

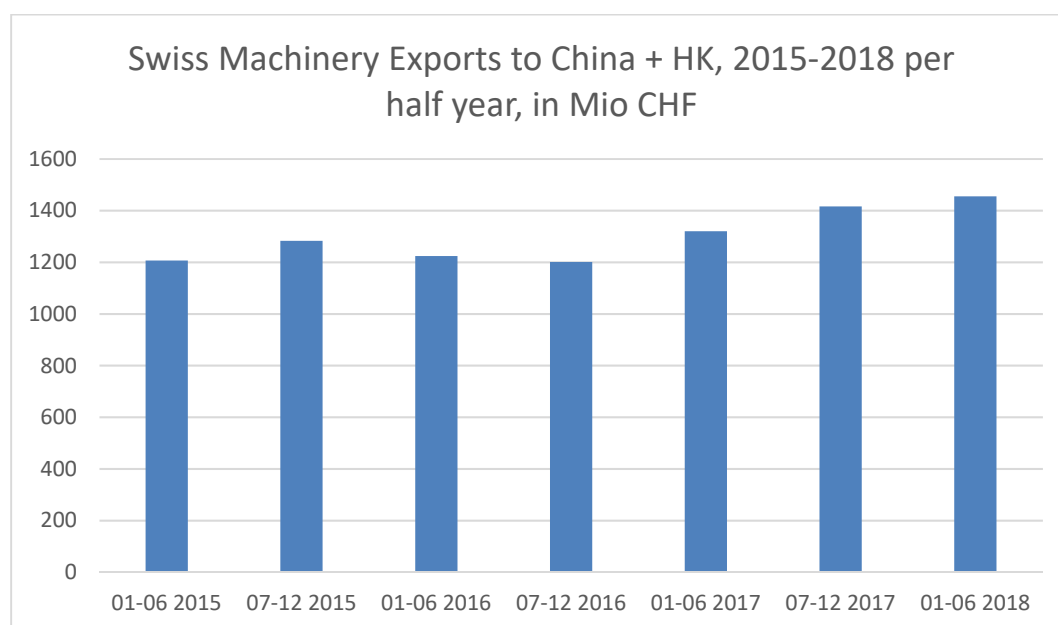
PRESS RELEASE

China's demand for Swiss machinery keeps growing

- In the first six months of 2018, **Swiss companies exported machinery products in the value of 1.45 billion CHF to China and Hong Kong**, a plus of 10.2% compared to the first half of 2017. China's thirst for automation increases the demand for high quality machines.
- China and Hong Kong remain the third biggest market for Swiss machinery exports, behind Germany (4.1 bio CHF) and the USA (1.8 bio CHF).
- Due to the **increasing spending power of the growing Chinese middle class**, Swiss **watches and precision instrument exports** to China and Hong Kong **grew by astonishing 17.5% to a value of almost 4 billion CHF** in the first half of 2018.

Shanghai (July 26, 2018) – In the first six months of 2018, Switzerland exported goods in the value of 8.9 billion Swiss francs to China and Hong Kong, according to recent figures by the Swiss Federal Customs Administration.¹ Compared to the first half of 2017, that is a plus of 6.9%.

One of the main drivers of the Swiss export growth was the machinery industry. In the first six months of 2018, Swiss machinery exports to China and Hong Kong grew by 10.2% compared to the year before. "Machinery goods in the value of 1.45 billion Swiss francs have been exported to China and Hong Kong", reports Nicolas Musy, Founder and Delegate of the Board of Swiss Centers in China, a non-profit organization that lowers the market entry barriers of Swiss companies into Asia.



¹ Figures from Swiss Federal Customs Administration, Total "business cycle" (total 1): without gold bars and other precious metals, coin, precious stones and gems, works of art and antiques

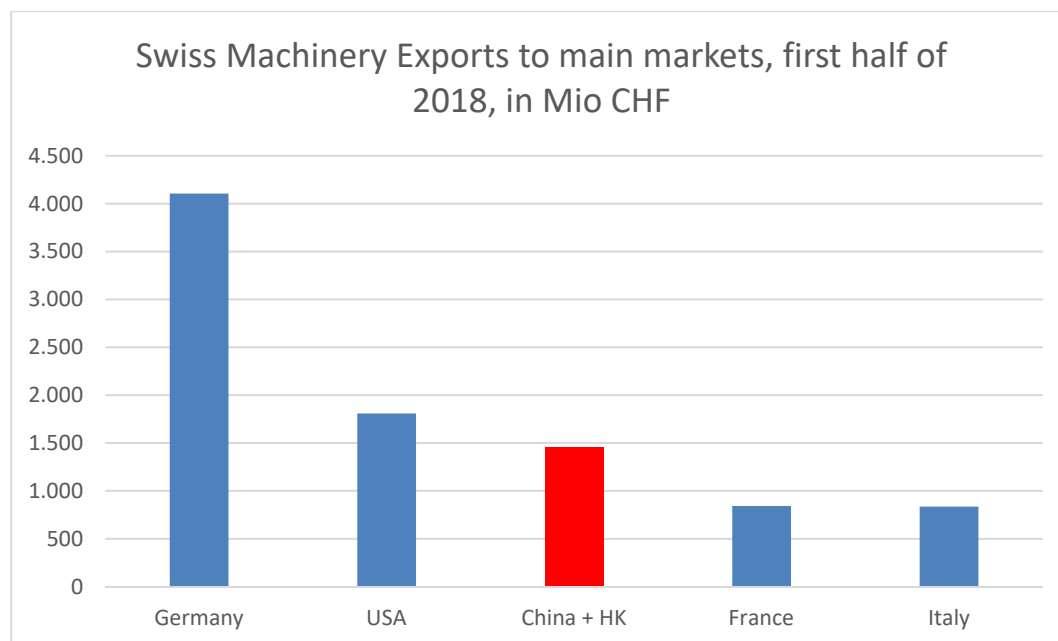
High-quality machines for automation

A key for the growing demand is the ongoing advancement of the Chinese production market, analyzes Mr. Musy: "Chinese manufacturers upgrade their equipment and automation becomes ever more important. Highest quality machines are in high demand – that is why China will remain a key market for Swiss machinery companies in the coming years."

Mikron Tool: strong growth

Alex Loke, China Director of the Swiss company Mikron Tool SA with headquarters in Agno in Ticino, agrees: "We are a provider of high-end tooling, focusing on high precision applications, and we face some limitations in the market on local machines. They are not capable of fully utilizing our tools. That is why the need for high-end machines is growing." With the push for more automation and high-quality products, the demand for high-end tools will increase as well, projects Mr. Loke. Already, Mikron Tool SA experiences strong revenue growth in China. "In the first half of 2018, the revenue is up 10% year-on-year, conservatively", reports Loke. Mikron Tool, a member of Swiss Centers China, is a globally active tool supplier with 200 employees.

Since 2016, Swiss machinery exports to China and Hong Kong have been continuously growing. With the export value of 1.45 billion Swiss francs in the first six months of 2018, the Chinese market is the third biggest market for Swiss machinery products worldwide. The largest market remains Germany (4.1 bio CHF), the second biggest market are the United States (1.8 bio CHF). Behind China (incl. HK) follow France (841 mio CHF) and Italy (834 mio CHF).



Trade surplus of 1.5 billion CHF

While Switzerland exported goods in the value of 8.9 billion Swiss francs to China (incl. Hong Kong) in the first half of 2018, the imports added up to 7.4 billion Swiss francs, resulting in a trade surplus of almost 1.5 billion Swiss francs. Nicolas Musy: "Switzerland remains to be one of very few countries that enjoy a positive trade balance with China and Hong Kong without exporting natural resources." Behind Germany and the United States, China and Hong Kong remains the third largest market for Swiss exports.

Watch & precision instrument exports +17%

The watch and precision instruments segment had a particularly strong impact on the growing Swiss exports to China and Hong Kong. In the first half of 2018, watches and precision instruments in the value of 3.9 billion Swiss Francs have been exported to the market – a plus of astonishing 17.5%. Zhen Xiao, Managing Director of the Swiss Centers China, explains: "After the Swiss watch exports experienced a strong decline due to a Chinese anti-corruption campaign, the current rebound and growth is driven by a more healthy consumption of a quickly growing middle class and a sophistication of the Chinese consumers."

Facing the growing demand by the expanding middle class, the Chinese government also pushes for further opening up of the economy and wants to drive import and consumption. “Xi Jinping announced the first China International Import Expo – CIIE – to be held in Shanghai in November this year. The six-day event, hosted by the Ministry of Commerce, will serve as a platform to showcase imported products and services to 150.000 invited buyers from across China”, informs Mr. Xiao. “While challenged by the unpredictable US trade policies, China’s position on promoting imports can be a good opportunity for further growth of Swiss exports.”

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

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