm zu Ehren sogar eine Gedenkstätte einrichten. Auch auf dem Jesuitenfriedhof der Provinzhauptstadt Hangzhou erinnert eine Steleninschrift an unseren Landsmann.

Franz Ludwig Stadlin (1658–1740) war ein Schweizer Uhrmacher am chinesischen Kaiserhof. Er stammte aus Zug, hatte vor seinem Beitritt zur Gesellschaft Jesu auf einer langen Wanderschaft nach Wien, Prag, Danzig, Dresden und sogar nach Lissabon viel-

Ausstellung mit Symposium

Pfingstmontag, 24.05.2010, 18:00h

Eröffnung der Ausstellung „Europa trifft China – China trifft Europa/Ladenstrasse“ im Lichthof der Universität Zürich.

(Einladungen werden versandt.)

Die Ausstellung dauert bis **03.07.2010**.

11.06.2010–03.07.2010

Ausstellung „Europa trifft China – China trifft Europa/Bücherschätze“ im Vitrinenraum der Universität Zürich.

14./15.06.2010

Internationales Symposium „Wissenschaft und Technik als Vehikel zur interkulturellen Begegnung“ an der Universität Zürich (Raum wird später bekannt gegeben).

fältige Kenntnisse und handwerkliche Fertigkeiten in Feinmechanik und Automatentechnik erworben. 1707 wurde er wegen seiner herausragenden feinmechanischen Geschicklichkeit von seinen Ordensobern nach China entsandt. Dort gründete Stadlin die erste Uhrmacherwerkstatt in der Verbotenen Stadt, erhielt zahlreiche Aufträge von Kangxi, einem der bedeutendsten Kaiser Chinas. Seine Produkte signierte Stadlin mit den chinesischen Zeichen für „in Kaiserlichem Auftrag gefertigt“.

Die Automatenwerkstätte wurde auch nach Stadlins Tod mit chinesischem Personal weiterbetrieben.

Für Westeuropäer ist es erstaunlich, dass der hierzulande nahezu unbekannte Matteo Ricci inzwischen zum Unterrichtsstoff der Oberstufe in China gehört. Ausstellung und Symposium an der Universität Zürich werden im Mai und Juni 2010 so auch möglichst vielen Schweizern ein weitgehend unbekanntes Terrain der europäisch-chinesischen Geschichte erschliessen. Denn schon alleine angesichts der wirtschaftlichen Bedeutung Chinas für die Schweiz und ganz Europa müssen die weissen Flecken in unserem Geschichtsbild allmählich verschwinden.

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r5.5 CHRONO-GRAPH

Instinctive. Natural. A synthesis of two talents. Following on from a re-interpretation of one model in 2007 and the creation of a watch box, the r5.5 by Rado, represents the third stage of the collaboration with Jasper Morrison. The creation, all in high-tech ceramic, re-emphasizes the brand whose fame lies in merging separate components. A perfect fit.

Fusing the case and bracelet, an ongoing preoccupation for Rado, is today demonstrated in this wistful esthetic model. The bracelet is merely an extension of the case gradually getting narrower. Their lines fuse naturally together, a technical achievement despite its apparent simplicity resulting in a striking visual impact. The progressively reducing links with their matt ceramic finish lend a dynamic profile to the refined bracelet; it appears as one, hugging the wrist.

The properties of the material reinforce the serenity of the design. Dull luster. Clarity. Sensuality. The dial has a distinctive square silhouette with curved edges, on which the details are highlighted in white through a slightly iridescent surface. The indexes and hands stand apart in their effervescent quality. A finely brushed finish allows a continuous captivating play of light. Beneath the sapphire crystal are simply two counters, reducing it to its essential functionality, activated through two curved rectangular push-pieces.

Available in one size only, but with a three-hand option. A refined watch, quite restrained. Functional simplicity. Swiss made.



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Grosses Chinesisches Neujahrskonzert



Zum chinesischen Neujahrstag am 14. Februar 2010 spielt das China Broadcasting Traditional Orchestra in der Tonhalle in Zürich.

Zum chinesischen Neujahrstag am 14. Februar 2010 spielt das China Broadcasting Traditional Orchestra in der Tonhalle in Zürich. Das Grosse Chinesische Neujahrskonzert bildet den Auftakt zu den Feierlichkeiten zum 60-Jahr-Jubiläum der Aufnahme diplomatischer Beziehungen zwischen der Schweiz und der Volksrepublik China.

Das Grosse Chinesische Neujahrskonzert gastiert nach mehreren Gastspielen im KKL Luzern am Sonntag, 14. Februar 2010, zum ersten Mal in der Tonhalle in Zürich und lädt ein zu einer musikalischen Entdeckungsreise ins Reich der Mitte.

Das 60-Jahr-Jubiläum der Aufnahme diplomatischer Beziehungen zwischen der Schweiz und der Volksrepublik China im Jahr 2010 verleiht diesem Konzert einen besonders glanzvollen Rahmen. Zum Auftakt der Feierlichkeiten eröffnet Dr. Thomas Wagner, Präsident der Schweizerisch-Chinesischen Gesellschaft, das Matinee-Konzert, welches just am chinesischen Neujahrstag stattfindet. Patronatsgeber sind die Botschaft der Volksrepublik China in der Schweiz, die Schweizerisch-Chinesische Gesellschaft, die Wirtschaftskammer Schweiz-China sowie die Regierungen von Kanton und Stadt Zürich.

Das Grosse Chinesische Neujahrskonzert

Sonntag, 14. Februar 2010, 11.00 Uhr
Tonhalle Zürich, Grosser Saal
Karten: Ticketcorner, www.ticketcorner.com
Tel. 0900 800 800 (CHF 1.19/min) sowie an allen Ticketcorner-Vorverkaufsstellen

Faszinierende traditionelle Musik

Das China Broadcasting Traditional Orchestra aus der chinesischen Hauptstadt Beijing ist das offizielle Orchester des staatlichen chinesischen Fernsehens CCTV. Es ist eines von nur zwei Orchestern der traditionellen Musik auf nationaler Ebene in China. Gegründet 1953, gehört es zu den ältesten, erfolgreichsten und einflussreichsten Orchestern in China. Seit 1998 ist Maestro Pang Kapang Chefdirigent und künstlerischer Leiter des Ensembles. Für die diesjährige Tournee des Grossen Chinesischen Neujahrskonzerts konnten mit Zhou Dongchao und Jiang Kemei zwei bekannte Virtuosen als Solisten gewonnen werden. Ihre Instrumente „Suona“ und „Huqin“ sind typische Vertreter der chinesischen Musik. Die Suona ist eine Art chinesische Trompete mit Doppelrohrblatt, Huqin ein traditionelles Streichinstrument. Das Publikum wird durch ihre vielfältige Ausdrucksweise und Klangfarbe verzaubert sein.

Vielfältiges Programm

Das Konzertprogramm umfasst Adaptionen von chinesischen Volksliedern sowie zeitgenössische chinesische Musik, die speziell für traditionelle chinesische Instrumente geschrieben wurde. Neben imposanter Orchester-Musik kommen auch die filigranen Klangstrukturen einzelner Instrumente zur Geltung. Von spektakulären Perkussionseinlagen bis zur klagenden Dizi-Flöte – das Grosse Chinesische Neujahrskonzert präsentiert das ganze Spektrum der traditionellen chinesischen Musik. Musikexperte Gerhard Schmitt-Thiel, bekannt aus dem Bayerischen Rundfunk, wird durch das Konzert führen und dabei die chinesischen Instrumente näher vorstellen.

Konzertreihe mit Tradition

Die Konzertreihe „Das Grosse Chinesische Neujahrskonzert“ wird dieses Jahr bereits zum dreizehnten Mal durchgeführt. Seit dem ersten Konzert 1998 im Wiener Musikverein hat sich das Konzert in Europa zu einem etablierten Kulturereignis entwickelt. Die diesjährige Tournee des Grossen Chinesischen Neujahrskonzerts führt das China Broadcasting Traditional Orchestra nach Deutschland, Österreich, Tschechien und in die Schweiz.

Fernseh- und Radioübertragungen in der Schweiz, Deutschland und Österreich haben die Konzertreihe einem breiten Publikum in Europa näher gebracht. Ausstrahlungen im Schweizer Fernsehen, ORF oder 3-Sat konnten dabei stets hohe Einschaltquoten verzeichnen. Auch in China wird es durch die Einschalt-

tungen des CCTV sowie Berichte von chinesischen Journalisten von bis zu 800 Millionen Chinesen jedes Jahr zur Kenntnis genommen.

Musikalische Begleitung ins Jahr des Tigers

Am 14. Februar 2010 beginnt für die Chinesen das Jahr des Tigers. Menschen, die im Jahr des Tigers geboren sind, gelten als geborene Anführer. Nobel und furchtlos, werden Tiger wegen ihres Mutes respektiert. Das chinesische Neujahr hat im chinesischen Kulturkreis die gleiche Bedeutung wie hierzulande Weihnachten. An diesem einen Tag im Jahr kommt die ganze Familie zu einem Festessen zusammen. Rote Glückssymbole werden an Türen und Fenster geklebt, Väter lassen Feuerwerk knallen und die Kinder freuen sich über die vielen roten Umschläge mit Geld, die sie von ihren Verwandten geschenkt bekommen.

Ein Höhepunkt des kommenden Jahres ist für China die Weltausstellung in Shanghai. China wird sich der ganzen Welt von seiner besten Seite präsentieren und Gäste aus aller Welt werden nach China kommen. Das Grosse Chinesische Neujahrskonzert geht den umgekehrten Weg und bringt damit ein Stück chinesische Kultur nach Europa.

Anfragen in Bezug auf das Konzert in Zürich:

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Swimming in Shanghai

Field Report about Filming the Swiss Documentary "Ocean of Music"

This autumn the Swiss documentary film "Muhai Tang – Ocean of Music" was filmed in Shanghai. For the crew, filming was a significant challenge particularly in organizational terms. How can one document the daily life of the conductor Muhai Tang in China when one does not speak the language and thus can not correctly understand what is happening? And moreover: how can one realize the screenplay when Chinese reality turns it into blotting paper? A short field report from the director Markus Unterfinger.

We are going to miss the appointment for filming at the Shanghai music conservatory. It is rush hour and we are stuck in traffic. The driver of the rented minivan avoids every ramp to the highway in spite of explicit gesticulation and so we torture ourselves for more than an hour inching along bumper to bumper from intersection to intersection. Later, I learn that the minivan does not have Shanghai license plates and therefore is not allowed onto the highway during peak times. That is not explained in any of the travel guides.



Maestro Muhai Tang.

And so I arrange for a new minivan with local plates.

Over the next two weeks those kinds of details regularly interfere with our tightly planned filming



The filmcrew – Ramon Orza and Simon Guy Fässler (l.t.r.) – at work on the streets of Shanghai.

Premieres

The world premiere of the film “Ocean of Music” will take place in spring 2010 in Zurich, Switzerland. The event will be co-organized by the Zurich Chamber Orchestra and TILT Production and complemented by a musical program.

For the premiere at the World Exposition in Shanghai negotiations are currently underway with the Swiss pavilions and the Shanghai Philharmonic. For this Swiss/Chinese event in May or June 2010 partners and sponsors still have the possibility to collaborate on this event.

Please contact TILT Production directly:

Phone +41 / (0) 43 960 39 15

Email mail@tiltproduction.com

Current information about all of the premieres can be found on the production company website:

www.tiltproduction.com

schedule. I realize that we are going to fail if things continue as is. If we insist on maintaining our pre-arranged schedule, we will be mercilessly chasing after real life in Shanghai. Only after we give in to the flow of daily life does the tension between our film schedule and Chinese reality dissolve.

Muhai Tang, the famous Chinese conductor, is our protagonist and introduces us to this imperturbability. He conducts an evening concert in Hangzhou and on

the next day consults with a symphony orchestra in Chenzhou. In the taxi from the airport he studies the score for a rehearsal with the Shanghai Philharmonic and in the evening he selects musicians from the National China Orchestra who will perform at a Shanghai Festival in Hamburg. In such situations it becomes clear how China's economic boom also prods and carries along the cultural revival. We are tracking the topic and capture the corresponding images.



The People's Republic of China celebrating its 60th anniversary.

Muhai Tang – “In the Ocean of Music”: The Film and the Person

The film “In the Ocean of Music” is a portrait of conductor Muhai Tang’s extraordinary life. The film accompanies the protagonist through the world of music in the East and West.

Muhai Tang comes from a family of artists. His father is a Chinese film pioneer. Beginning in the 1930s, Xiaodan has – in spite of changing political systems – continuously made films. Muhai’s mother, Weiye Wan, was a film-cutter. Today she lives in Shanghai as a writer and cares for her 100-year-old husband.

During the Cultural Revolution Muhai Tang served in the remote People’s Liberation Army outpost in Urumchi. In 1972, he began his studies at the Shanghai Music Conservatory. In 1979, he visited Europe for the first time.

Today Muhai Tang is married to the Korean concert pianist Ju Hee Suh and father of a 5-year-old daughter. As a global nomad he commutes between Zurich, Shanghai, Antwerp and the world’s major concert halls.



Muhai Tang with his family.

on the Bund. Even there the supposed emergency solution proves to be the perfect shot. A pan shot captures old Shanghai over the Bund to the Expo construction site and the glass facades in Pudong.

Over two weeks we shot over 50 hours of video footage within ten days. A lot turned out very differently than planned. But almost everything came out better than hoped. We are delighted to present the film to you at the World Exposition in Shanghai.

Official Website Tianjin Eco-City
www.tianjineco-city.gov.sg

AXL Music Instrument Company
www.axlusa.com

Article by Alan Liu about Muhai Tang and filming in Shanghai
www.scmna-axlusa.com/chinese/c_our_news/2009/D20091015001.htm

We drive in Alan Liu’s large Mercedes to the industrial zones north of Shanghai. Alan Liu is CEO and owner of the music instrument factory AXL. He studied together with Muhai Tang at the Shanghai Conservatory and then went to the United States. AXL is one of the biggest producers of musical instruments worldwide and produces its own quality brands like “Palatino” pianos. In AXL factories Chinese workers also produce guitars for a legendary American maker, and assemble grand pianos for German manufacturers. In addition, Alan Liu is Deputy Director of the China Council for the Promotion of International Trade and brings his old friend Muhai Tang together with important governmental figures. Muhai Tang is supposed to direct the music department of the Tianjin Eco City. Construction of the Sino-Singapore collaboration TECID should be complete in approximately 12 years. This futuristic city will become China’s signboard for futuristic technologies. Old Chinese friendships from the Shanghai Music Conservatory open new doors to the China of economic prosperity.

Shanghai offers a fantastic backdrop for a documentary film. Rain or shine, the cameraman Guy Fässler finds super images down every street. Ramon Orza, the sound engineer, feels like he is in paradise. Few cities have a sound track as intense as in Shanghai. Only one scene gives us trouble until the very last day. We need an overview of Shanghai. With so many skyscrapers it should not be a problem. But try to find a rooftop without any tinted windows restricting the view. And since the People’s Republic of China is celebrating its 60th birthday, access to skyscrapers is denied the week before for security reasons. In the end we shoot the entirety of the city from an old two-story house right

Pre-Sale DVD

Music is a global language and in this way TILT Production and the director Markus Unterfinger bring Chinese society and culture, which is becoming more and more important to us in Western Europe, closer to a broader public.

The DVD of the film can be ordered immediately for CHF 34.–. Delivery will follow in May 2010. The DVD (in Full HD) will be produced in original tone (German / English / Mandarin) with German, English, and Chinese subtitles.

Orders and information:

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Swiss Ball 2009 – The Arena is Yours

“The award for this year’s most creative ball goes to the Swiss one. After all, what could have been more spiritually uplifting than a return to the sweet childhood memories of holding cotton candy in a sweaty little hand, and waiting impatiently for the beginning of a circus?” (The Global Times)



Icarian umbrellas.

And this was not just any circus, on 28 November 2009, SwissCham Beijing and the Swiss Society Beijing brought the atmosphere of the Swiss National Circus Knie to the Crowne Plaza Sun Palace’s Grand Ballroom and presented an evening rich in colors and performances.

Clowns and magicians entertained the guests during the cocktail before the opening of the ballroom’s doors in a background of festive circus music. The guests could then admire the ballroom’s decoration recreating the tent and a 10-meter wide circus arena in the center.

The first act of this memorable evening featured distinguished guests such as H.E. Ambassador of Switzerland, Mr Blaise Godet, together with the President of SwissCham Beijing, Mr Peter Troesch, and the President of Swiss Society Beijing, Mr Christoph

Koeppel, who officially opened the Ball addressing a few welcoming words to the audience.

The guests had then the chance to taste Crowne Plaza Sun Palace Chef’s delicate cuisine and selected wines all served by a crowd of waiters dressed in clowns with Swiss flags on their cheeks. As it has now become a tradition, the dinner was followed by the Swiss chocolate buffet full of creative pastries made by a chocolate master specially appointed for this occasion. Guest could also enjoy an exquisite coffee in front of a 10-meter elephant poster.

Three circus shows were presented during the Swiss Ball. The first one was a diabolo juggling clown performance by Johannes Haeffner and Martin Sutter.

While enjoying their sherbet, guests could enjoy the second performance bringing Circus Knie to the stage with the Icarian Umbrella acrobatic show. This act was created by China’s Zhejiang Acrobatic Troupe in 2004 and performed during eight months at the Circus Knie in 2006. A couple of two acrobats swung and swirled the umbrellas on the tips of their feet whilst taking dangerous acrobatic poses.

The last act and highlight of the evening was a show performed by the Inner-Mongolian Acrobatic Troupe which was presented this year during Knie’s tour and proudly performed for the Swiss Community during the Swiss Ball. Four agile young acrobats were heaved on high pitched unicycles and given metallic bowls that they threw with their foot to make them land on the top of their head. The suspense was at its greatest when the four performers would throw bowls to each other without letting a single one drop on the stage.



The MCs Felix Sutter and Urs Laeuppi.

The over 300 attendees were treated to a night filled with enchantment, music, dance and gifts. Funds were also raised to support the Swiss Community Project – School Reconstruction in Sichuan. During the evening, RMB 22,000 were raised from the sales of lucky draw tickets making 20 happy winners with great prizes including a business-class flight ticket to Switzerland with Swiss and Lufthansa. The guests then took over the Arena and enjoyed the rest of the night dancing on music from the 1980s, stirring up nice nostalgic memories.

Special thanks go to the sponsors and partners of what a lot of people call “the best Swiss Ball ever”, without whom this ball would not have been such a success. These were in particular our Platinum Sponsor Swiss Re, our Gold Sponsors Holcim, Nestlé and Crowne Plaza Sun Palace, our Silver Sponsors Novartis, SGS, UBS, Zurich Insurance and MQ Wines, and our Bronze Sponsor LEM. Other companies have contributed to the success of the evening, such as our chocolate sponsor Lindt & Sprüngli, the exclusive coffee sponsor Nespresso, our ice cream provider Mövenpick and Ricola.

For further information, please go to:
<http://www.ssbj.ch/>

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www.swisscham.org/bei



H.E. Ambassador Blaise Godet and Claudine Godet with Daniel Arbenz, Managing Director of Crowne Plaza Sun Palace.



The arena is yours: dancing at the Swiss Ball.



The waiters at the Swiss Ball.



The organizing committee: Yvan Sprunglin, Batiste Pilet, Martine Droux and Felicitas Sohm-Reubi.

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Phone/Fax +41-44-720 43 50

Chinese Union in Zurich (CUZ)
Email cuzinfo@gmail.com
Website www.cuz-online.org

Doing Business in Hong Kong

Swiss Diplomatic Mission in Hong Kong

Consulate General of Switzerland Hong Kong
Suite 6206-07, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Phone +852-2522 7147/48
Fax +852-2845 2619
Email hon.vertretung@eda.admin.ch
Website www.eda.admin.ch/hongkong

Hong Kong Government and Trade Organizations

Hong Kong Special Administrative Region Government
Hong Kong Economic & Trade Office (HKETO), Berlin
(responsible for Central and Eastern Europe)

Second Floor
Friedrichstrasse 50
D-10117 Berlin
Germany
Phone +49 (0)30 2266 77228
Fax +49 (0)30 2266 77288
Email cee@hketoberlin.gov.hk

Hong Kong Trade Development Council (HKTDC)

Head Office Hong Kong:
38/F, Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong
Phone +852-2584 4333
Fax +852-2824 0249
Email hktcdc@tdc.org.hk
Website www.tdctrade.com

Frankfurt Office:
P.O. Box 50 05 51
D-60394 Frankfurt
Phone +49-69-95772-0
Fax +49-69-95772-200
Email frankfurt.office@tdc.org.hk
Website <http://germany.hktcdc.com>

Federation of Hong Kong Business Associations Worldwide
(The Secretariat of the Federation is served by the Hong Kong Trade Development Council)

38th Floor, Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong
Phone +852-2584 4333
Fax +852-2824 0249
Email hkfederation@tdc.org.hk
Website www.hkfederation.org.hk

Swiss Business and Social Associations

SwissCham Hong Kong
(Swiss Chinese Chamber of Commerce Hong Kong)

GPO Box 9501, Hong Kong (HKSAR)
Phone +852-2524 0590
Fax +852-2522 6959
Email admin@swisschamhk.org
Website www.swisschamhk.org

Swiss Association of Hong Kong
Email secretary@swiss-hk.com
Website www.swiss-hk.com

Swiss-Hong Kong Business Association
Höschgasse 89
CH-8008 Zurich
Phone +41-44-421 38 88
Fax +41-44-421 38 89
Email info@swisshongkong.ch

Are you a Member of SCCC?

The largest Swiss network for China business

To become a member of the Swiss-Chinese Chamber of Commerce, founded by pioneer Swiss businessmen in 1980, please visit the website at www.sccc.ch. Look under Membership Application and join a network with a vast variety of experiences in/with China, starting with the first industrial Joint Venture in China "made by Switzerland" and connecting you to the fastest growing region of the world today.

Membership Card Values



The Membership Card of the Chamber is a gesture to say thank you and to give you a special status as a member of the Swiss-Chinese Chamber of Commerce. The Membership Card is valid for one year and will be renewed with every consecutive year after the payment of the membership fee.

The card not only identifies you as a legitimate member of the Chamber but also entitles you to benefit from services rendered by us and the Chapters in Switzerland and the People's Republic of China. Besides our events, members can take advantage of hotel-bookings, consumptions at Chinese restaurants and suppliers of Chinese goods at reduced rates.

Further services will be added according to new partner agreements and are regularly going to be announced in the Bulletin. Below you find the list of Chinese restaurants and suppliers in Switzerland, where you get 10–30 % off the regular price, when showing your personal membership card.

RESTAURANTS

China Restaurant Rhein-Palast
Untere Rheingasse 11
CH-4058 Basel
☎ 061-681 19 91
Fax 061-261 99 46

China Restaurant BAO TAO
Bernstrasse 135
CH-3627 Heimberg
☎ 033-437 64 63
Fax 033-437 64 62

Restaurant Züri-Stube
Steinwiesstrasse 8
CH-8032 Zürich
☎ 044-267 87 87
Fax 044-251 24 76
info@tiefenau.ch

BAMBOO INN
Culmannstrasse 19
CH-8006 Zürich
☎ 044-261 33 70
Fax 044-870 38 88
closed on Mondays

Restaurant CHINA-TOWN
Bälliz 54
CH-3600 Thun
☎ 033-222 99 52
Fax 033-222 99 52

Mishio Restaurant & Take away
Sihlstrasse 9
CH-8001 Zürich
☎ 044-228 76 76
Fax 044-228 75 75
www.mishio.ch

RESTAURANT ORSON'S
Steinwiesstrasse 8
CH-8032 Zürich
eig. Parkplätze
☎ 044-267 87 02
Fax 044-251 24 76
info@orsons.ch
www.orsons.ch

SHANGHAI
Bäckerstrasse 62/Helvetiaplatz
CH-8004 Zürich
☎ 044-242 40 39

ZHONG HUA
Zähringerstrasse 24
CH-8001 Zürich
☎ 044-251 44 80
Fax 044-251 44 81

TRAVEL/DELEGATIONS

Alpine Sightseeing GmbH
Heerenschürlistr. 23
CH-8051-Zürich
☎ 044-311 72 17
Fax 044-311 72 54
otofrei@yahoo.com

CULTURE AIR TRAVEL SA
8C Avenue de Champel
Case postale 434
CH-1211 Genève 12
☎ 022-839 81 81
Fax 022-839 81 80
info@catvoyages.com
www.catvoyages.com

FTE GmbH
Zunstrasse 9A
CH-8152 Opfikon
☎ 044-322 66 88
Fax 044-322 66 90
victor@fte.ch
www.fte.ch

Tian-Tan Horizon SA
55, Rue des Pâquis
CH-1201 Genève
☎ 022-731 06 66 /59
Fax 022-731 06 75
info@tiantan.ch
www.tiantan.ch

BUSINESS CENTER

Avireal Business Center
Balsberg
P.O. Box
CH-8058 Zurich Airport
☎ +41 43 813 30 00
Fax +41 43 813 30 31
bc@avireal.com
www.avireal.com

HOTELS

CLARIDGE HOTEL ZURICH
specialised in hosting Chinese Customers
Steinwiesstrasse 8–10
CH-8032 Zürich
☎ 044-267 87 87
Fax 044-251 24 76
info@claridge.ch
www.claridge.ch

Shangri-La Hotels & Resorts
Britta Ripke-Stoll
Director of Sales
Germany, Austria & Switzerland
☎ 0221 5509931
Fax 0221 550 9932
bripke-stoll@shangri-la.com
www.shangri-la.com

Swiss Road Hotel
Jie Schneebeli-Chen
Director
48. Jianchang Hutong
Guozijian Street
East District
CN-100007 Beijing
☎ 0086 10 84001034
(Reception)
☎ 0086 10 84090922 (Office)
Fax 0086 10 84090933
hotel@swissroad.com.cn
www.swissroad.com.cn