

A high value partner

At the heart of Europe high-tech Switzerland is well positioned to do business with China

Switzerland, while being a small, fiercely independent, neutral country, is often known for being picturesque, quiet, and unassuming. But it is not all that it seems at first glance — it is, in fact, much more.

A closer inspection reveals it to be a modern, global-thinking, high-tech powerhouse, one that is opening its doors to Chinese trade, culture and education.

It is hardly surprising that Switzerland is the only European country to have a positive trade balance with China: Swiss innovation in research and technical precision has helped it forge commercial relationships worldwide and now makes it a very competitive player in the Chinese market.

Switzerland and China also have many common interests including the desire to base economic growth on hard work, technology and education.

Both countries also have the ability, when working together, to tackle some of modern society's greatest problems in areas such as urban

planning, climate change, and transportation.

During an official visit to Switzerland in early May, China's Foreign Minister Yang Jiechi joined the Swiss President Micheline Calmy-Rey in saying that Sino-Swiss relations were developing smoothly and that China had become Switzerland's largest trading partner in Asia.

Yang seemed keen to underscore that relationship as one of mutual respect and equality and said that the Chinese government places great importance on relations with Switzerland.

Calmy-Rey said she has often been told, when visiting China, that Switzerland is a very picturesque country. She said she agrees with this, but added, "It's certainly a picturesque country, but more important, we're a country with technology, innovation, and wide-ranging research skills. Switzerland has had the highest number of Nobel Prize winners in the world per capita, since 1950. The reality is that Switzerland is a very modern economy with great

prospects for the future."

This modern reality of Switzerland is not just about its standing in the wider world, but also about welcoming the world, particularly China, to Switzerland.

Its central location in Europe and first-class infrastructure mean that there are many attractions for Chinese companies looking for a European hub.

Its job market is more flexible than those of its European neighbors and its universities produce highly skilled students, making it an attractive destination for Chinese investors.

Pascal Gentinetta, chairman of Economiesuisse, the country's largest economic umbrella organization, supported this by saying, "Switzerland is very flexible in labor market regulations, and our taxation is extremely favorable."

Special niche destination

This gateway to Europe is a choice destination for Chinese companies and investors. With the exception of its agricultural and food products, it has no restrictions on trade with members of the European Union (EU). Goods with a certificate of origin from one of the 31 EU member states and the European Free Trade Area (EFTA) — which Switzerland belongs to — can circulate freely without quotas and customs barriers.

Still, a European market is not the only thing Switzerland wants to offer China. According to its Federal Councilor Johann Schneider-Ammann, Switzerland can also attract China because it is a special niche destination.

"Switzerland is a leading country in various technology fields and the Chinese see this potential," Sch-



The Swiss flag is one of only two square flags in the world.

neider-Ammann said, adding that, in spite of the cultural differences, the two countries share some important business characteristics.

"The Swiss share essential values with the Chinese in reliability, trust and precision."

These three qualities have driven technology and innovation growth for dozens of Swiss companies. Across China today, high-tech Swiss components are being used in the heavy industry, energy and transport sectors. One area where Switzerland is a world leader is in sustainable technology.

One example of a company that is helping to ensure that the country remains competitive in the midst of increasing concerns over resources and a changing global economy is Swisscleantech.

Its co-founder and president, Nick Beglinger, said he believes that popu-

lation growth and the demand for a higher standard of living will force us to alter our approach to business and industrial production. And, as China's economy continues its spectacular growth, it may be able to learn a lot from the Swiss approach.

Areas of cooperation

Other areas of shared interest are urban development, architecture, and art. As China's great cities continue their construction boom, there is increased interest in other attitudes toward urban planning and architecture, such as those that Switzerland has provided.

Beijing's Olympic Stadium, known as the "Bird's Nest" was designed by the Swiss architectural firm Herzog & de Meuron.

As the Chinese approach to aesthetics grows, it is important to note that Chinese visitors to Switzerland

are never far from fine art.

The city of Basel, for example, has one of the world's premier international shows for modern and contemporary artworks.

Art Basel has nearly 300 of the leading galleries from Asia, Africa, Europe and North and South America. This year's Art 42 Basel took place in June and had works of more than 2,500 artists on display.

Switzerland and Basel in particular have another strength that has resulted in growth and opportunity: Openness.

According to Guy Morin, president of the Canton of Basel, "When the global financial crisis hit, we became conscious of the fact that we had to be more open because we're an important export-oriented economy. Our results and our success are based on our relationships with the rest of the world."

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MICHELINE CALMY-REY, SWISS PRESIDENT

Relationship built on historic foundations

Deepening an economic and commercial bond they can build on a long-standing friendship of mutual respect

China is an important partner of Switzerland's, so it is worth remembering that its first contacts with China go back as far as the mid-17th century, when traders and watchmakers traveled here.

Then, by the latter part of the 18th century and into the 19th, trade relations were developing at such a pace that by 1912, Switzerland already had a trade agency in Shanghai.

The first official contacts came in 1906, and a treaty of friendship was signed in 1918.

Perhaps more important than this, however, is the fact that Switzerland was one of the first Western nations to formally recognize the People's Republic of China, on January 17, 1950.

According to the Swiss Sinologist Harro von Senger, this early recognition and the fact that, during the Cold War, Switzerland was a window on the world for China, are two reasons that the Chinese hold the Swiss in such high esteem.

And, the People's Republic made its first appearance on the international stage when Premier Zhou Enlai took part in the Indochina

Conference, in Geneva, Switzerland in 1954.

Bilateral relations between the two were on their way to further development and they gained greater significance and quickened their pace after Deng Xiaoping began the reform and opening-up policy of 1979.

As the Swiss President Micheline Calmy-Rey has stated, "Our relationship is long-lasting. We've had a very close relationship ever since we recognized the People's Republic of China. Back in 2007, we signed a treaty with China to reinforce and institutionalize our bilateral relationship in various fields, including trade, culture and science."

Strategic step

In making the next logical step in bilateral relations, the two countries decided, in January 2009, to do a feasibility study on a Free Trade Agreement (FTA). The leaders of both countries agreed that this was an important task, one that would increase trade flow in both ways, as well as joint work on technology, energy, environmental protection,

and the medical, educational and cultural sectors.

An FTA would be a positive step for both, but, from the Swiss point of view, it is easy to understand the need to reach an agreement. Between 1988 and 2008, total Swiss trade with the world grew less than 6 percent annually. But, the country's commerce with free trade partners grew more than 10 percent annually in the four years after entry into a free trade agreement.

FTAs also have a positive impact on foreign direct investment (FDI). During the same 1988-to-2008 period, Swiss FDI increased annually by about 12 percent. Annual growth of Swiss FDI towards free trade partners though was on average above 18 percent.

Since China is Switzerland's most important Asian trading partner, it is clear why negotiations with China are a priority with its foreign trade policy makers.

After China joined the World Trade Organization in 2001, internal reforms and opening up of the economy became foreign economic policy instruments.

China now has 14 FTA partners comprising of 31 economies with agreements signed with eight.

The Chinese government sees FTAs as a useful means of further opening its economy to the outside world and a good sign of its intent to integrate itself more with the global economy.

At Davos, Switzerland in January

of this year, Switzerland and China formally began some important bilateral talks.

China's Commerce Minister Chen Deming said that he expected to see successful results from the negotiations in the not-too-distant future because they would increase mutual trust between the two countries and promote economic development.

After the opening ceremony, Swiss Federal Councilor Johann N. Schneider-Ammann said he agreed with Chen because, "The free trade agreement will further enhance trade and investment relations on a mutually beneficial basis, and create many new opportunities for closer exchanges and cooperation."

"From my point of view, the idea is clear: encourage the Chinese to come here and stay here."

Schneider-Ammann then added, "It's my sincere wish to get the FTA signed as soon as possible so the Swiss can compete in China and the Chinese in Switzerland."

Calmy-Rey then suggested the possibilities that lay ahead, by saying, "Imagine the challenge to negotiating a free trade agreement with a country the size of China."

Striking an optimistic note, she added, "What is noticeable is seeing the interest in Switzerland coming from within China. It means the opportunities and potential outlets for companies from both countries, which are already intense, are becoming even more powerful."



“Switzerland is a leader in various fields of technology and the Chinese acknowledge this potential. We also share essential values with the Chinese, such as reliability, trust and precision.”

JOHANN N. SCHNEIDER-AMMANN, SWISS FEDERAL COUNCILOR

Kurt Haerri, president of the Swiss-Chinese Chamber of Commerce, also noted that, "China is a huge country undergoing tremendous change and it is absolutely thrilling to see the opportunities for both countries with a possible FTA."

Belief in the bond

Both countries say they agree that they have much to gain, but that negotiating and signing the FTA will not be plain sailing.

However, Calmy-Rey recalled an incident from back when she was foreign minister and was with China's Minister Li Zhaoxing, and they

took their keys and threw them into the snow of a Swiss mountainside, as a traditional sign of good luck.

Actually, this is an old Chinese tradition for young newlyweds, signifying an everlasting, unbreakable bond. That being the case, it is hard to see the negotiations faltering, so the future should be a good one, enriching for both countries.

We extend our sincere thanks to Quality Communication Productions for its help in the completion of this supplement

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