

Press Release

**SME Export Outlook Q3 2016: SMEs striking out for China**

Zurich, 12 July 2016. According to a survey carried out by Switzerland Global Enterprise (S-GE) among around 200 small and medium-sized exporting companies, Swiss SMEs see major potential in the Chinese market. Exports to China are accordingly set to gain importance in the next five years. Companies from the MEM industry are particularly active. Credit Suisse sees good sales prospects for Swiss SMEs in China. Chinese growth and the Chinese currency are set to develop in favor of Swiss exporters in the next six months. Export sentiment among Swiss SMEs has improved further and is more positive than at any time since the abandonment of the minimum euro exchange rate by the SNB in January 2015.

As Bettina Rutschi, Senior Economist at Credit Suisse, explains: "The most important driver of Chinese economic growth at present is consumer spending. Although we expect this to rise less sharply in the second half of 2016 due to the slight deterioration of the labor market situation, altogether economic growth in China is also set to remain high in 2016 at 6.5% so that there are good export prospects for Swiss SMEs – particularly since according to our forecasts the Swiss franc should depreciate against the Chinese yuan by 1.5% in the next six months.

Alberto Silini, Head of Consulting at Switzerland Global Enterprise (S-GE), adds: "As an enormous power economically and in terms of consumption, China is an extremely promising export market for SMEs regardless of the current economic fluctuations. Even niches here can prove to be huge and more and more SMEs wish to take advantage of this. On top of this, the free trade agreement saves customs and many SMEs are already making use of this. However, depending on the sector, local regulations and the prevailing competition can be very challenging. It is necessary to prepare thoroughly and look for a partner, which is why many SMEs seek help from outside."

Further information on the SME export outlook for the third quarter of 2016 can be found in the attached brochure or downloaded at [www.s-ge.com/exportperspektiven](http://www.s-ge.com/exportperspektiven)

The SME Export Outlook for the fourth quarter of 2016 will be published on 6 October 2016.

**Methodology of the Credit Suisse Export Barometer**

The Credit Suisse Export Barometer takes as its basis the dependence of Swiss exports on foreign export markets. In constructing the export barometer, we have drawn together important leading industry indicators in Switzerland's 28 most important export countries. These indicators generally have a forecast horizon of approximately one to two quarters. The values of these leading indicators are weighted on the basis of the share of exports that goes to each country. The export barometer consolidates this information to produce a single indicator. Since the values in question are standardized, the export barometer is calibrated in standard deviations. The zero line corresponds to the growth threshold. The long-term average growth of Swiss exports of approximately 5% is 1.

For more detailed information: Credit Suisse (2009), External Trade Switzerland – Facts and Trends, Swiss Issues: Industries, available at [www.credit-suisse.com/research](http://www.credit-suisse.com/research).

**Methodology of the Switzerland Global Enterprise SME Export Sentiment**

The SME export sentiment is based on the quarterly survey of a fixed panel of more than 200 Swiss SMEs representing the pharmaceuticals/chemicals industry, machinery, consumer goods, the metals industry, paper, electrical engineering, the precision instruments industry, as well as services. SMEs indicate whether they expect growth, stagnation or a decline in exports for the current quarter as well as the coming one. To emphasize the forecast nature of the SME export sentiment, expected export activity in the following quarter is weighted at 60% with exports in the current quarter being weighted at 40%. The SME export sentiment can range from 0 to 100, whereby figures between 0 and 50 signal an expected decline in exports and figures of 50 to 100 an expected rise in exports. Participants provide further information on export volumes, for instance the reasons for a change in their export volume, export markets, etc. This information gives an accurate picture of the export activities of Swiss SMEs.

**Further information:**

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**Switzerland Global Enterprise (formerly Osec)**

Switzerland Global Enterprise (S-GE) works all over the world to support entrepreneurs and promote Switzerland as a business location. On behalf of the Swiss Confederation (State Secretariat for Economic Affairs SECO), S-GE's role as a center of excellence for internationalization is to foster exports, imports and investments, to help clients develop new potential for their international businesses and to strengthen Switzerland as an economic hub. S-GE is a strong and trusted partner for its clients, the cantons and the Swiss government, with a global network of experienced advisers and experts. Further information: [www.s-ge.com](http://www.s-ge.com)

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