

China: Annual economic report – December 2009

1. Appreciation of the economic problems and issues

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, polycrystalline 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

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.

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

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

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.

¹⁴ World Bank, China Quarterly Update, November 2009.

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.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 US, 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 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)

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

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

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

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

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

²² Ministry of Commerce of the PRC.: www.fta.mofcom.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.

solutions, commercial values, and other 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 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 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

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.

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

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, 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.

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 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

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

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

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

(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

3.2 Bilateral trade

3.2.1 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%).

³⁶ World Bank, China Quarterly Update, November 2009.

³⁷ 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, 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 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 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-

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.

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 China' 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

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.

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 2008 amounted to CHF 1012.9 million,⁵¹ 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.

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.

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 who 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”.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 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.

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 programme 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**.

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.

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 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 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.

6 Useful internet Links (cf. Annexe 6)

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	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

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

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 - September 2009	Billion USD	Share %	Growth in % to a comparable previous period
USA	252.3	17.7%	8.4%	USA	157.3	18.6%	-16.9%
Hong Kong	190.7	13.3%	3.4%	Hong Kong	114.5	13.5%	-20.6%
Japan	116.1	8.1%	13.7%	Japan	69.8	8.2%	-18.8%
South Korea	74.0	5.2%	31.9%	South Korea	37.7	4.5%	-34.0%
Germany	59.2	4.1%	21.6%	Germany	35.4	4.2%	-19.7%
Netherlands	45.9	3.2%	10.9%	Netherlands	25.4	3.0%	-26.2%
United Kingdom	36.1	2.5%	13.9%	United Kingdom	22.1	2.6%	-17.5%
Russia	33.0	2.3%	15.8%	India	21.2	2.5%	-13.6%
Singapore	32.3	2.3%	9.1%	Singapore	20.6	2.4%	-15.4%
India	31.5	2.2%	31.3%	Italy	14.8	1.7%	-27.2%
EU	292.9	20.5%	19.5%	EU	167.5	19.8%	-24.1%
ASEAN	114.1	8.0%	21.1%	ASEAN	73.1	8.6%	-16.1%
EFTA	6.6	0.5%	11.3%	EFTA	3.8	0.4%	-42.3%
Iceland	0.09	0.01%	0.0%	Iceland	0.035	0.0%	-47.3%
Liechtenstein	0.01	0.00%	0.0%	Liechtenstein	0.004	0.0%	-30.8%
Norway	2.56	0.18%	16.4%	Norway	1.738	0.2%	-12.3%
Switzerland	3.90	0.27%	8.4%	Switzerland	2.011	0.2%	-33.6%
Total	1428.5		17.3%	Total	846.6		-21.3%
Imports from Country/ Region Jan - Dec 2008	Billion USD	Share %	Growth in % to a comparable previous period	Imports from Country/ Region Jan - September 2009	Billion USD	Share %	Growth in % to a comparable previous period
Japan	151.0	13.3%	12.7%	Japan	92.5	13.0%	-20.8%
Taiwan	103.3	9.1%	2.3%	South Korea	72.8	10.2%	-18.3%
USA	81.4	7.2%	17.3%	USA	54.6	7.7%	-12.4%
Germany	55.8	4.9%	22.9%	Taiwan	59.7	8.4%	-29.2%
Australia	37.4	3.3%	44.4%	Germany	40.2	5.7%	-5.7%
Malaysia	32.1	2.8%	11.8%	Australia	28.4	4.0%	-4.0%
Saudi Arabia	31.0	2.7%	76.1%	Malaysia	21.9	3.1%	-13.9%
Brazil	29.7	2.6%	62.3%	Brazil	21.1	3.0%	-10.9%
Thailand	25.6	2.3%	12.8%	Thailand	17.4	2.4%	-11.6%
Angola	22.4	2.0%	72.3%	Saudi Arabia	15.2	2.1%	-37.8%
EU	132.7	11.7%	19.5%	EU	92.6	13.0%	-9.2%
ASEAN	117.0	10.3%	7.9%	ASEAN	73.9	10.4%	-20.9%
EFTA	9.5	0.8%	26.3%	EFTA	7.3	1.0%	-22.6%
Iceland	0.04	0.00%	0.0%	Iceland	0.03	0.00%	-0.8%
Liechtenstein	0.03	0.00%	50.0%	Liechtenstein	0.03	0.00%	47.8%
Norway	2.10	0.19%	30.4%	Norway	2.40	0.34%	48.2%
Switzerland	7.30	0.64%	25.0%	Switzerland	4.87	0.68%	-10.7%
Total	1133.1		18.5%	Total	711.2		-20.4%

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	58632	12924	-77.96%	0.00%	1'226'407	1104646	-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					97860	96554	-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
Bilateral trade Switzerland - P.R. China including 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			
	Total	4'875'179'561	4'576'228'594	-6.13%		9'135'472'998	8'112'742'740	-11.20%		3'536'514'146

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 June 2009	Share (%) Jan. to June 2009	Variation (%) year on year
1	Hong Kong	41'036	44.41%	48.13%	1	Hong Kong	19'999	46.50%	-14.51%
2	Virgin Islands	15'954	17.27%	-3.62%	2	Virgin Islands	5'852	13.61%	-37.90%
3	Singapore	4'435	4.80%	39.27%	3	Japan	2'035	4.73%	-6.31%
4	Japan	3'652	3.95%	1.76%	4	Singapore	1'904	4.43%	-24.47%
5	Cayman Islands	3'145	3.40%	22.34%	5	Cayman Islands	1'577	3.67%	-1.20%
6	South Korea	3'135	3.39%	-14.76%	6	United States	1'374	3.19%	-16.10%
7	United States	2'944	3.19%	12.54%	7	South Korea	1'353	3.15%	-26.12%
8	West Samoa	2'549	2.76%	17.51%	8	West Samoa	1'176	2.73%	-20.27%
9	Taiwan	1'899	2.05%	7.01%	9	Taiwan	872	2.03%	-12.51%
10	Mauritius	1'494	1.62%	12.10%	10	Mauritius	660	1.53%	-26.62%
	EU	4'995	5.41%	30.12%		EU	2'524	5.87%	-1.32%
	Switzerland	242.6	0.26%	-18.86%		Switzerland	180	0.42%	30.60%
	Total	92'395		23.58%		Total	43'008		-17.90%

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://www.mof.gov.cn/
Ministry of Foreign Affairs	http://www.fmprc.gov.cn/eng/
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/english/index.html
State Administration of Taxation	http://202.108.90.130/n6669073/index.html
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 (BCCCI)	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 (GCCCI)	http://china.ahk.de/
Hong Kong Chamber of Commerce in China (HKCCCI)	http://www.hkcccgq.org/
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/diplo/de/Laenderinformationen/01-Laender/China.html
International Monetary Fund (IMF)	http://www.imf.org/external/country/CHN/index.htm
Office of the United States Trade Representative	http://www.ustr.gov/
Organisation for Economic Co-operation and Development (OECD)	http://www.oecd.org/country/0,3377,en_33873108_36016481_1_1_1_1_1_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