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2016 China Economic Report

Executive Summary

- **China is undergoing a major economic transformation from export-led growth to a model increasingly driven by consumption and services under the "New Normal". Structural reforms launched in 2015 as well as the 13th Five-Year Plan point to an increased emphasis on innovation, improved resource allocation, manufacturing, IT, services as well as low-carbon growth.**

- **Chinese authorities have launched a series of reforms to facilitate customs procedures for imports and exports and to modernize the agricultural sector through mechanization as well as promotion of food safety. To cope with overcapacity in certain industries, more stringent measures have been introduced, including iron, steel, aluminum, cement, plate glasses and vessels.**

- **China GDP growth has consistently decelerated since 2010 to 6.9% in 2015. As private consumption will probably not fully compensate for overcapacity in real estate and heavy industries, the GDP growth rate is likely to slow down further. Nevertheless, China is expected to meet the target growth rate of 6.5%.**

- **Lackluster external demand in 2015 resulted in the first annual Chinese foreign trade contraction since 2009. More recently, manufacturing investment growth as well as private sector investment turned slightly negative.**

- **China has completed a major reform of her taxation system in 2016. Since 1 May this year, China taxes all businesses based on a value-added tax, which will reduce the overall tax burden for companies. Noteworthy, China is increasingly engaging in international tax cooperation, for example, by joining the international community in her efforts to tackle tax avoidance and evasion.**

- **Switzerland's trade with China since the free trade agreement entered into force on July 2014 continues to be positive for Switzerland. While China's total trade decreased in 2015 with its most important trade partners from Europe, i.e. -11.8 % with Germany and around -7% with France and Italy, it increased by 1.7% with Switzerland.**

- **Although the trade in merchandise weighs heavily on growth rates, the increasing significance of Chinese trade in commercial services should not be underestimated. China is targeting to increase trade in services to USD 1 trillion by 2020 as part of its reform program under the "New Normal".**

- **The majority of Swiss companies in China continue to consider the country as a relevant investment destination. A recent survey among the 850–1,000 Swiss companies (including their representations) in China revealed that the investment appetite of Swiss companies is still large: 57% of the Swiss companies surveyed plan to increase investment in China (compared to 72% in 2015) and 48% consider China to be a top 3 investment destination (compared to 64% in 2015).**

Abbreviations

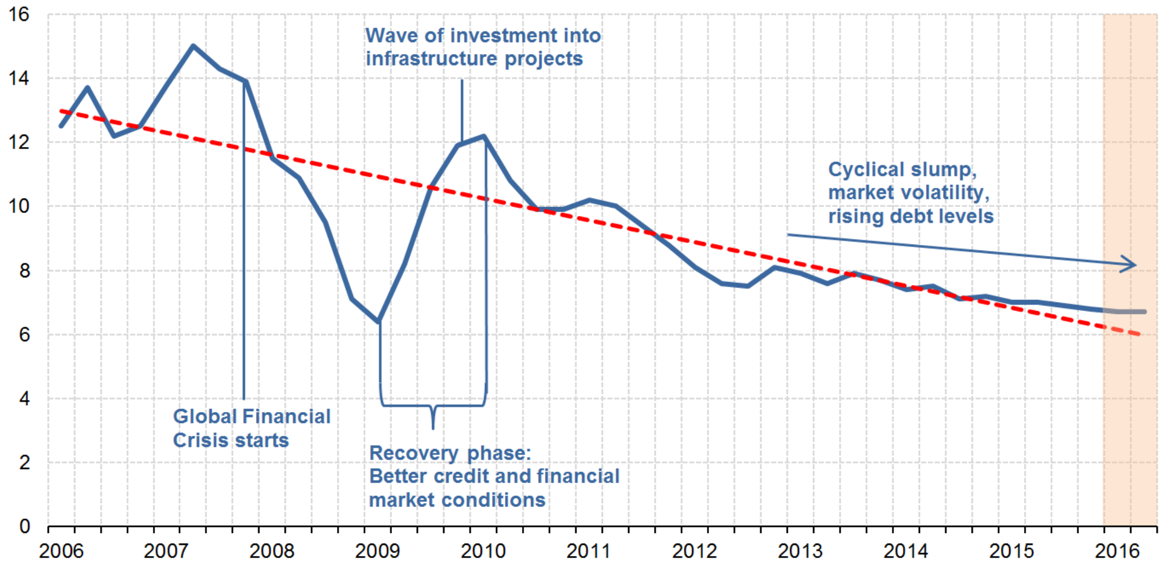
ADB	Asian Development Bank (headquartered in Manila)
AIIB	Asian Infrastructure Investment Bank (headquartered in Beijing)
AML	Anti-Monopoly Law (of the People's Republic of China)
APAC	Asia-Pacific region
ASEAN	Association of Southeast Asian Nations (headquartered in Jakarta)
CCB	China Construction Bank (headquartered in Beijing)
CCC	China Compulsory Certification
CCP	Chinese Communist Party
CEIBS	China Europe International Business School (headquartered in Shanghai)
CFDA	China Food and Drug Administration
CHF	Swiss franc
CNAS	China National Accreditation Service for Conformity Assessment
CNCA	Certification and Accreditation Administration (of the People's Republic of China)
CSSTA	Cross-Strait Services Trade Agreement (signed in Shanghai on June 21, 2013)
DSB	Dispute Settlement Body (of the World Trade Organization)
EBRD	European Bank for Reconstruction and Development (headquartered in London)
EUR	Euro
FDI	Foreign direct investment
FTA	Free trade agreement
FTAAP	Free Trade Area of the Asia-Pacific
GACC	General Administration of Customs (of the People's Republic of China)
GBP	Pound sterling
GDP	Gross domestic product
GNP	Gross national product
GPA	Agreement on Government Procurement (under the auspices of the World Trade Organization)
HNA	Hainan Airlines (headquartered in Haikou)
IP	Intellectual Property
IPR	Intellectual Property Rights
IPI	Federal Institute of Intellectual Property (of the Swiss Confederation)
IT	Information technology
JPY	Japanese yen
JV	Joint venture
M&A	Mergers and acquisitions
MFA	Ministry of Foreign Affairs (of the People's Republic of China)
MoF	Ministry of Finance (of the People's Republic of China)
MOFCOM	Ministry of Commerce (of the People's Republic of China)
MoU	Memorandum of Understanding
NBS	National Bureau of Statistics (of the People's Republic of China)
NDRC	National Development and Reform Commission (of the People's Republic of China)
OBOR	One Belt, One Road
ODI	Outward direct investment
PBoC	People's Bank of China
PRC	People's Republic of China
RCEP	Regional Comprehensive Partnership Agreement
RMB	Renminbi
R&D	Research and development
ROK	Republic of Korea (South Korea)
RQFII	RMB Qualified Foreign Institutional Investor
SAIC	State Administration for Industry and Commerce (of the People's Republic of China)
SAR	Special Administrative Region (of the People's Republic of China)
SBH	Swiss Business Hub
SECO	State Secretariat for Economic Affairs (of the Swiss Confederation)
S-GE	Switzerland Global Enterprise (headquartered in Zurich)
Sinopec	China Petroleum & Chemical Corporation (headquartered in Beijing)
SIPO	State Intellectual Property Office (of the People's Republic of China)
SME	Small and medium-sized enterprises
SNB	Swiss National Bank
SOE	State-owned enterprise
TBT/SPS	Technical Barriers to Trade/Sanitary and Phytosanitary Measures
TPP	Trans-Pacific Partnership (signed in Atlanta on October 5, 2015)
TRIPS	Trade Related Aspects of Intellectual Property Rights (administered by the World Trade Organization)
USD	U.S. dollar
WTO	World Trade Organization (headquartered in Geneva)
YoY	Year-on-year
YTD	Year-to-date

1 Overview of economy

1.1 Macroeconomic situation

China's annual GDP growth (6.9% in 2015) has consistently slowed down since 2010.[1] China has been underpinned by a major economic transformation, which was conveyed by its leaders under Chinese Communist Party (CCP) General Secretary Xi Jinping during the 18th Central Committee's Third Plenum in 2013. The term "New Normal" was adopted during the Fourth Plenum in 2014 to describe the gradual shift from government stimulus and export goods towards a consumer demand-driven and services-oriented economy.

Average quarterly GDP growth, 2006–2016 [real, YoY%]



Source: NBS, Embassy of Switzerland in the People's Republic of China (PRC)

Recent indicators are somewhat blighting hopes that the Chinese economy will reach again a higher growth trajectory. Year-on-year (YoY), China's GDP expanded by 6.9% in Q3 2015 and 6.8% in Q4 2015. At 6.7% in both Q1 and Q2 2016, the rate of GDP expansion saw some stabilization during the first half of this year. Q2 growth slightly exceeded expectations of regional economists and was—as in Q1—particularly driven by government stimulus, while consumption contributed to the stabilization in Q2.[2]

Fiscal policies have been supportive to the economy. According to the Chinese Ministry of Finance (MoF), government spending rose by 19.9% YoY in June compared with 17.6% YoY in May.[3] Moreover, bank lending increased from RMB 985.5 billion in May to RMB 1.38 trillion in June.[4] The central government has announced that its fiscal policy will remain expansionary, which will likely result in additional infrastructure investments through state-owned enterprises (SOEs), among others. Industrial overcapacity and rising debt levels are key risks associated with accelerated bank lending.

Lackluster external demand in 2015 resulted in the first annual Chinese foreign trade contraction since 2009. More recently, manufacturing investment growth turned negative (-0.3% YoY in June).[5] Private sector investment has dipped into negative territory (-0.7% YoY in June), while investments by SOEs increased to 24.0% YoY in June from 22.4% in May.[6] Declining private sector investment poses potential risks to the creation of jobs as well as wage growth, which could dampen consumption growth in the long term. Nevertheless, consumption contributed markedly to growth during the previous quarter, rising by 10.6% YoY.

[1] Unless explicitly stated otherwise, Chinese economic measures and policies mentioned in this report relate to those of the Mainland of China.
[2] Dow Jones (2016), 'China Economic Growth holds steady at 6.7% in Q2', *Nikkei Asian Review*, 15 July 2016, at http://asia.nikkei.com/Politics-Economy/Economy/China-economic-growth-holds-steady-at-6.7-in-Q2, accessed on 18 August 2016
[3] Mark Magnier (2016), 'China GDP sends troubling Signal on Economic Reform', *The Wall Street Journal*, 15 July 2016, at http://www.wsj.com/articles/massive-stimulus-keeps-china-gdp-steady-in-second-quarter-1468549521, accessed on 18 August 2016
[4] Nathaniel Taplin (2016), 'China's Money Rates drop slightly after Q2 GDP Upside Surprise', *Reuters*, 14 July 2016, at http://www.reuters.com/article/china-bonds-idUSL4N1A11WW, accessed on 18 August 2016
[5] Wei Yao & Claire Huang (2016), 'No reason to panic, yet Causes for Concern', *On Our Minds – China* Series (Paris: Société Générale)
[6] *ibid*.

The property market continues to provide an inconclusive picture. Investment growth has slowed to 3.6% YoY in June from 6.5% in May, while sales volume growth decelerated to 14.5% YoY from 24.2%.[7] Nonetheless, property prices are rising in most cities. Deflation risks persist as the consumer price index declined to 1.9% in June.

As private consumption will probably not fully compensate for overcapacity in real estate and heavy industries, the GDP growth rate will likely slow further. Nevertheless, China continues to have ample policy ammunition to meet the target growth rate of 6.5%. Continuous high infrastructure spending and a stronger focus on the services sector as well as consumer-oriented production could accelerate its economic transformation and stabilize its economy in the long term.

1.2 Structural economic reforms

The 13th Five-Year Plan (2016-2020) provides the guidance to China's structural economic reforms. It includes financial sector reforms to promote private sector participation in the economy, in particular in banking and expand the provision of financial services. Besides, it acts as a blueprint for (limited) reforms of the ownership structure SOEs, the promotion of competition and fiscal reform[8].

Since 2015, more stringent measures have been introduced to cope with overcapacity in certain industries, including iron and steel, aluminum, cement, plate glasses or vessels. Local governments and central departments are prohibited from approving any new capacity-expanding projects in these sectors.

In May 2015, the State Council unveiled the "Made in China 2025" plan, the national strategy to comprehensively upgrade the Chinese industry structure away from low-end, volume, labor intensive production towards manufacturing driven by innovation, quality, smart technology and added value. Drafted by Ministry of Industry and Information Technology the plan is often likened to Germany's "Industry 4.0" strategy. The strategy promotes among others high-end machine tools and robotics, modern railway equipment, energy-efficient technologies, or biopharma and high performance medical devices.

On 1 January 2016, the one-child policy was formally abolished, ending more than three decades of strict birth control, to counteract the adverse effect on the labor market and public expenditure of China's reversed demographic pyramid.

China has continued to pursue a series of reforms in the first half of 2016 to facilitate customs procedures for imports and exports, for example with the extension of a pilot paperless customs clearance scheme for certain products. Imports are classified into three categories not restricted, restricted and prohibited.

With the revision in 2015 of the Foreign Investment Catalogue, more foreign direct investment (FDI) has been encouraged in technology, advanced manufacturing, energy conservation and environmental protection, new power sources, or service industries. 2015 also witnessed the expansion of the pilot reform of the foreign investment system, including the Shanghai Pilot Free Trade Zone, and the pilot free trade zones in Guangdong, Fujian and Tianjin. A negative list regulates FDI access in these four zones. The State Council issued an Opinion in October 2015 that establishes two additional negative lists, one for market access of both domestic and foreign companies and one for foreign investment.

In the area of competition policy, there have been several reforms since 2015, amongst others aiming at avoiding regulatory conflicts between intellectual property (IP) protection and competition policy enforcement. New regulations also prohibit abusive IP standard-setting agreements.

Since 2015, the Chinese authorities have launched a series of reforms to modernize the agricultural sector through mechanization, increasing productivity, or the promotion of food safety. In 2015, they launched a pilot program to reform agricultural subsidies in five provinces (Anhui, Hunan, Shandong, Sichuan and Zhejiang) in order to harmonize the currently existing, parallel subsidies program.

Limited liberalization of foreign market access has been noted in telecommunications, e-commerce, and health services.

[7] *ibid*.
[8] WTO (2016), 'Trade Policy Review: China', 20 and 22 July, at https://www.wto.org/english/tratop_e/tpr_e/s342_sum_e.pdf, last accessed on 18/08/2016

1.3 Implications of recent changes in fiscal policy

China has completed a major reform of its taxation system in 2016. Since 1 May this year, she is taxing all businesses based on a value-added tax (VAT). Previously, VAT had only been imposed on tangible goods while services were subject to business tax. Beijing already gradually started to replace the business tax with VAT since 2012 and now reached full transition. This will reduce the overall tax burden for companies and the government expects that the switch to the VAT will "lighten tax burdens on businesses by about RMB 500 billion (USD 77 billion) this year.[9]" VAT reform will effectively result in a major tax cut. This fiscal stimulus can also be seen in the context of the slowing economic growth and the government's efforts to advancing economic development to reach this year's target of a GDP growth rate of 6.5-7%. According to Finance Minister Lou Jiwei, the new taxation framework will boost service industries such as research and development (R&D) and advance the specialization of the manufacturing sector.

Nevertheless, the tax cuts may pose an additional burden to the growing fiscal deficit and debt in China. The new system will be a challenge for local governments in particular. While the local governments previously benefitted from the full amount of collected business tax (accounting to about 40% of local government revenue), they will now have to share the VAT with the central government. In addition, the new approach will lead to a rise in China's fiscal deficit to about 3% (from 2.3% in 2015). China's debt has already risen substantially and particularly the local governments have accumulated debt rather rapidly (in absolute terms, local government debt more than quadrupled since 2008). Overall, China's debt is estimated at around 285% of GDP. While the latest tax reform will add to the debt pressure as an immediate effect, the government, however, hopes to compensate for the decline in tax revenue as the new system should create a better framework in terms of transparency reducing incentives for tax avoidance.

Internationally, China is increasingly engaging in tax cooperation, for example by joining the international community in its efforts to tackle tax avoidance and evasion. In June 2016, the commissioner of the State Administration of Taxation, Wang Jun, signed an agreement on exchange of country-by-country reports by multinationals on the occasion of the 10th meeting of the OECD Forum on Tax Administration in Beijing. China committed to undertake first exchange of information for tax purposes by 2018.

2 International and regional economic agreements

2.1. China's policy and priorities

China and the World Trade Organization

Since its accession to the World Trade Organization (WTO), China remains in the category of developing countries. Despite of its tremendous economic development, she continues to benefit from associated, differential treatment provisions contained in WTO Agreements. Since becoming a member, China has actively participated in the daily operation of the WTO, respected the rulings of the Dispute Settlement Body (DSB) and proactively performed transparency obligations.

Since the outbreak of the global financial crisis, China has supported the WTO in launching the monitoring and surveillance mechanism of trade measures, playing a crucial role in curbing protectionism. As of 2016, 33 cases of violations of WTO rules have been filed against her before the DSB, mainly for illegally restricting access to its domestic market through anti-dumping duties or for granting illegal subsidies to its domestic industry.[10] China has yet experienced far less complaints than U.S. (124)[11] or EU (82).[12]

FTAAP and RCEP versus TPP

The Asia-Pacific region (APAC) trade policy architecture not only resembles a bowl of noodles,[13] encompassing over 100 free trade agreement (FTA) projects, of which almost three-quarters have been signed or entered into force, but also constitutes the world's most dynamic FTA activity zone.[14] A race between the PRC-led Regional Comprehensive Partnership Agreement (RCEP) and Free Trade Area of the Asia-

[9] The Economist (2016), 'A taxing effort: VAT in China', *The* Economist, 2 May
[10] Cases have been filed by the U.S. (16), the EU (7), Mexico (4), Canada (3), Japan (2) and Guatemala (1); WTO (2015), 'Member Information: China and the WTO', *World Trade Organization*, at https://www.wto.org/english/thewto_e/countries_e/china_e.htm, accessed on December 6, 2015
[11] WTO (2015), 'Member Information: United States of America and the WTO', *World Trade Organization*, at https://www.wto.org/english/thewto_e/countries_e/usa_e.htm, accessed on December 6, 2015
[12] WTO (2015), 'Member Information: The European Union and the WTO', *World Trade Organization*, at https://www.wto.org/english/thewto_e/countries_e/european_communities_e.htm, accessed on December 6, 2015
[13] That is, a plethora of overlapping agreements that add complexity and confusion
[14] Christopher M. Dent (2013), 'FTA in the Asia-Pacific: Going Around Circles?', *The Evian Group@IMD Expert Perspectives*, at http://www.imd.org/uupload/IMD.WebSite/EvianGroup/Web/982/Free%20Trade%20Agreements%20in%20the%20Asia.pdf, accessed on December 6, 2015

Pacific (FTAAP) on one side and the U.S.-led Trans-Pacific Partnership (TPP) on the other dominates the future of the transpacific trade policy architecture.

- The conclusion of an agreement in 2015 has been postponed. RCEP's prospects will also hinge on the successful management of diplomatic relations between negotiating parties, in spite of periodic geopolitical irritants including overlapping sovereignty claims in the East and South China Seas.
- In stark contrast, TPP seeks a concrete elimination or reduction of tariff and non-tariff barriers through the creation of new trade rules, which obliges its 12 members[15] to open up more of their sectors, thus challenging China to reform its services and foreign investment policies.[16] The TPP was signed on October 5, 2015 in Atlanta and will have to undergo ratification by its members before it can enter into force, which could prove to be a rather arduous task and is currently delayed due to the uncertain political future in the United States.

Since China is a major trading partner for most TPP and RCEP members, her non-participation in the TPP calls the completion of the U.S.-led arrangement somewhat into question. In turn, the TPP could pose three substantial risks to China: trade diversion, exclusion from negotiations on the future trade architecture in APAC and a diminishing geostrategic role.[17] China does currently not meet important requirements of the TPP (e.g. intangible goods and the services sector).

China's FTA network[18]

China[19] has concluded numerous bilateral FTAs, including with Switzerland (July 1, 2014), Iceland (2014), Costa Rica (2011), Peru (2010), Singapore (2009), New Zealand (2008), Pakistan (2007), Chile (2006), Association of Southeast Asian Nations (ASEAN) (2005), Macau SAR (2004) and Hong Kong SAR (2004).[20] In 2015 China signed two more FTAs with Australia and the Republic of Korea (ROK) that both entered into force on 20 December 2015.

FTAs defined by the Ministry of Commerce of the People's Republic of China (MOFCOM) as "under negotiation" encompass potential or upgraded ones with the Gulf Cooperation Council, Norway (currently halted), ASEAN, Sri Lanka, Maldives and Georgia. China and Israel agreed in March 2016 to start negotiations on a FTA. The 10th round of negotiations for a trilateral FTA between China, Japan and ROK, which would encompass China's largest and second largest non-Chinese Asian trading partners, respectively, was held last June. Feasibility studies have either been launched or completed with several countries including India, Columbia, Moldova, Fiji and Nepal.

China has also expressed considerable interest in negotiating an FTA with the EU. However, this option will likely only be taken into deeper consideration once an EU-China bilateral investment treaty is concluded and finding ways to clear hurdles including subsidies, export credits and cheap loans. China's busy FTA activity could lead to an increasingly complicated situation, where agreements overlap each other.

Agreements between the Mainland and Taiwan

While relations between the Mainland and Taiwan have further intensified since direct, government-level talks were initiated between both sides last year, and the signing of the *Cross-Strait Services Trade Agreement* (CSSTA) in 2013, alleged attempts by the Kuomintang to unilaterally pass the CSSTA led to a political crisis on the island. The CSSTA remains unratified. In January 2016, the Democratic Progressive Party (DPP) won the elections in Taiwan and Tsai Ing-wen became the new president. The DPP favors eventual independence for Taiwan, while the previous ruling party, KMT favors eventual re-unification.

In large part due to its trade dependence on the Mainland, Taiwan has explored the possibility of signing more trade deals in the wider region, including with India, the Philippines and Malaysia. However, the One-China policy puts an effective damper on the signing of FTAs with such economies.

One Belt, One Road

The "One Belt, One Road" (OBOR) initiative, also known as the "New Silk Road", was launched by China to strength trade ties with Europe and countries along the original Silk Roads. The announced aim is to increase prosperity for the underdeveloped western parts of China, foster connectivity and economic devel-

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[15] Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, U.S. and Vietnam

[16] The Economist (2014), 'The TPP: No End in Sight', *The Economist*, February 25, at http://www.economist.com/blogs/banyan/2014/02/trans-pacific-partnership-0, accessed on December 6, 2015

[17] Yifan Hu (2013), 'China's Trade Agreements: The Inside and Outside Strategy', *Peterson Institute for International Economics*, December 24, at http://blogs.piie.com/china/?p=3631, accessed on December 6, 2015

[18] An overview of China's FTA network can be found on this dedicated subpage of MOFCOM: http://fta.mofcom.gov.cn/english/index.shtml, accessed on December 6, 2015

[19] "China" herein refers to the customs territory of the Mainland.

[20] The dates in brackets indicates the dates of the respective FTA when they came into force.

opments along both routes, enhance the integration between China and her neighbors and increase energy security through the diversification of import sources. [21] OBOR brings benefits to the economic development of China in the fields of infrastructure, trade and the internationalization of the RMB. OBOR encompasses 60 countries across Asia, Europe, the Middle East and Africa, which account for 70% of the world's population and 55% of global GNP.[22] OBOR has two main elements: (1) the "Silk Road Economic Belt", a land route designed to connect China with Central Asia, Eastern and Western Europe, as well as (2) the "21st Century Maritime Silk Road", a sea route that runs west from China's east coast to Europe via the South China Sea and Indian Ocean, and east into the South Pacific.

According to the Asian Development Bank (ADB), there is an unmet demand for infrastructure investments across the Asian region, estimated to USD 8 trillion for the period from 2010 to 2020.[23] However, ADB and the World Bank combined can only supply USD 30 billion per year. A number of funds and banks have been created recently to reduce this significant funding gap: Asian Infrastructure Investment Bank (AIIB) with a capital stock of USD 100 billion, Silk Road Fund with a capital stock of USD 40 billion, New Development Bank[24] with a capital stock of USD 100 billion, China Development Bank with a capital stock of USD 16.3 billion, ASEAN Infrastructure Connectivity Fund with a capital stock of USD 20 billion, and Maritime Silk Road Bank with a capital stock of USD 810 million

Asian Infrastructure Investment Bank

Switzerland has officially joined AIIB on April 25, 2016.[25] As one of the first Western European countries to apply for membership in AIIB, Switzerland has been well-positioned from the beginning of AIIB. It has participated in the editing of the bank's articles, which was signed on June 29 by representatives from 57 prospective founding members (of which 20 were extra-regional).

Activities of AIIB include the financing of infrastructure (energy, transport and telecommunications sectors), urban and rural development and the environment. AIIB will grant loans, acquire shareholdings and provide guarantees. Switzerland plans to contribute a total of USD 706.4 million to the capital stock of AIIB, representing 0.87% of total votes. She is part of a voting group composed of Denmark, Island, Norway, Poland, Sweden and UK. AIIB operates since the beginning of 2016 and has announced financing of four infrastructure projects with a total amount of USD 509 million. [26] AIIB will accept new members from 2017. The AIIB accepts bids for tenders from companies from all countries, contrary to other multi-lateral development banks that restrict bids to companies from member countries.

2.2. Outlook for Switzerland

After two and a half years of negotiations, the Switzerland-China FTA entered into force on July 1, 2014. The FTA contains chapters on Trade in Goods, Services, Rules of Origin, Customs Procedures and Trade Facilitation, Technical Barriers to Trade/Sanitary and Phytosanitary Measures (TBT/SPS), Trade Remedies, Intellectual Property Rights (IPR), Competition, Trade and Sustainable Development, Legal and Institutional Provisions as well as Economic and Technical Cooperation. Side Agreements on *Labor and Employment*, *Cooperation in the Area of TBT and SPS* and *Cooperation in the Area* of *Certification and Accreditation*, among others, were also signed on that occasion.[27] These provide a legal framework for consultations and dispute settlement mechanisms.

A Joint Committee with equal representation monitors the implementation and discusses further developments of the agreement. The committee meets at least once every two years. The Joint Committee is assisted by a number of sub-committees (on origin issues, customs procedures, TBT, SPS, and services) and may appoint additional sub-committees and working groups if needed.[28]

While trade with China's most important trade partners decreased last year, trade with Switzerland was actually growing – so while not direct impact can be proven since the implementation of the FTA, this is still a sign of the positive effect of the Sino-Swiss FTA.

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[21] For the political foundations of this project, see the official action plan: NDRC, MFA & MOFCOM (2015), 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', *Xinhuanet*, March 28, at http://news.xinhuanet.com/english/china/2015-03/28/c_134105858.htm, accessed on December 6, 2015

[22] Figures vary depending on source; European Council on Foreign Relations (2015), *"OBOR": China's Great Leap Outward* (London: European Council on Foreign Relations)

[23] The Economist (2014), 'Why China is Creating A New "World Bank" for Asia', *The Economist*, November 11, at http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6, accessed on December 6, 2015

[24] Formerly known as the BRICS Development Bank

[25] Federal Council (2016), press release, https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-61495.html, accessed on August 18, 2016

[26] Two of these projects will in the construction of roads in Pakistan and Tajikistan. A third project aims at improving the life circumstances in the poor districts of Indonesia.

[27] These agreements can be accessed on this dedicated subpage of SECO: http://www.seco.admin.ch/themen/00513/00515/01330/05115/index.html?lang=en, accessed on December 7, 2015

[28] SECO (2014), 'Free Trade Agreement between Switzerland and China', *China-Switzerland Free Trade Agreement*, October 8, at http://www.seco.admin.ch/themen/00513/02655/02731/04118/index.html?lang=en&download=NHzLpZeg7t,lnp6I0NTU042l2Z6ln1ad1IZn4Z2qZpnO2Yuq2Z6gpJCGdYB3f2ym162epYbg2c_JjKbNoKSn6A--, accessed on August 24, 2016

Partial impact of the Switzerland-China FTA on selected sectors

Description	Category	MFN Rate %	FTA Preferential Rate % (Year) 1	2	3	4	5	6	7	8	9	10
Components for Wind Energy - Gears / gearing, ball screws	Cleantech	8	7.2	6.4	5.6	4.8	4.0	3.2	2.4	1.6	0.8	0
Electro-cardiographs	Medtec	5	4.0	3.0	2.0	1.0	0	-	-	-	-	-
Electric wristwatches mechanical display	Mid-end Watches	11	9.0	8.5	7.9	7.4	6.8	6.3	5.7	5.2	4.6	4.4
Enzymes & prepared enzymes	Biotech	6	4.8	3.6	2.4	1.2	0	-	-	-	-	-
Medicaments containing ampicillin	Pharmaceuticals	6	4.8	3.6	2.4	1.2	0	-	-	-	-	-
Sodium chlorates	Chemicals	12	10.8	9.6	8.4	7.2	6.0	4.8	3.6	2.4	1.2	0
Prefab buildings	Construction / City Planning	10	8.0	6.0	4.0	2.0	0	-	-	-	-	-
Engines, diesel for locomotive	Railway	6	4.8	3.6	2.4	1.2	0	-	-	-	-	-

Source: Sovereign China, based on FTA Annex I Tariff Schedules

3 Foreign Trade

3.1. Development and general outlook

Trade in goods

China was in 2014 by the sum of exports and imports as well as exports alone, the world's leading trader of merchandise.[29] While its merchandise exports has risen spectacularly in absolute terms (+6% in 2014), which puts China in the leading position in terms of merchandise exports, trade growth for the first time suffered a setback in 2015. The dip reflects both weaker global demand as well as the diminishing importance of exports as a growth driver. In 2015, import decreased by -14.2% YoY while exports decreased -2.9% YoY. Total exports dropped -4.2% YoY in Q1 2016, partly related to a sharp decline in imports (-8.5% YoY).[30]

Chinese customs statistics show that in 2015 the Mainland's YTD trade with most of its key trading partners, including Hong Kong (-8.5%), Japan (-10.8%), ROK (-5%), Taiwan (-5.1%) and Germany (-11.8%), shrank substantially YoY, with the U.S. as an important exception (+0.6%) given relatively strong export growth (+3.4%). Yet during the same period, China's total trade grew with key ASEAN economies, including Thailand (+3.9%), Singapore (-0.2%), Philippines (+2.7%), Vietnam (+14.7%) and Cambodia (+17.9%), and some nations along the Maritime Silk Road, including Sri Lanka (+12.9%) and Maldives (+65.6%). In 2015, trade decreased -1.7% YoY for ASEAN countries, while it decreased -8.2% YoY with the EU countries. [31]

Trade in services

Although the trade in merchandise weighs heavily on growth rates, the increasing significance of Chinese trade in commercial services should not be underestimated. In 2015, services represented 12.3% of China's total exports and 22.9% of its imports.[32] The State Council is targeting to increase trade in services to USD 1 trillion by 2020 as part of its reform program under the New Normal, suggesting upside potential for future exports of Chinese services in spite of the country's widened commercial services trade deficit (up 21% YoY in 2014 and 38% YoY in 2013).[33]

Data from MOFCOM show that China's deficit in foreign service trade reached USD 209.4 billion in 2015, up by 39% YoY. In the first 5 month of 2016, the foreign service trade deficit increased to around USD 110 billion. China's service exports increased 8.6% YoY in the first half of 2016 and its imports surged by 31.9% YoY during the same period. Among the import growth, the travel service (including tourism) import reached an increase of 53.4% YoY, marking the major reason that drives the service import.[34]

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[29] By imports alone, China ranked second (behind the U.S.) while Switzerland ranked 21st by exports and 18th by imports; WTO (2015), *International Trade Statistics 2015* (Geneva: World Trade Organization)

[30] GACC (2015), *China's Customs Statistics (Monthly Exports & Imports)*, Series No. 316

[31] GACC (2015), *China's Customs Statistics (Monthly Exports & Imports)*, Series No. 316

[32] WTO (2016), Trade Policy Review: China, https://www.wto.org/english/tratop_e/tpr_e/s342_sum_e.pdf, accessed on August 17, 2016

[33] Embassy estimates based on data gathered from WTO (2015), *International Trade Statistics 2015* (Geneva: World Trade Organization), WTO (2014), *International Trade Statistics 2014* (Geneva: World Trade Organization) & WTO (2013), *International Trade Statistics 2013* (Geneva: World Trade Organization)

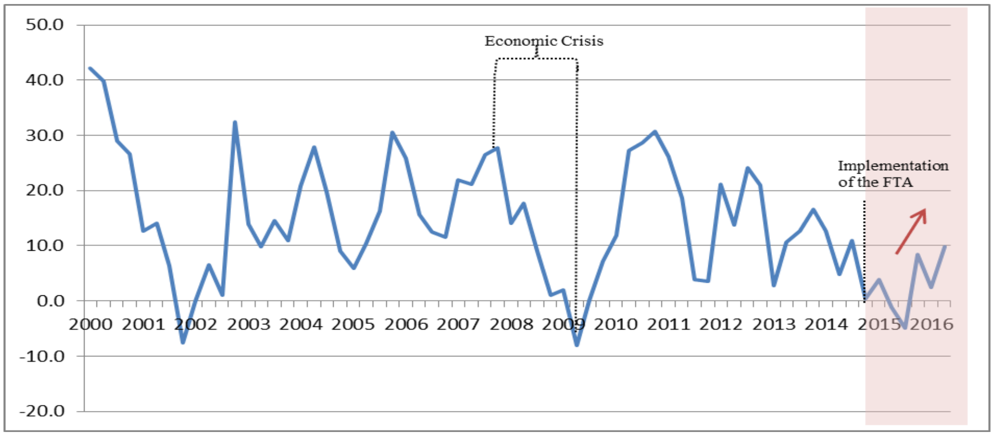
[34] MOFCOM: http://english.mofcom.gov.cn/article/newsrelease/policyreleasing/201607/20160701366838.shtml, accessed on August 17, 2016

3.2. Bilateral trade

Trade in goods

The trade balance has continued to be positive for Switzerland in 2015, amounting to a CHF 6.9 billion trade surplus with mainland China and the total volume of goods traded with the Mainland stood at CHF 31.7 billion, up 9% over the same period in 2014. Because of declining trade between Switzerland and Hong Kong, trade with mainland China including Hong Kong decreased slightly last year (factoring in gold trade). During the first 6 month of 2016, total trade volume reached CHF 16.35 billion which equals an increase of 8.1% YoY. Exports increased during the first half of 2016 by 10.7% YoY, while imports increased by 3.9%.

Trade growth between China and Switzerland (Quarterly numbers 2000-2016)[35]



While China's total trade decreased 2015 with its most important trade partners from Europe, i.e. Germany (-11.8%), France (-7.8%), Italy (-7%), Spain (-0.9%), Belgium (-14.9%), it increased with Switzerland (+1.7%). It is worth noting that Switzerland's trade with China grew since the implementation of the FTA.

At the product type level, exports in some of the most relevant sectors for Switzerland gained traction. For example, exports of pharmaceutical products rose by 13% and Swiss machinery exports decreased by 11.3% in 2015. Interesting to note, mainland China sold more than double of machinery, apparatus and electronic products to Switzerland than Switzerland did to China. This reveals an interesting feature of Sino-Swiss bilateral trade. The two countries trade essentially same products, but in different price classes.

According to Chinese statistics in 2015, Switzerland has been China's 6th biggest European trade partner, while Italy and Spain were respectively 5th and 7th in the ranking. Switzerland was the 8th most important source of import for China YoY, second only from Europe after Germany. China imported more from Switzerland than from Russia (Import from CH: USD 41.1 billion compared to Russia: USD 33.3 billion). China imported about 1.5 times more goods value from Switzerland than from Canada (a notable bigger and closer economy than Switzerland) and 6.2 times more than New Zealand (also a small open economy).

Trade in services

Service exports from Switzerland to China decreased by -0.3% YoY in 2015 and imports increased by 5%, still leading to a positive trade balance of CHF 0.8 billion. This compares to an increase in service exports by 1% in 2014 and a decrease in imports by -17.9%, leading to an overall trade balance of CHF 0.9 billion in 2014. These numbers exclude tourism.[36]

[35] Eidgenössische Zollverwaltung (EZV) (2016): Swiss Impex, http://www.ezv.admin.ch/index.html?lang=de, accessed on August 16, 2016

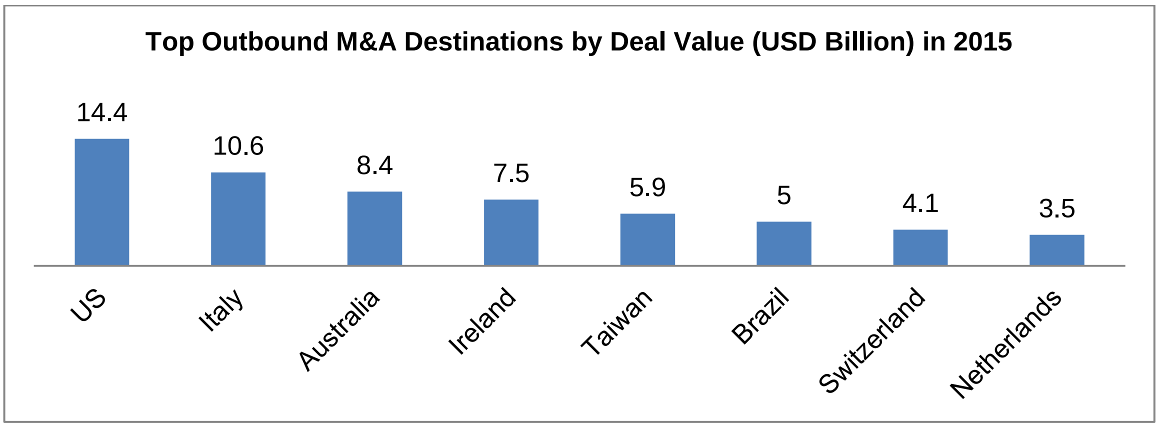
[36] SNB 2016: Zahlungsbilanz und Auslandvermögen der Schweiz 2014/2015, at http://www.snb.ch/de/mmr/reference/bopiip_2015/source/bopiip_2015.de.pdf, accessed on August 17, 2016

4 Direct Investments

4.1. Development and general outlook

Outward direct investment

Compared to the previous year, Chinese outward direct investment (ODI) grew even further. Based on the China Statistical Database and the Regular Press Conference of the MOFCOM, non-financial investment outflows were up 14.7% YoY in 2015 and reached a record-high level of USD 118.02 billion.[37] Chinese companies expressed a larger interest in takeovers of foreign companies. China's top overseas investment destinations by number of M&A deals in 2015 were the US, Australia, South Korea, Germany and Taiwan. The acquisition spree in Australia and South Korea are likely to be linked to the enforcement of Sino-Korean and Sino-Australian FTA of December 2015. By deal value, the top destinations were the US, Italy, Australia, Ireland, and Taiwan. Switzerland, while not being in the top ten by number of deals, was ranked 7th by disclosed deal value. However the largest ever foreign acquisition announced by a Chiense company was the acquisition of the Swiss agrochemical company Syngenta by Chemchina with a deal value of USD 43 Billion. According to the American Enterprise Institute, among major deals, only 19.2% by deal value of all outbound investments from China were Greenfield investments.[38]



Source: Dealogic.com

The industry focus for outbound M&A deals has gradually shifted. Whereas before 2014, Chinese companies mostly targeted the sectors of Energy, Mining and Utilities, since 2014, the focus has moved to chemical, financial, ICT as well as media industries.[39] The trend of Chinese ODI is increasingly shifting towards the services sector. These changes confirm the view that the underlying drivers of outbound investments have changed as well from business diversification and natural resources security to long-term interests in foreign pension funds and insurances, the slowdown of domestic growth, and the RMB devaluation.

Chinese companies have struck 502 overseas M&A deals in 2015, up from 325 in 2014[40]. As for 2016, the main deals were:

- *Agrochemical acquiring Agrochemical*, February 2016, USD 43 billion between ChemChina and Syngenta (Switzerland)
- *Aviation and Shipping acquiring Electronics*, February 2016, USD 6 billion between Hainan airlines (HNA) Group and Ingram Micro (US)
- *Home Appliances acquiring Home Appliances*, January 2016, USD 5.4 billion between Haier and General Electric's Appliances business (US)
- *Real Estate acquiring Film Studio*, January 2016, USD 3.5 billion between Wanda and Legendary Entertainment (US)
- *Airline acquiring Aviation Services*, April 2016, USD 1.5 billion between HNA Group and Gategroup Holding (Switzerland)

Inward foreign direct investment

Despite the slowdown of the Chinese economic growth rate as well as some stock-market turbulences, inward FDI has seen another year of steady growth. According to MOFCOM, non-financial FDI increased

[37] KPMG (2016), *KPMG China Outlook 2016,* at https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/china-outlook-2016.pdf
[38] American Enterprise Institute (2016), *China Global Investment Tracker*
[39] Michael Buckely (2016) 'China - The World's Largest Acquirer', 26 May, presentation at EU Delegation in Beijing
[40] KPMG (2016), *KPMG China Outlook 2016,* at https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/china-outlook-2016.pdf

by 6.4% to reach an all-time high of USD 126.3 billion in 2015.[41] As with ODI, also FDI inflows are increasingly directed to the services sector. The services sector surpassed the manufacturing sector as the largest recipient of FDI already in 2011, according to data from the National Bureau of Statistics (NBS)[42]. In 2015, FDI inflows into the services sector accounted for 61.1% of total FDI.[43]

General outlook

One interesting observation is the discrepancies exhibited by the regional breakdown. The data shows that despite President Xi Jinping's "Go West" strategy, OBOR initiative and efforts to promote the hinterland, Chengdu-Chongqing region in particular, only the most advanced coastal regions – the Rust Belt, then through Beijing to Guangdong's Pearl River Delta, including Hainan Province, via Yangtze River Delta, but excluding Guangxi and Yunnan – have seen an overall growth in FDI of 8.9% YoY, whereas all other less developed and landlocked regions have suffered negative growth rates in FDI, ranging from -3.3% YoY to -6.8% YoY.[44]

This observation confirms the general trend. The growing investment in China's service and ICT sectors, predominantly in coastal regions, is a clear indicator that China is no longer perceived as a low-cost labor country active in the global manufacturing value chain, but as an end-destination market, in which high-quality goods and customized services are increasingly in demand. In the average of the OECD nation, the service sector contributes 70% of the GDP.[45] China's service sector contributes 50.5% of the GDP[46], showing potential for growth. In addition to the service sector, FDIs increasingly target advanced manufacturing sectors as well, which are also mostly concentrated throughout Eastern China.

To keep the attractiveness of China as a destination for FDI, authorities have made efforts to simplify the investment approval system. Smaller foreign investment projects could benefit from a more simple registration process if they are executed as part of a joint venture (JV) controlled by Chinese investors.[47] Also, a Foreign Investment Law (a draft version was released in January 2015) will likely relax foreign investment regulations and streamline the fragmented regulatory framework.[48] While under current laws most new foreign investments are subject to a complex and lengthy approval process, the draft law follows a "negative list" approach. Approval for projects that are not on the negative list will be shortened to a simple filing procedure.[49] Another notable change would be the abandonment of the existing foreign enterprise structures by introducing the same incorporation scheme and governing body for both domestic and foreign companies. This measure could bring more level playing field and reduce bureaucracy. Meanwhile, some uncertainties still remain regarding detailed rules as well as its implementation. National treatment bears a risk of providing more scope for the government to increase its scrutiny of foreign investors, which is particularly relevant to foreign investors engaged in politically sensitive areas.[50]

4.2. Bilateral investment

Chinese direct investment in Switzerland

Roughly 100 private and state-owned Chinese companies are currently present in Switzerland. To date, the acquisitions of Geneva-based trading firm Addax by Sinopec (2009), the world's leading aircraft ground handling services provider Swissport by transport and tourism conglomerate HNA Group (2015), Swiss sports marketing company Infront by real estate giant Dalian Wanda Group (2015), Swiss agrochemical giant Syngenta by ChemChina (2016), and airline catering company Gategroup Holding by HNA (2016) are among the largest purchases made by Chinese companies not only in Europe but in the world.

Acquisitions aside, among the Chinese companies currently present in Switzerland, around 90% were Greenfield investments. A recent noteworthy Greenfield investment was Tianjin-based traditional Chinese medicine company Tasly's opening of its European HQ in Geneva in August 2015.[51]

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[41] Michael Buckely (2016), China - The World's Largest Acquirer', 26 May, presentation at EU Delegation in Beijing

[42] KPMG (2016), *China Outlook 2016*, at https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/china-outlook-2016.pdf

[43] NBS (2016), NBS, http://data.stats.gov.cn/english/easyquery.htm?cn=A01; 'The Regular Press Conference of MOFCOM (January 20, 2016)', MOFCOM, 22 January 2016, http://english.mofcom.gov.cn/article/newsrelease/press/201601/20160101244116.shtml

[44] Michael Buckely (2016), China - The World's Largest Acquirer', 26 May, presentation at EU Delegation in Beijing

[45] OECD (2015), *OECD economic surveys: China*, March, http://www.oecd.org/eco/surveys/China-2015-overview.pdf

[46] NBS (2016), 'Preliminary accounting results of GDP for the fourth quarter and the whole year of 2015', 21 January, at http://www.stats.gov.cn/english/PressRelease/201601/t20160121_1307717.html

[47] KPMG Global China Practice (2015), *China Outlook 2015* (Beijing: KPMG Global China Practice)

[48] Clifford Chance (2015), 'China Proposes New Foreign Investment Law', Clifford Chance *Client Briefing*, 6 February , at http://www.cliffordchance.com/briefings/2015/02/china_proposes_newforeigninvestmentlaw.html, accessed on 8 December 2015

[49] KPMG Global China Practice (2015), *China Outlook 2015* (Beijing: KPMG Global China Practice)

[50] Dezan Shira & Associates (2015), 'China Releases Draft Foreign Investment Law, Signaling Major Overhaul for Foreign Investment', *China Briefing*, 21 January, at http://www.china-briefing.com/news/2015/01/21/breaking-news-china-releases-draft-foreign-investment-law-signaling-major-overhaul-foreign-investment.html, accessed on 8 December, 2015

[51] The Swiss database gives a very contrasting picture compared to the American Enterprise Institute's data, in which among 868 major deals by Chinese companies since January 2005, only 214, hence 24.6%, were Greenfield investments. The main reason is that the American database is not including small investments such as the opening up of sales representative offices.

Swiss direct investment in China
The stock of Swiss FDI in Mainland China was CHF 20.3 billion (+3.26 billion) in 2014.[52] While the majority of Swiss companies in China are still located in the three main economic rims along China's eastern seaboard,[53] a number of firms also operate in the hinterland and inland provinces.

The majority of the 850–1,000 Swiss companies including their representations in China continue to consider the country as a relevant investment destination. A survey conducted by the China Europe International Business School (CEIBS), the Swiss Center Shanghai, swissnex China, SwissCham and China Integrated revealed that the investment appetite of Swiss companies is still large: 57% of the Swiss companies surveyed plan to increase investment in China (compared to 72% in 2015) and 48% consider China to be a top 3 investment destination (compared to 64% in 2015).[54]

5 Trade, Economic, Investment and Tourism Promotion

5.1. Foreign economic promotion instruments

Switzerland's official representations in the PRC, i.e., its Embassy in Beijing and its Consulates General in Shanghai, Guangzhou and Hong Kong, play a pivotal role in ensuring a favorable environment for Swiss businesses interested in or already actively doing business in China. In the course of H2 2016, an additional Consulate General in Chengdu is expected to open.

Owing to a privileged access to Chinese Government institutions, the Embassy, together with the respective Swiss Federal authorities, engages in a number of government-to-government dialogs in a variety of fields, including IP, financial services, TBT/SPS and health issues (e.g. in the fields of food safety, medicines and medical devices, cosmetics as well as chemicals). Besides, the Embassy proactively initiates and pursues special projects to promote Swiss interests in China. In H1 2016 it reached important milestones in the areas of tourism and sports (Sino-Swiss cooperation on the Beijing Winter Olympics 2022), innovation (Swiss night at the summer WEF Tianjin) and green buildings (Swiss House Beijing). The Swiss Business Hub (SBH) China is integrated into the operations of the Embassy and Consulates General on the Mainland, while SBH Hong Kong is part of the Consulate General in Hong Kong. The SBH is the representative office of Switzerland Global Enterprise (S-GE), operating out of Beijing, Shanghai, Guangzhou and Hong Kong. S-GE's role as a center of excellence for internationalization is to foster exports, imports and investments, help Swiss companies develop new potential for their international businesses and strengthen Switzerland as an economic hub.

To promote investments into Switzerland, SBH organizes private dinners, seminars and roadshows, publishes brochures and manuals and gives presentations. The cantons and Swiss regional clusters also have their investment promotion representatives in China who regularly participate in SBH activities.

The Swiss Week Shanghai, a week-long event taking place on a yearly basis and organized by the consultant company SIM is a good example of active promotion of Swiss products on the public place. Around 15 Swiss companies are represented with booths around a "Swiss village market place" in Shanghai.

Regarding investment promotion, SBH is in charge of organizing week-long road shows (Chinese company visits) in various cities around China, private dinners at the residence of the ambassador for selected high level business people and is as well participating in various public events to present Switzerland as an investment location to local C level people.

Cleantech Switzerland, formerly the official export platform for the Swiss Cleantech sector, has been integrated into the organization of S-GE in January 1st 2016. Going forward the SBH will carry on a few selected activities to promote Swiss environmental technologies in the Chinese market and is in charge of the cooperation with the "Sino-Swiss Zhenjiang Ecological Industrial Park". SECO partner and other organizations such as the United Nations Industrial Development Organization and the International Institute for Sustainable Development have executed projects in cleaner production and voluntary sustainability standards in the park.

[52] SNB (2016), *Monthly Statistical Bulletin*, Mai, at http://www.snb.ch/de/iabout/stat/statpub/id/statpub_overview. (2015 data is not yet available)
[53] (1) the Pearl River Delta surrounding Guangzhou, Shenzhen and Hong Kong; (2) the Yangtze River Delta surrounding Shanghai, Hangzhou and Nanjing; (3) the Bohai Economic Rim surrounding Beijing and Tianjin
[54] CEIBS, Swiss Center Shanghai & China Integrated (2016), *2016 China Business Survey / 2016 Swiss Business in China*

To strengthen bilateral cooperation in the fields of higher education, research and innovation, a swissnex office was opened in Shanghai in August 2008. Swissnex China takes an active role in strengthening Switzerland's leading position as a world-class location for science, education and innovation. Furthermore, by carrying out multiple networking activities and tasks, it promotes Switzerland as a nation known for its cutting-edge research, high quality, innovation and openness. Swissnex is represented in Shanghai (swissnex office), Beijing (Embassy) and Guangzhou (Consulate General).

The Swiss Chinese Chambers of Commerce (SwissCham), separately registered in China and Switzerland, are non-profit organizations serving the Sino-Swiss business community. SwissCham China network consists of about 600 members representing organizations and individual members. It is a networking and information platform for both Swiss companies in China and Chinese companies interested in Switzerland. Its main goal is to gather all members of the Sino-Swiss business community on a single platform, stimulate interaction between them and help develop business opportunities. Various private, Shanghai-based consultants (including China Integrated, SIM and CBC) who operate across China and actively support Swiss companies to develop their Chinese businesses further support these activities.

The Embassy, the Consulates General, the SBH, swissnex and SwissCham work very closely together to promote Swiss business interests across China.

5.2. The host country's interest in Switzerland

Tourism, education, other services

According to the Nation Brands Index 2015 and 2016, Switzerland enjoys a strong and good image in China. In categories like science and technology, environmental protection, or tourism attractiveness, it is very well perceived, also in comparison with other countries and potential competitors. While the Swiss tourism industry has been feeling the effects of the strong CHF, expecting a 1.5% YoY drop in tourism demand in the winter season 2015,[55] there has been a steady increase in the share of tourists visiting from the Mainland (4.19% in 2013, 4.80% in 2014 and 6.54% in September YTD 2015), Hong Kong (0.39% in 2013, 0.39% in 2014 and 0.50% in September YTD 2015) and Taiwan (0.36% in 2013, 0.42% in 2014 and 0.58% in September YTD 2015).[56] In absolute terms, the combined numbers for the first nine months of 2015 already exceeded those recorded during the entire year of 2014 by 87,550.

China's fledging ski industry represents a key potential for Switzerland. According to official documents, the Beijing Winter Olympics 2022 should act as a stimulus to develop a winter sports market for more than 300 million people in China, worth USD 800 billion.[57] China's ski industry is expected to grow rapidly in the next 5 to 10 years, which will have a positive side-effect for international winter sports destinations including Switzerland. According to estimates, there will be 170 million outbound Chinese tourists by 2020, reaching 300 million by 2030, among which an increasing number might opt for winter sport destinations.

In order to attain its goal of innovation-driven growth, China is interested in the strategic cooperation with Switzerland as the global leader in competitiveness and innovation. With the conclusion of the Sino-Swiss strategic partnership on innovation during Swiss President Schneider-Ammann's state visit to China in April 2016, new opportunities for trade and cooperation between Chinese and Swiss companies in the area of innovation are promoted.

Investments

Chinese direct investment in Switzerland is gaining momentum. The reasons for investing in Europe are manifold and tend to revolve around attractive valuations, use of surplus cash flow, the acquisition of technology, knowledge, know-how, management practices as well as the utilization of existing brands and distribution networks. Insights are usually gained with a view to applying them to the Chinese market, where growth prospects are still substantially higher than in Europe and organic growth alone might not suffice to move in tandem with the Chinese domestic market.

Concerning direct investment into Switzerland, Swiss strong points such as the country's strategic and central location in Europe, the strength of its quality-conscious industries, world-class R&D facilities and infrastructure, skills and talents of its well-trained and multilingual workforce, legal certainty as well as competitive corporate tax rates tend to be considered as well and viewed favorably for the establishment of their European headquarters or general structuring of their European activities.

[55] swissInfo.ch (2015), 'A Stagnant Winter Season for Swiss Tourism', *swissInfo*, October 23, at http://www.swissinfo.ch/eng/strong-franc_a-stagnant-winter-season-for-swiss-tourism/41737406, accessed on November 18, 2015

[56] According to Swiss Federal Statistical Office data, which can be accessed here: http://www.bfs.admin.ch/bfs/portal/en/index.html, accessed on December 9, 2015

[57] The Guardian, 'Winter Olympics 2022: Beijing chosen ahead of Almaty to host Games', 31 July 2015, available at http://www.theguardian.com/sport/2015/jul/31/beijing-wins-right-host-winter-olympics-2022, last accessed on 07.03.2016

Switzerland as a financial center

As the internationalization of the renminbi opens up interesting new business opportunities in the financial sector, various international financial centers have intensified their efforts to position themselves as off-shore RMB hubs. China has also demonstrated her strong interests to learn from Swiss expertise in wealth management and education. Following an intense phase of discussions on Sino-Swiss cooperation, a number of key arrangements were agreed on to strengthen Switzerland as a competitive and full-fledged European RMB hub:

- In July 2014, the Swiss National Bank (SNB) and the People's Bank of China (PBoC) signed a currency swap agreement with a limit of RMB 150 billion (or CHF 21 billion).
- In January 2015, the PBoC decided to extend the pilot scheme of the RMB Qualified Foreign Institutional Investor (RQFII) to Switzerland with a quota of RMB 50 billion. Zurich-based Swiss Re was the first company to apply for a share of the Swiss quota this year.
- In January 2015, the SNB and the PBoC signed a Memorandum of Understanding (MoU) on the establishment of RMB clearing arrangements in Switzerland.
- On November 9, 2015, the PBoC authorized direct trading between the RMB and the CHF.
- In November 2015, the China Construction Bank (CCB) officially opened in Switzerland. The CCB has been authorized its Zurich Branch to be the RMB clearing bank in Switzerland.
- The annual Financial Dialogue between the Swiss and the Chinese authorities will explore ways of cooperation against the backdrop of RMB internationalization. The third round of this dialog took place in Beijing in early September 2015.
- The Swiss Financial Round Table, a private sector platform was created to discuss RMB-related topics and to find new forms of collaboration. The second Round Table took place in Beijing in early September 2015.

6 Annexes

Annex 1: Economic Structure table

China: Structure of the Economy												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Distribution of GDP (%)												
Primary Sector	12.4%	13.0%	11.7%	10.7%	10.4%	10.3%	9.9%	9.6%	9.5%	9.5%	9.4%	9.2%
Secondary Sector	45.5%	45.8%	46.9%	47.4%	46.7%	46.8%	45.7%	46.2%	46.1%	45.0%	43.7%	42.7%
Tertiary Sector	42.1%	41.2%	41.4%	41.9%	42.9%	42.9%	44.4%	44.2%	44.3%	45.5%	46.9%	48.1%
Distribution of Labor (%)												
Primary Sector	49.1%	46.7%	44.8%	42.6%	40.8%	39.6%	38.1%	36.7%	34.8%	33.6%	31.4%	29.5%
Secondary Sector	21.6%	22.5%	23.8%	25.2%	26.8%	27.2%	27.8%	28.7%	29.5%	30.3%	30.1%	29.9%
Tertiary Sector	29.3%	30.6%	31.4%	32.2%	32.4%	33.2%	34.1%	34.6%	35.7%	36.1%	38.5%	40.6%
State Sector*	9.3%	9.0%	8.7%	8.6%	8.5%	8.5%	8.5%	8.6%	8.8%	8.9%	8.3%	8.2%

Source: China Statistical Yearbook 2015
* State-owned Units (Urban Employed Persons) are not taking into account Townships and Village Enterprises

Annex 2.1: Main economic data table

China: Essential Economic Data									
	2008	2009	2010	2011	2012	2013	2014	2015	2016E
GDP (RMB billion) [1]	31'717	34,643	40,658	48,086	53,474	58,974	64,070	68,393	73,122
GDP (USD* billion) [1]	4,565	5,072	6,005	7,442	8,471	9,519	10,431	10,983	11,383
GDP per capita (RMB) [1]	23,883	25,960	30,321	35,689	39,493	43,340	46,841	49,754	52,931
GDP per capita (USD*) [1]	3,437	3,800	4,479	5,524	6,256	6,995	7,626	7,990	8,240
GDP growth (%) [1]	9.6	9.2	10.6	9.5	7.7	7.7	7.3	6.9	6.5
Total investment (% of GDP) [1]	42.6	45.7	47.2	47.3	46.5	46.5	45.9	43.3	41.8
Gross national savings (% of GDP) [1]	51.8	50.5	51.2	49.2	49.0	48.0	48.0	46.0	44.4
CPI inflation (%) [1]	5.9	-0.7	3.3	5.4	2.6	2.6	2.0	1.4	1.8
Population (million) [1]	1'328	1'335	1'341	1'347	1'354	1'361	1'368	1'375	1'378
Unemployment rate (% of total labor force, in urban area) [1]	4.2	4.3	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Unemployed labour force (registered in urban areas, million) [4]	8.86	9.21	9.08	9.22	9.17	9.26	9.52	n/a	n/a
Unemployment rate EIU estimation (% of total labor force) [3]	9.2	9.2	6.1	6.5	6.5	6.6	6.4	6.2	n/a
General government revenue (RMB billion) [1]	7'157	8'310	10'103	13'081	15'016	16,538	18,158	19,944	20'735
General government total expenditure (RMB billion) [1]	7,165	8,929	9,851	13,129	15,379	17,034	18,746	21,820	22,982
General government structural balance (% of GDP) [1]	-0.3	1.8	0.6	-0.1	-0.5	-0.5	-0.5	-2.4	-2.9
Current account balance (% of GDP) [1]	9.2	4.8	4.0	1.8	2.5	1.6	2.1	2.7	2.6
External debt stocks, total (USD billion) [2]	379	446	560	710	751	871	960	n/a	n/a
External debt stocks (% of GNI) [2]	8.3	8.8	9.3	9.6	8.9	9.2	9.3	n/a	n/a
Debt service on external debt, total (USD billion) [2]	33.2	39.7	60.4	74.0	74.4	38.2	51.7	n/a	n/a
Total debt service (% of exports of goods, services & income) [2]	2.1	2.9	3.4	3.5	3.2	1.5	1.9	n/a	n/a
Total reserves incl.gold (USD billion) [2]	1'966	2'453	2'914	3'255	3'388	3'880	3'900	n/a	n/a
Reserves incl. gold in months of imports [2]	19.2	25.7	22.6	19.1	19.1	19.5	19.2	n/a	n/a

Sources

[1] https://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx (Estimates start after 2013)
[2] http://databank.worldbank.org/data/home.aspx
[3] EIU Reports on CH@World
[4] NBS, Statistical Yearbook 2012 and 2014 (see Chapter 4 - 1: Employment)

Annex 2.2: Main economic data (definitions)

China: Essential Economic Data - Definitions		
Figure	**Explanation**	**Details**
GDP (RMB billion)*	Gross domestic product, current prices (National currency)	Expressed in billions of national currency units . Expenditure-based GDP is total final expenditures at purchasers' prices (including the f.o.b. value of exports of goods and services), less the f.o.b. value of imports of goods and services. [SNA 1993][1]
GDP (USD billion)*	Gross domestic product, current prices (U.S. dollars)	Values are based upon GDP in national currency converted to U.S. dollars using market exchange rates (yearly average). Exchange rate projections are provided by country economists for the group of other emerging market and developing countries. Exchanges rates for advanced economies are established in the WEO assumptions for each WEO exercise. Expenditure-based GDP is total final expenditures at purchasers' prices (including the f.o.b. value of exports of goods and services), less the f.o.b. value of imports of goods and services. [SNA 1993][1]
GDP per capita (RMB)*	Gross domestic product per capita, current prices (National currency)	GDP is expressed in current national currency per person. Data are derived by dividing current price GDP by total population.[1]
GDP per capita (USD)*	Gross domestic product per capita, current prices (U.S. dollars)	GDP is expressed in current U.S. dollars per person. Data are derived by first converting GDP in national currency to U.S. dollars and then dividing it by total population.[1]
GDP growth (%)*	Gross domestic product, constant prices (Percent change)	Annual percentages of constant price GDP are year-on-year changes; the base year is country-specific . Expenditure-based GDP is total final expenditures at purchasers' prices (including the f.o.b. value of exports of goods and services), less the f.o.b. value of imports of goods and services. [SNA 1993][1]
Total investment (% of GDP)*	Total investment (Percent of GDP)	Expressed as a ratio of total investment in current local currency and GDP in current local currency. Investment or gross capital formation is measured by the total value of the gross fixed capital formation and changes in inventories and acquisitions less disposals of valuables for a unit or sector. [SNA 1993][1]
Gross national savings (% of GDP)*	Gross national savings (Percent of GDP)	Expressed as a ratio of gross national savings in current local currency and GDP in current local currency. Gross national saving is gross disposable income less final consumption expenditure after taking account of an adjustment for pension funds. [SNA 1993] For many countries, the estimates of national saving are built up from national accounts data on gross domestic investment and from balance of payments-based data on net foreign investment.[1]
CPI inflation (%)*	Inflation, average consumer prices (Percent change)	Annual percentages of average consumer prices are year-on-year changes. Expressed in averages for the year, not end-of-period data. A consumer price index (CPI) measures changes in the prices of goods and services that households consume. Such changes affect the real purchasing power of consumers' incomes and their welfare. As the prices of different goods and services do not all change at the same rate, a price index can only reflect their average movement.[1]
Population (billion) *	Population (Persons)	For census purposes, the total population of the country consists of all persons falling within the scope of the census. In the broadest sense, the total may comprise either all usual residents of the country or all persons present in the country at the time of the census. [Principles and Recommendations for Population and Housing Censuses, Revision 1, paragraph 2.42][1]
Unemployment rate (% of total labor force)*	Unemployment rate (Percent of total labor force)	Unemployment rate can be defined by either the national definition, the ILO harmonized definition, or the OECD harmonized definition. The OECD harmonized unemployment rate gives the number of unemployed persons as a percentage of the labor force (the total number of people employed plus unemployed). [OECD Main Economic Indicators, OECD, monthly] As defined by the International Labour Organization, unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work. [ILO, http://www.ilo.org/public/english/bureau/stat/res/index.htm][1]
General government revenue (RMB billion)*	General government revenue (National currency)	Revenue consists of taxes, social contributions, grants receivable, and other revenue. Revenue increases government's net worth, which is the difference between its assets and liabilities (GFSM 2001, paragraph 4.20). Note: Transactions that merely change the composition of the balance sheet do not change the net worth position, for example, proceeds from sales of nonfinancial and financial assets or incurrence of liabilities.[1]
General government total expenditure (RMB billion)*	General government total expenditure (National currency)	Total expenditure consists of total expense and the net acquisition of nonfinancial assets. Note: Apart from being on an accrual basis, total expenditure differs from the GFSM 1986 definition of total expenditure in the sense that it also takes the disposals of nonfinancial assets into account.[1]
General government structural balance (% of GDP)*	General government structural balance (National currency)	The structural budget balance refers to the general government cyclically adjusted balance adjusted for nonstructural elements beyond the economic cycle. These include temporary financial sector and asset price movements as well as on-off, or temporary, revenue or expenditure items.[1]
Current account balance (% of GDP)*	Current account balance (Percent of GDP)	Current account is all transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers. The focus of the BOP is on transactions (between an economy and the rest of the world) in goods, services, and income.[1]
External debt stocks, total (USD billion)**	External debt stocks, total (DOD, current US$)	Total external debt is debt owed to nonresidents repayable in foreign currency, goods, or services. Total external debt is the sum of public, publicly guaranteed, and private nonguaranteed long-term debt, use of IMF credit, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. Data are in current U.S. dollars.[2]
External debt stocks (% of GNI) **	External debt stocks (% of GNI)	Total external debt stocks to gross national income. Total external debt is debt owed to nonresidents repayable in foreign currency, goods, or services. Total external debt is the sum of public, publicly guaranteed, and private nonguaranteed long-term debt, use of IMF credit, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad.[2]
Debt service on external debt, total (USD billion)**	Debt service on external debt, total (TDS, current US$)	Total debt service is the sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF. Data are in current U.S. dollars.[2]
Total debt service (% of exports of goods, services & income)**	Total debt service (% of exports of goods, services and income)	Total debt service is the sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF. [2]
Total reserves incl.gold (USD billion)**	Total debt service (% of exports of goods, services and income)	Total reserves comprise holdings of monetary gold, special drawing rights, reserves of IMF members held by the IMF, and holdings of foreign exchange under the control of monetary authorities. The gold component of these reserves is valued at year-end (December 31) London prices. Data are in current U.S. dollars. [2]
Reserves incl. gold in months of imports **	Total reserves in months of imports	Total reserves comprise holdings of monetary gold, special drawing rights, reserves of IMF members held by IMF, and holdings of foreign exchange under control of monetary authorities. The gold component of these reserves is valued at year-end (Dec 31) London prices. This item shows reserves expressed in terms of Nr. of months of imports of goods and services they could pay for [Reserves/(Imports/12)].

Source: China's Custom Statistics

Annex 3.1: Trade partners table including Switzerland (exports)

Trading Partners of the People's Republic of China: Exports							
Exports to Country/ Region Jan - Dec 2014	**Billion USD**	**Share %**	**Growth in % to a comparable previous period**	**Exports to Country/ Region Jan - Dec 2015**	**Billion USD**	**Share %**	**Growth in % to a comparable previous period**
United States	396.1	17.4%	7.5%	United States	410.0	18.0%	3.4%
Hong Kong	363.2	16.0%	-5.5%	Hong Kong	330.9	14.5%	-8.9%
Japan	149.4	6.6%	-0.5%	Japan	136.0	6.0%	-9.2%
South Korea	100.3	4.4%	10.1%	South Korea	101.4	4.5%	1.0%
Germany	72.7	3.2%	8.0%	Germany	69.3	3.0%	-4.9%
Netherlands	64.9	2.9%	7.7%	Vietnam	66.2	2.9%	3.6%
Vietnam	63.7	2.8%	31.2%	United Kingdom	59.7	2.6%	4.3%
United Kingdom	57.1	2.5%	12.2%	Netherlands	59.6	2.6%	-8.4%
India	54.2	2.4%	12.0%	India	58.3	2.6%	7.4%
Russia	53.7	2.4%	8.2%	Singapore	52.0	2.3%	6.3%
ASEAN	272.1	12.0%	11.5%	ASEAN	277.5	12.2%	2.0%
EU	370.9	16.3%	9.4%	EU	355.9	15.6%	-4.0%
EFTA	6.0	0.3%	-6.3%	EFTA	6.2	0.3%	3.2%
Iceland	0.144	0.0%	-2.0%	Iceland	0.125	0.0%	-13.0%
Liechtenstein	0.021	0.0%	20.6%	Liechtenstein	0.028	0.0%	31.8%
Norway	2.732	0.1%	-0.2%	Norway	2.857	0.1%	4.6%
Switzerland	*3.088*	*0.1%*	*-12.1%*	*Switzerland*	*3.167*	*0.1%*	*2.5%*
Total	**2'342.75**	**100%**	**6.1%**	**Total**	**2'274.95**	**100%**	**-2.9%**

Source: China's Custom Statistics December 2015

Annex 3.2: Trade partners table including Switzerland (imports)

Trading Partners of the People's Republic of China: Imports							
Imports from Country/ Region Jan - Dec 2014	Billion USD	Share %	Growth in % to a comparable previous period	Imports from Country/ Region Jan - Dec 2015	Billion USD	Share %	Growth in % to a comparable previous period
South Korea	190.2	11.3%	3.9%	South Korea	174.7	10.4%	-8.2%
Japan	163.0	9.7%	0.4%	United States	148.9	8.9%	-6.5%
United States	159.0	9.5%	4.2%	China*	143.4	8.5%	-1.0%
Taiwan	152.0	9.0%	-2.8%	Taiwan	143.3	8.5%	-5.7%
China*	144.8	8.6%	-8.2%	Japan	143.1	8.5%	-12.2%
Germany	105.0	6.2%	11.5%	Germany	87.7	5.2%	-16.6%
Australia	97.8	5.8%	-1.2%	Australia	73.7	4.4%	-24.6%
Malaysia	55.7	3.3%	-7.5%	Malaysia	53.4	3.2%	-4.2%
Brazil	51.7	3.1%	-4.8%	Brazil	44.3	2.6%	-14.5%
Saudi Arabia	48.5	2.9%	-9.2%	Switzerland	41.1	2.4%	1.6%
ASEAN	208.3	12.4%	4.4%	ASEAN	194.7	11.6%	-6.5%
EU	244.3	14.5%	10.7%	EU	208.9	12.4%	-14.5%
EFTA	45.1	2.7%	-24.5%	EFTA	45.4	2.7%	0.7%
Iceland	0.06	0.0%	-21.2%	Iceland	0.066	0.0%	10.6%
Liechtenstein	0.101	0.0%	-12.7%	Liechtenstein	0.104	0.0%	3.3%
Norway	4.467	0.3%	28.8%	Norway	4.146	0.2%	-7.2%
Switzerland	*40.491*	*2.4%*	*-28.0%*	*Switzerland*	*41.099*	*2.4%*	*1.6%*
Total	**1'960.29**	**100%**	**0.4%**	**Total**	**1'681.95**	**100%**	**-14.2%**

Source: China's Custom Statistics December 2015

Annex 4: Bilateral trade Switzerland–China, September YTD 2014/2015

Bilateral Trade Switzerland - P.R. China, Jan - Dec 2014/2015

Class of goods	Import in Mio. CHF		Δ	Import	Export in Mio. CHF		Δ	Export	Trade balance
	Jan - Dec 2014	Jan - Dec 2015	in %	share %	Jan - Dec 2014	Jan - Dec 2015	in %	share %	Jan - Dec 2015
1 Agricultural products	177.80	151.50	4.0%	1.2%	93.42	99.86	15.0%	1.1%	-51.64
2 Energy carriers	0.79	0.27	-65.8%	0.0%	10.85	19.62	80.8%	0.2%	19.35
3 Textiles, apparel, shoes	2'160.59	2'083.48	-3.6%	16.9%	150.17	140.75	-6.3%	1.6%	-1'942.73
4 Paper, paper products, printed matter	81.51	94.39	15.8%	0.8%	26.83	28.56	6.4%	0.3%	-65.83
5 Leather, rubber, plastics	542.50	544.92	0.4%	4.4%	139.73	118.40	-15.3%	1.3%	-426.52
6 Chemicals, pharmaceuticals	921.42	958.67	4.0%	7.8%	2'971.51	3'358.05	13.0%	37.5%	2'399.38
7 Stone and Earth materials	132.67	128.70	-3.0%	1.0%	52.47	51.18	-2.5%	0.6%	-77.52
8 Metals and metal products	599.95	587.61	-2.1%	4.8%	466.25	397.11	-14.8%	4.4%	-190.50
9 Machinery, apparatus, electronics	5'271.07	5'187.16	-1.6%	42.0%	2'444.41	2'167.98	-11.3%	24.2%	-3'019.18
10 Vehicles	115.67	207.70	79.6%	1.7%	86.60	79.70	-8.0%	0.9%	-128.00
11 Precision instruments, w atches, jew ellery	1'236.12	1'451.37	17.4%	11.8%	2'346.18	2'460.76	4.9%	27.5%	1'009.39
12 Div. Goods, musical instrument, furniture, toys, etc	907.69	950.10	4.7%	7.7%	25.56	32.88	28.6%	0.4%	-917.22
Total	**12'147.78**	**12'345.87**	6.5%	**100%**	**8'813.98**	**8'954.85**	1.5%	**100%**	**-3'391.02**

Bilateral Trade Switzerland - Hongkong, Jan - Dec 2014/2015

Class of goods	Import in Mio. CHF		Δ	Import	Export in Mio. CHF		Δ	Export	Trade balance
	Jan - Dec 2014	Jan - Dec 2015	in %	share %	Jan - Dec 2014	Jan - Dec 2015	in %	share %	Jan - Dec 2015
1 Agricultural products	2.81	1.05	-62.6%	0.1%	80.06	71.41	-10.8%	1.2%	70.36
2 Energy carriers	0.00	0.00	-16.9%	0.0%	0.16	0.20	25.0%	0.0%	0.20
3 Textiles, apparel, shoes	53.41	37.90	-29.0%	2.8%	82.05	77.30	-5.8%	1.3%	39.40
4 Paper, paper products, printed matter	3.11	2.50	-19.6%	0.2%	12.44	11.28	-9.3%	0.2%	8.78
5 Leather, rubber, plastics	13.29	14.54	9.4%	1.1%	66.60	49.75	-25.3%	0.9%	35.21
6 Chemicals, pharmaceuticals	13.48	5.77	-57.2%	0.4%	339.54	327.23	-3.6%	5.7%	321.46
7 Stone and Earth materials	5.79	7.20	24.4%	0.5%	12.94	10.31	-20.3%	0.2%	3.11
8 Metals and metal products	13.78	14.61	6.0%	1.1%	83.15	72.15	-13.2%	1.3%	57.54
9 Machinery, apparatus, electronics	107.65	94.47	-12.2%	6.9%	337.75	321.89	-4.7%	5.6%	227.42
10 Vehicles	2.21	1.92	-13.1%	0.1%	6.76	2.99	-55.8%	0.1%	1.07
11 Precision instruments, w atches, jew ellery	1'541.72	1'170.97	-24.0%	85.7%	5'945.01	4'784.76	-19.5%	83.4%	3'613.79
12 Div. Goods, musical instrument, furniture, toys, etc	17.61	15.22	-13.6%	1.1%	12.16	10.67	-12.3%	0.2%	-4.55
Total	**1'774.86**	**1'366.15**	-23.0%	**100%**	**6'978.62**	**5'739.94**	-17.7%	**100%**	**4'374**

Bilateral Trade Switzerland - P.R. China incl. Hongkong, Jan - Dec 2014/2015

Class of goods	Import in Mio. CHF		Δ	Export in Mio. CHF		Δ	Trade balance
	Jan - Dec 2014	Jan - Dec 2015	in %	Jan - Dec 2014	Jan - Dec 2015	in %	Jan - Dec 2015
Total	**13'923**	**13'712**	-1.51%	**15'793**	**14'695**	-6.95%	**983**

Source: Swiss Federal Customs Administration

Annex 5.1: Chinese inward and outward FDI

China: Foreign Direct Investment Inward

Rank	Country / Region	FDI (mio. USD) 2014	Share (%) 2014	Variation (%) year on year	Rank	Country / Region	FDI (mio. USD) 2015	Share (%) 2015	Variation (%) year on year
1	Hong Kong	85'740	67.9%	9.5%	1	Hong Kong	92'670	73.4%	8.1%
2	Singapore	5'930	4.7%	-19.1%	2	Singapore	6'970	5.5%	17.5%
3	Taiwan	5'180	4.1%	-1.3%	3	Taiwan	4'410	3.5%	-14.9%
4	Japan	4'330	3.4%	-38.8%	4	South Korea	4'040	3.2%	1.8%
5	South Korea	3'970	3.1%	29.8%	5	Japan	3'210	2.5%	-25.9%
6	USA	2'670	2.1%	-20.4%	6	USA	2'590	2.1%	-3.0%
7	Germany	2'070	1.6%	-1.2%	7	Germany	1'560	1.2%	-24.6%
8	United Kingdom	1'350	1.1%	29.9%	8	France	1'220	1.0%	71.8%
9	France	710	0.6%	-6.8%	9	United Kingdom	1080	0.9%	-20.0%
10	Netherlands	640	0.5%	-522.0%	10	Macao	890	0.7%	n/a
	Switzerland	**n/a**		**n/a**		**Switzerland**	**n/a**		**n/a**
		119'560		**1.7%**			**126'270**		**6.4%**

Source: Ministry of Commerce

China: Foreign Direct Investment Outward

Rank	Country / Region	ODI flow (mio. USD) 2013	Share (%) year 2013	Variation (%) year on year	Rank	Country / Region	FDI (mio. USD) 2014	Share (%) 2014	Variation (%) year on year
1	Hong Kong	62'824	58.3%	22.4%	1	Hong Kong	70'867	57.56%	13%
2	Caymen Islands	9'253	8.6%	11.8%	2	United States	7'596	6.17%	96.1%
3	United States	3'873	3.6%	-4.3%	3	British Virgin Isl.	4'570	3.71%	41.8%
4	Australia	3'478	3.2%	60.1%	4	Caymen Islands	4'192	3.40%	-54.7%
5	British Virgin Isl.	3'222	3.0%	43.9%	5	Australia	4'049	3.29%	16.4%
6	Singapore	2'033	1.9%	29.7%	6	Singapore	2'814	2.29%	38.4%
7	Indonesia	1'563	1.4%	14.8%	7	United Kingdom	1'498	1.22%	5.5%
8	United Kingdom	1'420	1.3%	-48.8%	8	Germany	1'439	1.17%	58.0%
9	Russia	1'022	0.9%	30.4%	9	Indonesia	1'272	1.03%	-18.6%
10	Canada	1'009	0.9%	26.9%	10	Canada	904	0.73%	-10.4%
	Switzerland	**116.8**		**n/a**		**Switzerland**	**206.1**		**n/a**
	Total	**107'844**		**22.8%**		**Total**	**123'120**		**14.2%**

** Abfluss von Investitionen aus der Schweiz in mio. CHF

Source: China Statistical Yearbook 2013, 2014

CH Data 2012/2013 CN ODI: Schweizer Nationalbank (SNB).

In the Yearbook only a selection of countries is listed, therefore ranking might not be correct

Es bestehen grosse Diskrepanzen zwischen den CN und CH Quellen, was allenfalls zu Unstimmigkeiten in den Tabellen 5.1. und 5.2. führt.

Annex 5.2: Sino-Swiss FDI

China / Switzerland: Foreign Direct Investment										
Swiss FDI in China (million CHF) [1]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CH FDI in CN, flow	829	920	776	1'401	1'202	1'819	5'327	1'546	1'841	3'263
CH FDI in CN, stock	3535	3'916	4'801	6'555	7'476	8'466	13'217	14'861	17'105	20'340

Sources

[1] SNB, Statistisches Monatsheft, 2011 and 2015