

PRESS RELEASE

Biggest market: China and Hong Kong hungry for Swiss precision instruments, watches, jewelry

- In the first half of 2019, **Swiss precision instrument, watch and jewelry exports to China and Hong Kong grew by 8.2% year-on-year to 4.3 bio Swiss francs. China (incl. Hong Kong) remains the biggest market for Swiss products of this segment. Jewelry exports grew particularly fast: +25%, 1.3 bio CHF.**
- **Despite the lowest quarterly GDP growth in China in 27 years (6.2%), the overall Swiss exports to China and Hong Kong grew by 4% to 9.3 bio Swiss Francs.**
- Machinery exports to China and Hong Kong dropped by 4.4% to 1.4 bio Swiss Francs, while machinery exports to the USA grew (1.8 bio CHF, +2.7%). Exports to the biggest market for Swiss machinery, Germany, declined by 2.6% (4 bio CHF).

Shanghai (August 6, 2019) – **In the first half year of 2019, Swiss exports to China and Hong Kong grew by 4% year-on-year to a volume of 9.3 billion Swiss francs**, according to recent figures by the Swiss Federal Customs Administration.¹ The most successful Swiss export segment to China and Hong Kong was precision instruments, watches and jewelry, with a growth of 8.2% to 4.3 billion Swiss francs. **“China and Hong Kong are the biggest market worldwide for Swiss products of this segment.** The main driver of the dynamic growth were the **jewelry exports: They amounted to 1.3 billion Swiss francs, a plus of 25%** year-on-year. When counting only Mainland China without Hong Kong, the growth of Swiss jewelry exports was even more astonishing: a plus of 87% year-on-year,” reports Nicolas Musy, Delegate of the Board of Swiss Centers in China, a non-profit organization that lowers the market entry barriers into Asia for Swiss companies. While watch exports to China and Hong Kong were stagnant on a high level (+0.3%, 2.37 bio CHF), precision instrument exports grew by 9.6% to a volume of 592 million Swiss francs.

It is worth noting that the Swiss watch exports to Hong Kong declined sharply in June (-26.8% year-on-year) and decreased by 6.6% in the first six months. At the same time, thanks to the increase of the Mainland China market (+13.5% year-on-year), the Swiss watch exports to China including Hong Kong remain slightly positive, with a 0.3% increase for the first half year of 2019. “Traditionally, many Mainland Chinese customers go to Hong Kong to purchase Swiss watches for the price and authenticity. Statistics show constant growth in the mainland market. This trend may well continue, if the Chinese government continues its efforts to reduce tariffs and create duty-free zones like in Hainan,” states Zhen Xiao, CEO of the Swiss Centers China.

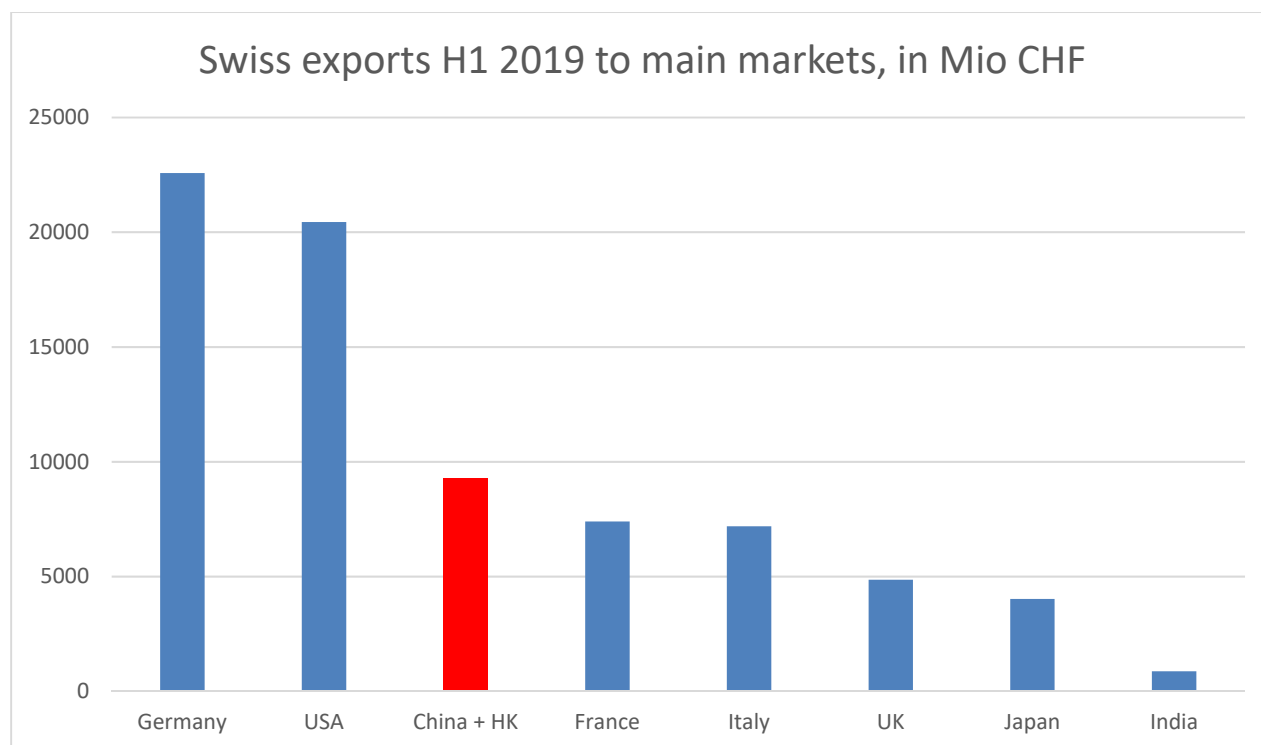
Chinese consumers are buying more and more imported goods. Zhen Xiao explains: “As reported by the Ministry of Commerce of China on July 18, 2019, 79.6% of consumers have purchased imported goods and 24.1% of consumers say that they will purchase more imported

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

consumer goods in the next 6 months.² When it comes to jewelry, Chinese consumers are looking for design, brand and quality, which drives the import increase.”

CIIE 2019: section for luxury goods

Xiao adds: “In respond to this growing demand, the China International Import Expo (CIIE) 2019 plans a specific section for luxury goods including watches and jewelry, which can be a good marketing opportunity for foreign brands.”



Third biggest buyer of Swiss goods

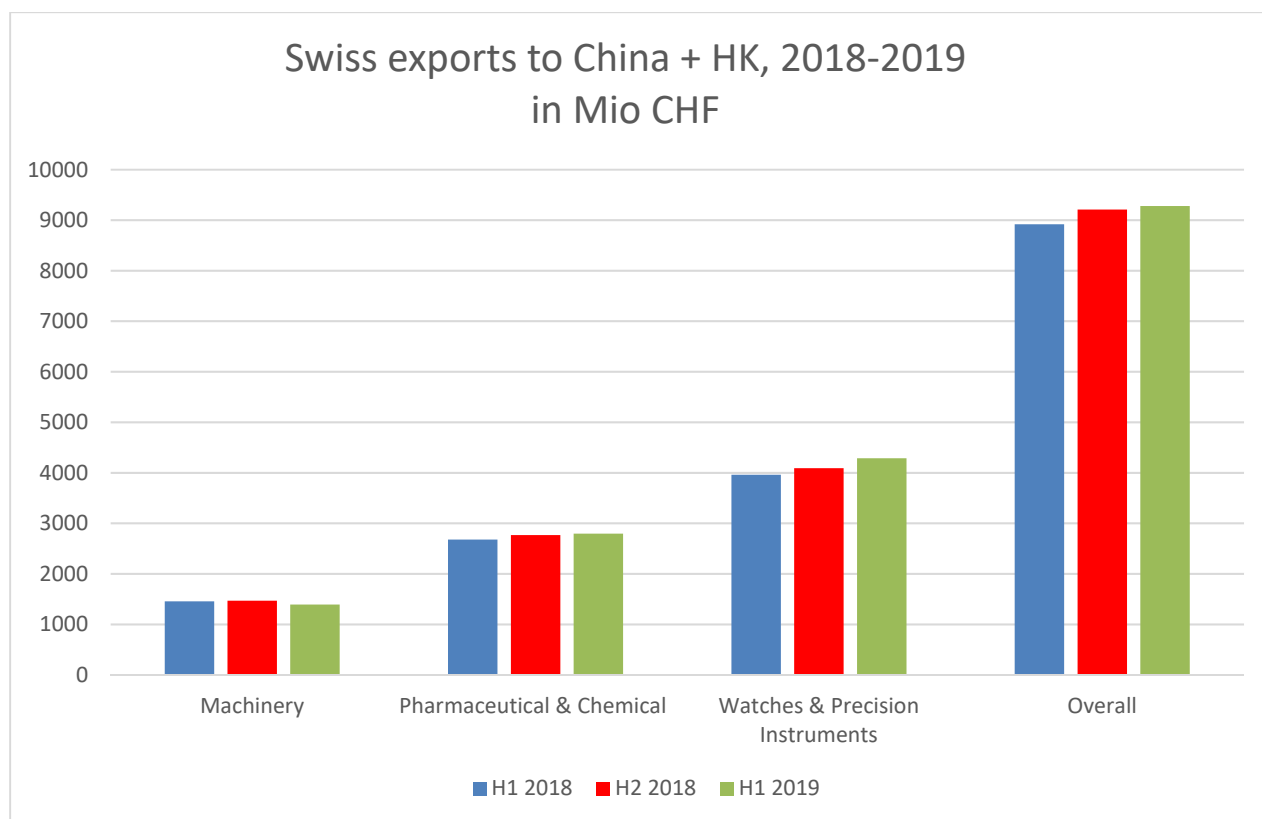
With an overall export volume of 9.3 billion Swiss francs in the first half of 2019, China and Hong Kong remains the third biggest market for Swiss goods. Germany (22.57 bio CHF, +2.6%) and the United States (20.45 bio CHF, +10.6%) continue to be the biggest markets. Behind China and Hong Kong, France (7.4 bio CHF, -6.9%) and Italy (7.2 bio CHF, -4.8%) are ranked fourth and fifth.

“With a GDP growth of 6.2%, China just registered the lowest quarterly GDP growth in 27 years. In this light, the Swiss export growth to China and Hong Kong is very positive”, analyses Nicolas Musy. Switzerland is one of few countries that enjoys a positive trade balance with China and Hong Kong. The trade surplus in the first half of 2019 amounts to 1.5 billion Swiss francs.

The ongoing US-China trade conflict is undoubtedly overshadowing China’s trade figures. According to Chinese Ministry of Commerce data, the overall trade value decreased by 2% year-on-year for the first 6 months of 2019, while the imports decreased by 4.3%.³ “Under this circumstance and with the uncertainty ahead, China’s consumers and enterprises may indeed seek for alternative markets, and import quality products from countries like Switzerland to satisfy the demand”, says Mr. Xiao.

² <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201907/20190702883123.shtml>

³ <http://english.mofcom.gov.cn/article/statistic/BriefStatistics/201907/20190702884164.shtml>



Pharma exports grow, machinery exports decline

Swiss pharmaceutical and chemical exports to China and Hong Kong grew by 4% to a volume of 2.8 billion Swiss francs. Pharmaceutical and chemical exports to the main markets USA (12.7 bio CHF, +13.8%) and Germany (9 bio CHF, +12.5%) grew much more dynamically. Swiss machinery exports to China and Hong Kong dropped by 4.4% to 1.4 billion Swiss francs. Machinery exports to the biggest market Germany also declined (4 bio CHF, -4.4%), while the exports to the United States grew (1.8 bio CHF, +2.7%).

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 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 others, 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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