

China: Annual economic report – June 2009

1. Appreciation of the economic problems and issues

Although China's finance sector is not directly affected by the financial crisis, China's real economy was hit hard by the global economic downturn. For the first time in five years, China only reached a single-digit growth rate of 9.0% in 2008. In terms of quarters, it was up 10.6% for the first quarter, 10.1% growths for the second, 9.0% for the third and 6.8% for the fourth.¹

In the first quarter of 2009, the growth rate declined further to 6.1%, the country's lowest quarterly growth in gross domestic product in nearly two decades.²

The government quickly reacted to the downturn with the announcement of an RMB 4 trillion (US\$ 586 billion, Euro 458 billion) past November and an aggressive loosening of monetary policy. Therewith, China's macroeconomic policies experienced a dramatic change – from “preventing economic overheating and curbing inflation” at the beginning of last year to “maintaining growth through expanding domestic demand”. **The most pressing priority for the Chinese government is to support economic growth amid concerns that rising unemployment could lead to widespread social unrest.**

The drop in growth is mainly due to weak external demand and a slowdown in real estate development in 2008. **While the construction-focused stimulus package has partly offset the impact of the global economic downturn, it will not be enough to bring the Chinese economy back to previous double digit growth rates.**

The stimulus package is focusing on infrastructure investment, mainly railways, airports, power grid (45% of total spending), reconstruction of areas affected by the Sichuan earthquake (25%), environmental projects (9%) and low-cost housing (7%). The government emphasizes to strengthen control and avoid misallocation of funds and corruption. However, as project approvals are done within a short time, fears remain that some funds will be misspent by local governments on investment projects with questionable economic value. Further, concerns are rising that the cost of the stimulus package will be much larger than anticipated by official figures. China plans a budget deficit of 3% of GDP³ for the present year. As the central government is only accounting for a quarter of the two year investment program, local governments have to come up for the majority of the funds which are not counted into the official figures.

The People's Bank of China (the central bank) has loosened monetary policy in recent months by lifting loan quotas, drastically reducing interest rates and cutting the reserve requirement ratio. **Credit lending has increased significantly since the beginning of this year.** In the first quarter, credit lending stood at RMB 4.6 trillion, almost as much as for the entire year of 2008 and 20% higher than in 2007.⁴ Although new lending has moderated in April-May, some officials have expressed unease with the rapid growth of bank lending which could lead to a misallocation of credit, rise in nonperforming loans and increases the risk of an asset market bubble.

Mainly state owned enterprises which get the support from the government are benefiting from the credit flows while for small and medium sized enterprises it remains difficult to get additional financing.

Industrial production accelerated in May, together with a marked acceleration in fixed asset investment growth and an increase in retail sales.⁵ China's real estate sector which saw its worst slump in a decade in 2008, shows signs of recovering with housing sales picking up. However, new real estate

¹ National Bureau of Statistics: “Statistical Communiqué of the P.R.C. on the 2008 National Economic and Social Development”, 26 February 2009.

² EIU Country Report China, June 2009.

³ Wall Street Journal: “China stimulus plan has hidden cost”, 10 June 2009.

⁴ EIU Country Report China, June 2009.

⁵ The monthly reported retail sales are composed of goods sold to households, enterprises and government agencies.

activity still remains modest. The **latest data⁶ show support for the government's stance that the stimulus package already shows its effects** and that China will become one of the first countries to recover from the economic crisis. While the government is maintaining optimism it also acknowledges the consisting risks in admitting that the foundation for a recovery is not yet solid.⁷ The external demand remains weak with exports continuing to decline and it remains unclear how long consumption and government influenced spending will hold up and help China to deal with the global recession. After all, China's economy is quite integrated into the world economy and its full recovery depends on external demand.

Contrary to the inflationary pressure China faced in the past year, China's consumer and producer prices are now continuing to decline. China's consumer price index fell 1.4% in May compared to the previous year, the fourth straight month of drops while the producer price index fell 7.2% in May from a year earlier, marking the sixth consecutive month of decline.⁸ The rapid fall in inflation from a high of 8.8% in February last year has its reasons in several one-off shocks such as bad weather and a disease which significantly diminished the country's pig stock in 2007 but also weakening domestic demand. A **quick rebound in prices is not expected in the short term** as external demand is anticipated to stay weak and an oversupply of industrial products will continue, ensuring that price competition remains intense.

China's huge foreign reserves of US\$ 1.95 trillion remain a hot topic for many discussions. China holds the largest part of its foreign assets in U.S. treasuries. In past months, several high-level **Chinese officials have expressed their concerns about the safety of Chinese assets** as they fear that the massive U.S. spending could undermine the value of treasuries and some have called for the creation of a new reserve currency. So far, China continues to buy US treasuries but the government is making plans on how to make the yuan more useful across Asia and make its currency system less depending from the US dollar. In a pilot program the government designated five cities, allowing them to conduct foreign trade fully in yuan instead of U.S. dollars or other major global currencies. Further, the central bank has set up currency swaps worth several billion dollars with different countries⁹ in a move to make the yuan more available outside China.¹⁰

The deep structural changes necessary to transform China's growth model from one led by exports and investments to one led by domestic consumption have not yet taken place. The **adjustment of these structural imbalances is a long-term challenge which requires policy changes**. These should include the deregulation of key services sectors which are still inaccessible for private sector participation and the creation of a well functioning social safety net.

2. International and regional economic agreements

2.1 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.¹¹

⁶ National Bureau of Statistics of China: <http://www.stats.gov.cn/english/>

⁷ Bloomberg: "China's economy is in critical phase of recovery", 17 June 2009.

⁸ Wall Street Journal: "China's consumer prices fall again, but pace slows", 11 June 2009.

⁹ Argentina, Malaysia, South Korea, Hong Kong, Belarus, Indonesia

¹⁰ Wall Street Journal: "China to modernize currency system", 14 April 2009.

¹¹ Economic Intelligence Unit, China Hand, February 2008.

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.

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 the six original ASEAN members¹² and in 2015 for the newer and less developed members.¹³ 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 trade in services, was signed in January 2007. China and ASEAN have defined 11 major fields as directions for future cooperation, including agriculture, information and telecommunications, transport, tourism, Mekong River exploitation, energy, culture, human resource, and the environment.

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. The pact, which is to be effective as of the first half of the year, will lead to a China-Pakistan comprehensive free trade zone including trade in goods, trade in services and investment (a free trade agreement 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, according to the Chinese Ministry of Commerce.
- China and **Peru** signed a free trade agreement in November 2008. The pact will eventually eliminate tariffs on about 90% of goods traded between the two countries, according China's Ministry of Commerce.
- 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.¹⁴

¹² Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand

¹³ Cambodia, Laos, Myanmar, Vietnam

¹⁴ Xinhua: "China signs zero-tariff trade deal with Senegal", 18 October 2009.

- 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.
- 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**, 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. Most recently, the two sides agreed on Supplement VI, which will give Hong Kong firms greater and easier access to the mainland market for tourism, securities and banking services once it goes into effect on 1 October 2009.¹⁵

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 issues of cooperation.¹⁶
- 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.
- Norway and China completed a feasibility study and launched the official Sino-Norway FTA Negotiation in October 2008. The 4th round of negotiations was held in June 2009, including discussions on commodity and service trade, investment, rules of origin, SPS/TBT, trade facilitation, settlement of disputes, trade remedy and IPR.¹⁷
- FTA negotiations between Iceland and China began in April of 2007, and by May 2008 four rounds of negotiations were completed.¹⁸
- 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. 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).

¹⁵ Xinhua: "Chinese mainland market opened wider to HK businesses", 9 May 2009.

¹⁶ Xinhua: "China, Costa Rica make progress on FTA talks", 18 June 2009.

¹⁷ Ministry of Commerce of the PRC: <http://english.mofcom.gov.cn/newsrelease/newsrelease.html>

¹⁸ http://www.marketavenue.cn/upload/news/NEWS_36969.htm

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 representatives 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 2009¹⁹. On 26 April 2009, the two sides signed an agreement which **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. Further economic links, such as listing of Taiwanese funds on the Shanghai exchange,²⁰ are under consideration but are difficult to realise before the signing of a memorandum of understanding on financial supervision and other regulatory improvements. Mr. Ma and his Taiwanese representatives are interested in ultimately signing a comprehensive trade pact with China. The mainland has not rejected this idea, but there are still many complicated issues to be resolved before such an agreement can be reached.²¹

2.2 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 regard to the joint feasibility study a workshop between Swiss and Chinese government officials and industry representatives was held in Beijing this April.

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.²²

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 on the company level.

3. Foreign trade

3.1 Development and general outlook

3.1.1 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

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

²⁰ Wall Street Journal: "Taiwan ETFs May Get Shanghai Listing", 16 May 2009.

²¹ Financial Times: "China and Taiwan sign agreements to open financial sectors", 27 April 2009.

²² The new agreement still has to be ratified by both countries. The old agreement dating back to 1986 is valid until the implementation of the new agreement takes place.

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.²³ In 2008, China mostly imported from Japan (13.3% of total imports), Taiwan (9.1%) and the U.S. (7.2%). The country's main export destinations were the U.S. (17.7% of total exports), Hong Kong (13.3%) and Japan (8.1%).

With China's major export markets all in recession, exports have been falling on a monthly basis since last November. Imports were depressed by destocking of raw materials and sharply lower commodity prices pushed down the nominal value of imports. In the first five months of 2009, China's export fell by 21.8% amounting to US\$ 426.1 billion while its imports fell even more by 28%, totalling to US\$ 337.3 billion.²⁴ The continued decline of exports diminished hopes that the collapse in external trade flows has bottomed out. Although trade is declining, most analysts expect China's trade surplus to persist.

The unexpected deterioration in China's export prospects is causing concerns to the government. According to the State Council, the falling exports are the biggest challenge for China's economy.²⁵ Declining orders and weak sales have forced the closure of many enterprises, particularly in the export-reliant industrial sector. According to official numbers, up to 8.7 million people have lost their job.²⁶ So far different measures have been introduced such as an increase in tax rebates for many items and more support for credit and insurance for overseas sales. Further, the government has pledged to keep the currency stable. A devaluation of the yuan would risk tensions with China's most important trading partners. Anyway, China fears an intensified protectionism from the part of its major trading partners which could additionally hurt its export industry. Some Chinese officials are concerned that other countries were abusing the WTO rules on economic stimulation such as anti-dumping duties and subsidies, while others were raising trade barriers. In order to distance itself from any protectionist measures, China sent trade delegations to Europe and the U.S. to procure goods, services and technologies.²⁷

3.2 Bilateral trade

3.2.1 Trade in goods²⁸

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 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.

Combining the trade data of mainland China and Hong Kong, exports grew by 15% and imports went up by 7.7%, resulting in a trade surplus of CHF 5.9 billion. The total trade volume (including Hong Kong) increased by 12.4% compared to the previous year.

The most important imports of goods out of China are machinery, apparatus and electronics (2008 share of imports 26.5%), textiles, apparel and shoes (17.7%), precision instruments watches and jewellery (14%) and chemicals and pharmaceuticals (13.1%).

Exports from Switzerland to China are dominated by machinery apparatus and electronics (39.00%), precision instruments, watches and jewellery (20.7%) and chemicals and pharmaceuticals (18.8%).

While imports from China kept on growing by 8.8% in the first quarter of 2009, exports from Switzerland went down by 18.8%. Switzerland suffered a trade deficit of CHF 104.6 billion in the first three months of 2009.

²³ National Bureau of Statistics: "Statistical Communiqué of the People's Republic of China on the 2008 National Economic and Social Development", 26 February 2009.

²⁴ General Administration of Customs of the P.R.C., China's Customs Statistics, May 2009.

²⁵ Bloomberg: "China sees grim job market, deeper impact from global crisis", 3 June 2009.

²⁶ People's Daily: "China sees some recovery in employment, more efforts needed: State Council", 4 June 2009.

²⁷ South China Morning Post: "Beijing warns against tide of protectionism", 17 February 2009.

²⁸ The figures discussed in this section can be found in annexe 4.

4 Direct investments

4.1 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 foreign direct investment reached US\$ 92.4 billion in 2008, a growth of 23.6% compared to the previous year.²⁹

Starting in October 2008, foreign investment declined and continued to do so at least until May 2009. The Chinese government has responded with some measures to try to minimize the losses from decreased investment. In March 2009, the Ministry of Commerce announced the facilitation of certain foreign investments by giving provinces the authority for approvals.³⁰ This change applies to the establishment and alteration of an investment company with registered capital of or less than US\$ 100 million by foreign investors.³¹ 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, such as the railway industry.³² Further, the government has recently introduced an explicit "buy Chinese" policy in order to ensure the use of Chinese products. This move might intensify tensions with trade partners and increase protectionism around the world.³³

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.³⁴

Foreigners are still excluded or confined to a minority participation in particularly sensitive or strategic sectors of the economy.³⁵ 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 provide 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

²⁹ Xinhua: "China's FDI up 23.6% in 2008", 15 January 2009.

³⁰ The Wall Street Journal: "Foreign Investment in China Falls", 17 March 2009.

³¹ 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.

³² The Wall Street Journal: "Foreign Business Say China is Growing More Protectionist", 28 April 2009.

³³ Financial Times: "Buy China' policy set to raise tensions", 16 June 2009.

³⁴ "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

³⁵ http://www.fdi.gov.cn/pub/FDI_EN/Laws/law_en_info.jsp?docid=87372

the foreign parent companies into RMB, still act as obstacles for foreign companies who want to make use of the new regulations.³⁶ Overall, M&A investments still form only a minor component of total foreign investment.³⁷

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.³⁸ Besides the anti-monopoly law, Chinese authorities have also found individual reasons to prevent other foreign investments in domestic enterprises over the past two years.³⁹ 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.⁴⁰

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.

At the beginning of June, the Australian Rio Tinto mining company has scrapped a planned US\$ 19.5 billion investment by Aluminium Corp. of China (Chinalco). The deal, which would have been the largest Chinese foreign investment abroad, met opposition from some shareholders, economics and politics fearing the consequences of giving China direct access to natural resources. The collapse is a setback in China's striving to increase the global reach of its state-owned companies.⁴¹

However, 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.

4.2 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 2007 amounted to CHF 774 million,⁴² making Switzerland an important origin of FDI. In the same year, the accumulated amount of Swiss investment in China reached CHF4.75 billion. Following indications of the Ministry of Commerce (MofCom), China granted 108 (97 in 2007) projects with Swiss participation in 2008 with a total amount of US\$242.6 Mio.

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 announced in November 2008 the opening of a private banking arm and an institutional management fund subsidiary in Geneva. 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.

³⁶ International Law Office: "Green Light for Chinese Banks to Finance Mergers and Acquisitions", 23 January 2009.

³⁷ China Daily: "Is M&A the right way for China?", 14 May 2009.

³⁸ The Economist: "Coca Cola and China: Hard to Swallow", 19 March 2009.

³⁹ The Economist: "Unfavoured Nation", 1 April 2009.

⁴⁰ The Economist: "Return to Sender", 30 April. 2009.

⁴¹ Wall Street Journal: "Rio Tinto scuttles its deal with Chinalco", 5 June 2009.

⁴² http://www.snb.ch/ext/stats/fdi/pdf/en/1_1_CH_Direktive_Kapitalexporte.pdf

5 Trade, economic and tourism promotion “Country advertising”

5.1 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 operational since March 2002 at the Swiss Embassy in Beijing with a branch at the Consulate General in Shanghai and one at the Consulate General in Guangzhou. The specially trained consular and local SBH-staff offer **services to Swiss SME in their endeavours of strengthening and developing their business relations with China** (services include: market and product analyses; search of distributors, representatives and import partners; individual consulting and coaching; reports on presentation and trade fairs).

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 SwissCham China

Swiss-Chinese Chamber of Commerce and SwissCham 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 in Beijing in 1995. The latter obtained the status of an independent chamber of commerce according to Chinese law in 2001. As a result, two national organizations are operated today with three regional branches in Switzerland (Zurich, Geneva, Lugano) and three in China (Beijing, Shanghai and Guangzhou). **Their purpose is to promote and support the global success of the Swiss business community in China.** Simultaneously, SwissCham China assists a growing number of China-based enterprises in their dealings with Swiss partner companies.

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

5.2 Interest for Switzerland as a location for tourism, education and other services, potential for development

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 Expo in Shanghai. Switzerland’s official pavilion will address the EXPO sub theme “rural-urban interaction”.⁴³ Besides this, Presence Suisse, in close cooperation with private and public institutions, is involved in several smaller projects positioning Switzerland as an innovative, internationally minded country with a high quality of life and environmental awareness.

⁴³ www.swisspavilion.ch

Tourism

A consequence of the growing Chinese economy and the rise of (urban) incomes is the **booming tourism industry** for travel outside of China: More than 34.4 million Chinese travelled abroad in the first three quarters of 2008, up 14.8% to the same period previous year.⁴⁴ 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.

In 2008 89'059 tourist visas were issued to Chinese citizens. Switzerland Tourism reports 214'225 overnights from Chinese (not including Hong Kong) visitors to Switzerland for 2008, which represents a 6.9% decrease from 2007. In the first three months of 2009, the number of tourists from mainland China to Switzerland increased by 23.1%. With the spread of H1N1 flu, however, there has been a drastic drop in outgoing tourism, with a complete stop by May 2009. Nevertheless, the earlier development is promising and 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 October 2006 visit to China, 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 17/18 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 institutions. 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.

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 on 7 August 2008**. Swissnex Shanghai will fully exploit the potential of cooperation in the areas of research, technology, innovation and culture.

5.3 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 market. 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**

⁴⁴ Xinhua, 23 October 2008.

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.

5.4 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 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.

6 Useful internet Links (cf. Annexe 6)

Annexes

Annexe 1: Structure of the Economy

Annexe 2: Essential Economic Data

Annexe 3: Trading Partners

Annexe 4: Bilateral Trade Switzerland –China

Annexe 5: Foreign Direct Investment

Annexe 6: Useful internet links

China: Structure of the Economy

	2001	2002	2003	2004	2005	2006	2007	2008
Distribution of GDP (%)								
Primary Sector	15.8%	15.3%	14.4%	15.2%	12.4%	11.7%	11.7%	11.3%
Secondary Sector	50.1%	50.4%	52.2%	52.9%	47.3%	48.9%	49.2%	48.6%
Tertiary Sector	34.1%	34.3%	33.4%	31.9%	40.3%	39.4%	39.1%	40.1%
Distribution of Labor (%)								
Primary Sector	50.0%	50.0%	49.1%	47.0%	44.8%	42.6%	40.8%	n/a
Secondary Sector	22.3%	21.4%	21.6%	22.5%	23.8%	25.2%	26.8%	n/a
Tertiary Sector	27.7%	28.6%	29.3%	30.5%	31.4%	32.2%	32.4%	n/a
(of which state sector)	10.5%	9.7%	9.2%	8.9%	11.2%	n/a	n/a	n/a

ESSENTIAL ECONOMIC DATA

	2004	2005	2006	2007	2008
GDP (RMB billion)*	15'988	18'321	21'192	25'730	30'067
GDP (USD billion)*	1'931	2'235	2'657	3'382	4'401
GDP per capita (RMB)*	12'299	14'012	16'122	19'477	22'646
GDP per capita (USD)*	1486	1'710	2'022	2'560	3'315
GDP growth (%)**	10.1	10.4	11.6	13	9
CPI inflation (%)***	3.9	1.8	1.5	4.8	5.9
Population (billion)	1.300	1.308	1.314	1.321	1.328
Unemployment rate					
Level - registered (Millions)***	8.3	8.4	N/A	N/A	N/A
Rate - registered in urban (%)***	4.2	4.2	4.1	4.0	4.2
EIU estimates (average in %)***	9.9	9.0	9.5	9.2	9.2
Fiscal balance (% of GDP)**	-1.3	-1.2	-0.8	0.6	-0.3
Current account balance (% of GDP)*	3.6	7.2	9.5	11.0	10.0
Total External Debt (% of GDP)****	12.8	12.2	11.4	11	8.5
Debt-service ratio (% of exports)****	3.4	3.1	2.4	2.2	1.8
Reserves, incl. Gold (USD billion)****	12	13	16.7	17.6	n/a
in months of imports					

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

Trading partners of the People's Republic of China							
Exports to Country/ Region Jan - Dec 2008	Billion USD	Share %	Growth in % to a comparable previous period	Exports to Country/ Region Jan - April 2009	Billion USD	Share %	Growth in % to a comparable previous period
USA	252.3	17.7%	8.4%	USA	62.7	18.6%	-15.7%
Hong Kong	190.7	13.3%	3.4%	Hong Kong	44.7	13.2%	-23.8%
Japan	116.1	8.1%	13.7%	Japan	29.7	8.8%	-18.3%
South Korea	74.0	5.2%	31.9%	South Korea	15.5	4.6%	-25.7%
Germany	59.2	4.1%	21.6%	Germany	14.3	4.2%	-17.7%
Netherlands	45.9	3.2%	10.9%	Netherlands	9.7	2.9%	-35.7%
United Kingdom	36.1	2.5%	13.9%	United Kingdom	8.5	2.5%	-31.4%
Russia	33.0	2.3%	15.8%	India	8.4	2.5%	13.0%
Singapore	32.3	2.3%	9.1%	Singapore	7.9	2.3%	-17.9%
India	31.5	2.2%	31.3%	Italy	6.1	1.8%	-19.0%
EU	292.9	20.5%	19.5%	EU	67.2	19.9%	-23.6%
ASEAN	114.1	8.0%	21.1%	ASEAN	27.9	8.3%	-21.7%
EFTA	6.6	0.5%	11.3%	EFTA	1.7	0.5%	N/A
Iceland	0.09	0.01%	0.0%	Iceland	0.014	0.0%	-57.7%
Liechtenstein	0.01	0.00%	0.0%	Liechtenstein	0.002	0.0%	-37.1%
Norway	2.56	0.18%	16.4%	Norway	0.782	0.2%	-7.0%
Switzerland	3.90	0.27%	8.4%	Switzerland	0.853	0.3%	-24.3%
Total	1428.5		17.3%	Total	337.4		-20.5%
Imports from Country/ Region Jan - Dec 2008	Billion USD	Share %	Growth in % to a comparable previous period	Imports from Country/ Region Jan - April 2009	Billion USD	Share %	Growth in % to a comparable previous period
Japan	151.0	13.3%	12.7%	Japan	34.8	13.3%	-28.0%
Taiwan	103.3	9.1%	2.3%	South Korea	27.3	8.8%	-25.7%
USA	81.4	7.2%	17.3%	USA	23.1	8.1%	-17.4%
Germany	55.8	4.9%	22.9%	Taiwan	21.1	5.7%	-40.8%
Australia	37.4	3.3%	44.4%	Germany	15.1	4.0%	-12.9%
Malaysia	32.1	2.8%	11.8%	Australia	10.5	3.0%	-9.4%
Saudi Arabia	31.0	2.7%	76.1%	Malaysia	7.6	2.4%	-23.0%
Brazil	29.7	2.6%	62.3%	Thailand	6.3	2.3%	-24.1%
Thailand	25.6	2.3%	12.8%	Brazil	5.9	2.1%	-16.0%
Angola	22.4	2.0%	72.3%	Saudi Arabia	5.5	0.1%	-35.9%
EU	132.7	11.7%	19.5%	EU	35.3	13.5%	-15.7%
ASEAN	117.0	10.3%	7.9%	ASEAN	26.9	10.3%	-32.0%
EFTA	9.5	0.8%	26.3%	EFTA	2.9	1.1%	N/A
Iceland	0.04	0.00%	0.0%	Iceland	0.01	0.00%	-36.5%
Liechtenstein	0.03	0.00%	50.0%	Liechtenstein	0.01	0.00%	-2.7%
Norway	2.10	0.19%	30.4%	Norway	0.88	0.33%	28.5%
Switzerland	7.30	0.64%	25.0%	Switzerland	2.00	0.76%	-9.7%
Total	1133.1		18.5%	Total	262.0		-28.7%

Bilateral trade Switzerland - P.R. China, Jan. - Dec. 2007/2008											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Dec 2007	Jan - Dec 2008				Jan - Dec 2007	Jan - Dec 2008				
1 Agricultural products	116'026'641	125'170'015	7.88%	2.51%	24'998'757	26'074'109	4.30%	0.43%	-99'095'906		
2 Energy carriers	408979	63902	-84.38%	0.00%	1254582	1604409	27.88%	0.03%	1'540'507		
3 Textiles, apparel, shoes	849'828'450	883'622'228	3.98%	17.69%	140'229'806	206'823'726	47.49%	3.38%	-676'798'502		
4 Paper, paper products, printed matter	32'747'003	34'185'529	4.39%	0.68%	24'388'738	31'551'113	29.37%	0.52%	-2'634'416		
5 Leather, rubber, plastics	271'422'642	256'083'389	-5.65%	5.13%	93'313'444	98'632'704	5.70%	1.61%	-157'450'685		
6 Chemicals, pharmaceuticals	602'828'379	681'555'598	13.06%	13.64%	949'125'359	1'147'331'739	20.88%	18.77%	465'776'141		
7 Construction materials, ceramics, glass	70'576'378	74'540'839	5.62%	1.49%	24'332'419	20'329'941	-16.45%	0.33%	-54'210'898		
8 Metals and metal products	362'907'512	381'043'838	5.00%	7.63%	248'421'909	276'611'917	11.35%	4.53%	-104'431'921		
9 Machinery, apparatus, electronics	1'224'036'877	1'323'877'628	8.16%	26.50%	2'268'526'930	2'383'644'745	5.07%	39.00%	1'059'767'117		
10 Vehicles	74'282'974	76'043'683	2.37%	1.52%	31'012'085	30'955'423	-0.18%	0.51%	-45'088'260		
11 Precision instruments, watches, jewellery	713'130'557	700'408'621	-1.78%	14.02%	948'630'172	1'266'693'651	33.53%	20.73%	566'285'030		
12 Furniture, toys	447'513'387	443'843'663	-0.82%	8.88%	31'887'592	38'263'423	19.99%	0.63%	-405'580'240		
13 Precious metal, precious stones, gemstones	8'005'075	4'451'258	-44.39%	0.09%	631'195'495	576'048'786	-8.74%	9.43%	571'597'528		
14 Objects of art and antiques	8'507'614	10'898'442	28.10%	0.22%	2'115'711	6'919'970	227.08%	0.11%	-3'978'472		
Total	4'782'222'468	4'995'788'633	4.47%	100%	5'419'432'999	6'111'485'656	12.77%	100%	1'115'697'023		
Bilateral trade Switzerland - Hongkong, Jan. - Dec. 2007/2008											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Dec 2007	Jan - Dec 2008				Jan - Dec 2007	Jan - Dec 2008				
1 Agricultural products	1413841	1736144	22.80%	0.12%	55'016'326	69'203'127	25.79%	1.11%	67'466'983		
2 Energy carriers					91568	131367	43.46%	0.00%	131'367		
3 Textiles, apparel, shoes	70'255'832	66'683'797	-5.08%	4.65%	142'270'296	148'447'098	4.34%	2.39%	81'763'301		
4 Paper, paper products, printed matter	2'917'318	2'944'621	0.94%	0.21%	18'450'642	15'249'777	-17.35%	0.25%	12'305'156		
5 Leather, rubber, plastics	8'528'649	9'162'564	7.43%	0.64%	60'489'447	65'323'692	7.99%	1.05%	56'161'128		
6 Chemicals, pharmaceuticals	16'283'273	7'335'177	-54.95%	0.51%	426'045'413	442'399'396	3.84%	7.11%	435'064'219		
7 Construction materials, ceramics, glass	4'314'969	2'074'151	-51.93%	0.14%	12'144'722	12'144'722	-20.17%	0.20%	10'070'571		
8 Metals and metal products	12'024'785	11'420'316	-5.03%	0.80%	60'326'900	55'856'736	-7.41%	0.90%	44'436'420		
9 Machinery, apparatus, electronics	139'970'062	138'917'617	-0.75%	9.70%	427'821'698	372'336'084	-12.97%	5.99%	233'418'467		
10 Vehicles	1'335'096	2'600'876	94.81%	0.18%	1'690'268	3'039'395	79.82%	0.05%	438'519		
11 Precision instruments, watches, jewellery	560'661'491	769'099'702	37.18%	53.68%	2'951'054'606	3'343'515'246	13.30%	53.76%	2'574'415'544		
12 Furniture, toys	8'218'865	9'677'913	17.75%	0.68%	38'367'129	31'865'974	-16.94%	0.51%	22'188'061		
13 Precious metal, precious stones, gemstones	344'235'917	397'091'411	15.35%	27.71%	1'083'984'414	1'599'310'717	47.54%	25.72%	1'202'219'306		
14 Objects of art and antiques	15'243'715	14'038'992	-7.90%	0.98%	15'881'925	60'244'623	279.33%	0.97%	46'205'631		
Total	1'185'403'813	1'432'783'281	20.87%	100%	5'296'703'779	6'219'067'954	17.41%	100%	4'786'284'673		
Bilateral trade Switzerland - P.R. China incl. Hongkong, Jan. - Dec. 2007/2008											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Dec 2007	Jan - Dec 2008				Jan - Dec 2007	Jan - Dec 2008				
Total	5'967'626'281	6'428'571'914	7.72%		10'716'136'778	12'330'553'610	15.07%		5'901'981'696		
Bilateral trade Switzerland - P.R. China, Jan. - Mar. 2008/2009											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Mar 2008	Jan - Mar 2009				Jan - Mar 2008	Jan - Mar 2009				
1 Agricultural products	39'092'667	33'224'052	-15.01%	2.49%	5'084'041	7'607'637	49.64%	0.62%	-25'616'415		
2 Energy carriers					510293	404027	-20.82%	0.03%	404'027		
3 Textiles, apparel, shoes	238'511'677	234'127'928	-1.84%	17.53%	41'671'186	46'615'939	11.87%	3.79%	-187'511'989		
4 Paper, paper products, printed matter	8'572'984	8'323'155	-2.91%	0.62%	13'949'283	6'993'062	-49.87%	0.57%	-1'330'093		
5 Leather, rubber, plastics	65'301'791	66'064'737	1.17%	4.95%	24'289'768	19'085'055	-21.43%	1.55%	-46'979'682		
6 Chemicals, pharmaceuticals	167'876'978	169'736'961	1.11%	12.71%	245'832'071	280'067'463	13.93%	22.75%	110'330'502		
7 Construction materials, ceramics, glass	16'296'040	16'695'305	2.45%	1.25%	4'701'504	4'078'247	-13.26%	0.33%	-12'617'058		
8 Metals and metal products	86'070'866	93'784'704	8.96%	7.02%	63'057'529	51'889'901	-17.72%	4.21%	-41'898'809		
9 Machinery, apparatus, electronics	313'120'924	416'130'690	32.90%	31.15%	578'285'731	555'427'889	-3.95%	45.11%	139'297'199		
10 Vehicles	23'441'745	27'870'209	18.89%	2.09%	7'795'169	6'327'272	-18.83%	0.51%	-21'542'937		
11 Precision instruments, watches, jewellery	150'920'850	146'597'315	-2.86%	10.97%	291'666'752	235'347'731	-19.31%	19.11%	88'750'416		
12 Furniture, toys	114'635'642	121'421'730	5.92%	9.09%	7'467'633	4'885'171	-34.58%	0.40%	-116'536'559		
13 Precious metal, precious stones, gemstones	1'397'783	870'701	-37.71%	0.07%	232'444'295	8'613'466	-96.29%	0.70%	774'2765		
14 Objects of art and antiques	2'546'544	1'046'303	-58.91%	0.08%	361'587	3'981'444	1001.10%	0.32%	2'935'141		
Total	1'227'786'491	1'335'893'790	8.81%	100%	1'517'116'842	1'231'320'304	-18.84%	100.00%	-104'573'486		
Bilateral trade Switzerland - Hongkong, Jan. - Mar. 2008/2009											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Mar 2008	Jan - Mar 2009				Jan - Mar 2008	Jan - Mar 2009				
1 Agricultural products	241599	201113	-16.76%	0.07%	15'890'082	12'347'548	-22.29%	0.86%	12'146'435		
2 Energy carriers					44719	39467	-11.74%	0.00%	39'467		
3 Textiles, apparel, shoes	19'352'055	10'954'129	-43.40%	3.74%	36'731'884	33'971'595	-7.51%	2.38%	23'017'466		
4 Paper, paper products, printed matter	924'538	537'433	-41.87%	0.18%	2'631'597	1'743'100	-33.76%	0.12%	1'205'667		
5 Leather, rubber, plastics	2'149'448	2'270'263	5.62%	0.77%	1'780'1418	17'486'123	-1.77%	1.22%	15'215'860		
6 Chemicals, pharmaceuticals	1'443'611	2'068'405	43.28%	0.71%	106'619'851	71'666'775	-32.78%	5.02%	69'598'370		
7 Construction materials, ceramics, glass	877'754	654'801	-25.40%	0.22%	4'318'241	5'190'316	20.20%	0.36%	4'535'515		
8 Metals and metal products	2'527'666	2'585'297	2.28%	0.88%	13'987'236	7'159'825	-48.81%	0.50%	4'574'528		
9 Machinery, apparatus, electronics	35'653'350	25'892'309	-27.38%	8.84%	91'659'661	70'149'588	-23.47%	4.91%	44'257'279		
10 Vehicles	806757	306673	-61.99%	0.10%	573'105	556'650	-2.87%	0.04%	249'977		
11 Precision instruments, watches, jewellery	204'682'976	158'329'972	-22.65%	54.04%	767'198'890	618'628'186	-19.37%	43.31%	460'298'214		
12 Furniture, toys	1'935'780	1'955'572	1.02%	0.67%	6'736'827	6'470'186	-3.96%	0.45%	4'514'614		
13 Precious metal, precious stones, gemstones	125'255'070	82'678'482	-33.99%	28.22%	238'266'628	576'966'654	142.15%	40.39%	494'288'172		
14 Objects of art and antiques	3'176'975	4'560'511	43.55%	1.56%	2'927'132	6'013'236	105.43%	0.42%	1'452'725		
Total	399'027'579	292'994'960	-26.57%	100.00%	1'305'387'271	1'428'389'249	9.42%	100.00%	1'135'394'289		
Bilateral trade Switzerland - P.R. China incl. Hongkong, Jan. - Mar. 2008/2009											
Class of goods	Import in CHF			Δ in %	Import share (%)	Export in CHF			Δ in %	Export share (%)	Trade balance in CHF
	Jan - Mar 2008	Jan - Mar 2009				Jan - Mar 2008	Jan - Mar 2009				
Total	1'626'814'070	1'628'888'750	0.13%		2'822'504'113	2'659'709'553	-5.77%		1'030'820'803		

China: Foreign Direct Investment

Rank	Country/ Region	FDI (mio. USD) 2008	Share (%) 2008	Variation (%) year on year	Rank	Country/ Region	FDI (mio. USD) Jan. to Mar. 2009	Share (%) Jan. to Mar. 2009	Variation (%) year on year
1	Hong Kong	41'036	44.41%	48.13%	1	Hong Kong	10'388	47.70%	-13.30%
2	Virgin Islands	15'954	17.27%	-3.62%	2	Virgin Islands	3'013	13.83%	-40.23%
3	Singapore	4'435	4.80%	39.27%	3	Singapore	1'143	5.25%	-7.55%
4	Japan	3'652	3.95%	1.76%	4	Japan	981	4.50%	-8.36%
5	Cayman Islands	3'145	3.40%	22.34%	5	Cayman Islands	843	3.87%	-11.42%
6	South Korea	3'135	3.39%	-14.76%	6	USA	575	2.64%	-42.80%
7	United States	2'944	3.19%	12.54%	7	South Korea	664	3.05%	-37.14%
8	West Samoa	2'549	2.76%	17.51%	8	West Samoa	600	2.76%	-21.85%
9	Taiwan	1'899	2.05%	7.01%	9	Taiwan	379	1.74%	-25.56%
10	Mauritius	1'494	1.62%	12.10%	10	Mauritius	356	1.63%	-24.58%
	EU	4'995	5.41%	30.12%		EU	1'323	6.08%	-12.60%
	Switzerland	242.6	0.26%	-18.86%		Switzerland	94	0.43%	49.21%
	Total	92'395		23.58%		Total	21'777		-20.56%

Organs composing the State Council	
Ministries	
Ministry of Commerce	http://english.mofcom.gov.cn
Ministry of Commerce - FDI	http://www.fdi.gov.cn/
Ministry of Finance	http://159.226.208.3/english/english.htm#
Ministry of Foreign Affairs	http://www.fmprc.gov.cn/eng/default.htm
Commissions	
National Development and Reform Commission	http://en.ndrc.gov.cn/
Other	
National Audit Office	http://www.cnao.gov.cn/
People's Bank of China	http://www.pbc.gov.cn/english/
Organs directly under the State Council	
General Administration of Customs	http://english.customs.gov.cn/
National Bureau of Statistics of China	http://www.stats.gov.cn/english/
State Administration for Industry and Commerce	http://www.saic.gov.cn/
State Administration of Taxation	http://www.chinatax.gov.cn/
State Food & Drug Administration	http://eng.sfda.gov.cn/eng/
State Intellectual Property Office	http://www.sipo.gov.cn/sipo_English/
Institutions directly under the State Council	
China Banking Regulatory Commission	http://www.cbrc.gov.cn/english/index.htm
China Insurance Regulatory Commission (only in Chinese language)	http://www.circ.gov.cn/
China Securities Regulatory Commission	http://www.csrc.gov.cn/n575458/n4001948/
Development Research Centre of the State Council	http://www.drc.gov.cn/english/
Xinhua News Agency	http://www.chinaview.cn/ ; http://www.french.xinhuanet.com
Further useful www-sites	
China Chamber of International Commerce	http://www.ccoic.cn/New_Folder/home.htm
China Council for the Promotion of International Trade	http://www.ccpit.org/
Chamber of Commerce	
American Chamber of Commerce in China (AmCham)	www.amcham-china.org.cn
Austrian Chamber of Commerce in China (WKO)	www.wko.at
British Chamber of Commerce in China (BCCCh)	www.britcham.org
Canada China Business Council (CCBC)	www.ccbc.com
China - Australia Chamber of Commerce (AustCham)	www.austcham.org
China - Italy Chamber of Commerce (CCIC)	www.cameraitacina.com
European Union Chamber of Commerce in China (EUCCC)	www.euccc.com.cn
French Chamber of Commerce and Industry in China (CCIFC)	www.ccifc.org
German Chamber of Commerce in China (GCCC)	http://china.ahk.de/
Hong Kong Chamber of Commerce in China (HKCCC)	http://www.hkcccq.org/AboutEn.asp
Swiss Chinese Chamber of Commerce Beijing	www.bei.swisscham.org
Swiss Chinese Chamber of Commerce in Hong Kong	http://www.swisschamhk.org/
Swiss Chinese Chamber of Commerce in Switzerland	http://www.sha.swisscham.org/sha/
Swiss Chinese Chamber of Commerce Shanghai	www.sha.swisscham.org
Swiss governmental organisations	
Osec Business Network Switzerland	www.osec.ch
State Secretariat for Economic Affairs (Seco)	www.seco.admin.ch
Swiss Business Hub China (SBH China)	http://www.eda.admin.ch/eda/en/home/rep/asia/vchn/embbei/sbh.html
Swiss Export Risk Insurance (serv)	http://www.serv-ch.com
International and other governmental organisations	
Asian Development Bank (ADB)	http://www.adb.org/PRC/default.asp
Das Auswärtige Amt der Bundesrepublik Deutschland	http://www.auswaertiges-amt.de/www/de/laenderinfos/laender/laender_ausgabe.html?tvope_id=12&land_id=32
International Monetary Fund (IMF)	http://www.imf.org/external/country/CHN/index.htm
Office of the United States Trade Representative	http://www.usitr.gov/
Organisation for Economic Co-operation and Development (OECD)	http://www.oecd.org/info/country/0,2646,en_2649_201185_1_70342_119656_1_1,00.html
Japanese government related organization (Jetro)	http://www.jetro.go.jp
The World Bank	http://www.worldbank.org
The World Trade Organisation	http://www.wto.org