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China 2018 Economic Report Update *EXTERNAL VERSION*

Executive Summary	1
1 Economic Overview	2
1.1 Macroeconomic situation: Slowdown returns amid external uncertainties	2
1.2 Structural economic reforms	2
1.3 Implications of recent changes in fiscal policy	3
2 International and Regional Economic Agreements	4
2.1. China's policy and priorities	4
2.2. Outlook for Switzerland	4
3 Foreign Trade	5
3.1. Development and general outlook.....	5
3.2. Bilateral trade.....	5
4 Direct Investment	5
4.1. Development and general outlook.....	5
4.2. Bilateral investment.....	6
5 Trade, Economic, Investment and Tourism Promotion	6
5.1. Foreign economic promotion instruments	6
5.2. The host country's interest in Switzerland	7
6 Annexes	8

Executive Summary

- Against the backdrop of regulatory tightening, quarterly growth started to slow again from 6.8% YoY to 6.7% in Q2 and further to 6.5% in Q3 amid persisting trade uncertainties.
- Policy easing has made its way back, but regulatory tightening to mitigate environmental and financial risk will remain definite drags on growth.
- During the past few months, the foreign business community has witnessed the implementation of more reforms than during any similar period since China's accession to the WTO.
- The completion of China's governmental reform in September 2018 has seen various administrative and organizational changes in the country's healthcare regulatory landscape.
- In November, UBS became the first foreign bank approved for majority control of a Sino-foreign JV under new rules announced last year.
- To boost household consumption and offset the negative effects of Sino-U.S. trade woes, an income tax reform was introduced in October 2018, which widens the lower tax brackets.
- Foreign trade growth remained strong, YTD exports registering +12.2% growth, while YTD imports continued to outpace exports at +20% at the end of Q3.
- Solid foreign trade gains have been attributed to the sustained recovery of the global economy as well as shipments made in anticipation of higher tariffs.
- At the end of Q3, total Sino-Swiss bilateral trade amounted to CHF 34.3 billion (+29.9% YoY), as exports increased by 40% YoY and imports rose by 11.4%.

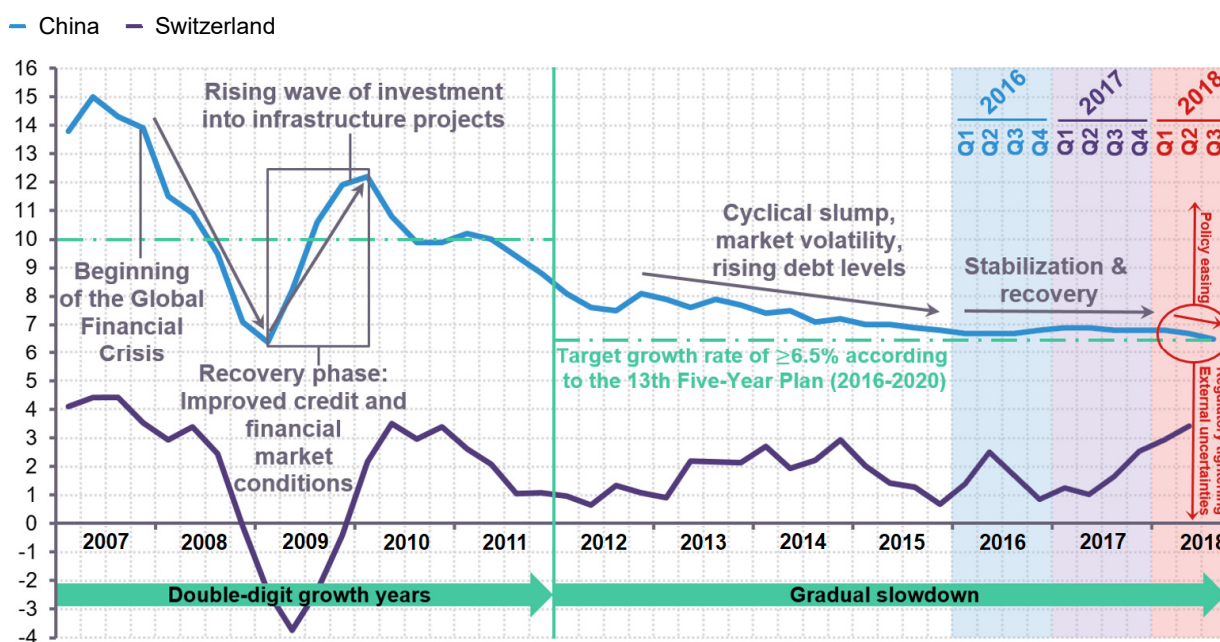
1 Economic Overview

1.1 Macroeconomic situation: Slowdown returns amid external uncertainties

As China's economy entered 2018, growth steadiness was maintained in Q1, significantly supported by consumption and manufacturing, specifically in the high-tech "strategic" emerging industries (+9.6% YoY). Consumption remained the main growth driver throughout H1, household consumption accelerating to 6.7% (+0.6 ppt from the previous year). The tertiary sector continued to lead growth in H1 (+7.6%, -0.1 ppt), cushioned by strong gains in the IT, catering, transport and trade industries.¹

Against the backdrop of regulatory tightening, quarterly growth started to slow again from 6.8% YoY to 6.7% in Q2 and further to 6.5% in Q3 amid persisting trade uncertainties – the weakest showing since the Global Financial Crisis. In response, policy easing has made its way back, which will likely bolster consumption and boost infrastructure investment. However, regulatory tightening to mitigate environmental and financial risk will remain definite drags on growth.

Average quarterly GDP growth, 2007–2018 [real, YoY%]



1.2 Structural economic reforms

Against the backdrop of Sino-U.S. trade frictions and slowing Chinese economic growth, during the past few months, the foreign business community has witnessed the implementation of more reforms than during any similar period since China's accession to the WTO. Visible progress has been made in line with China's reform agenda, such as increased market access in the financial and a few manufacturing sectors, improved environmental policies and stricter enforcement, streamlining business procedures and encouraging R&D.

In spite of these improvements and a number of pertinent speeches delivered by President Xi Jinping—most recently, at the China International Import Expo (CIIE) in Shanghai last October—overall, the foreign business community deems China's reform and opening up to have trailed behind its rapid development. Calls for a level playing field for foreign invested enterprises, private companies and State owned enterprises persist.

¹ ADB (2018), *Asian Development Outlook 2018 Update: Maintaining Stability amid Heightened Uncertainty* (Manila: Asian Development Bank)

Financial sector

Following the announced removal of ownership limits for foreign financial institutions last year, in May 2018, UBS applied for an increase of its share in its securities joint venture from 24.99% to 51%. On November 30, the China Securities Regulatory Commission announced its approval of that application, making UBS the first foreign bank to gain majority control under the new rules.²

On November 21, the China Banking and Insurance Regulatory Commission approved the German insurer Allianz's application to set up a wholly-owned insurance holding company in Shanghai next year.³ The announcement was made well in advance of China's original timetable in 2017, according to which the cap on foreign ownership would be raised from 50% to 51% within three and removed altogether within five years.

Environment & cleantech

The Central Government has continued to press ahead with various measures to alleviate pollution, including the establishment of a more pragmatic accountability system, more stringent enforcement of environmental policies and the incorporation of environmental targets into the evaluation of government officials.

Healthcare

Following the breakup of the China Food and Drug Administration (CFDA), the completion of China's governmental reform in September 2018 has seen changes in the country's healthcare regulatory landscape:

- As an independent, vice-ministerial level administration overseen by the State Administration of Market Regulation (SAMR), the State Drug Administration (SDA) was established for the registration and administration of drugs, medical devices and cosmetics.
- The National Health Commission (NHC) emerged from the National Health and Family Planning Commission. SDA will work together with the NHC to establish the National Drug Catalogue Committee and a joint reaction system for serious incidents involving adverse reactions from drugs.
- The Ministry of Commerce (MOFCOM) is now responsible for policies in conjunction with drug circulation development. MOFCOM also handles import permissions for chemical drugs that could potentially be used for producing illegal drugs, although these need to be pre-approved by SDA.

1.3 Implications of recent changes in fiscal policy

After the completion of China's VAT reform in May 2016, a consumption tax was applied to non-essential, luxury and resource-intensive goods including luxury cars. Since March 2018, stricter rules have been applied to oil products. To boost household consumption and offset the negative effects of the tariffs implemented with the U.S., Beijing introduced an income tax reform in October 2018, which widens the lower tax brackets. Barclays' economists estimate that these tax cuts could increase GDP growth by 0.2-0.3 percentage points.⁴ While these are unlikely to completely offset the impact of new tariffs, they could boost household savings to as much as RMB 472 billion.⁵

China is increasingly engaged in tax cooperation, joining multilateral efforts to tackle tax avoidance and evasion including the implementation of the global standard for the automatic exchange of financial account information (AEOI). China has committed with 61 states to exchange information under the AEOI, including EU members, Panama, Singapore and the UK. The first exchanges took place in 2018. The AEOI between the Mainland and Hong Kong came into effect on September 6. The implementation of the introduction of AEOI between China and Switzerland started in 2018, and the first data sets should be exchanged in 2019.⁶

² Reuters (2018), 'UBS first Foreign Bank to gain Majority Stake in China Venture', *Nikkei Asian Review*, 1 December, at https://asia.nikkei.com/Business/Companies/UBS-first-foreign-bank-to-gain-majority-stake-in-China-venture?mc_cid=75d47e3763&mc_eid=93c32832c0, accessed on 3 December 2018

³ Leng Cheng (2018), 'Allianz to become China's First Wholly-Owned Foreign Insurance Holding Company', *Caixin*, 26 November, at <https://www.caixinglobal.com/2018-11-26/allianz-to-become-chinas-first-wholly-owned-foreign-insurance-holding-company-101351879.html>, accessed on 3 December 2018

⁴ Asia Times (2018), 'China Tax Cuts will help offset Tariff Pain: Barclays', *Asia Times*, September 13, at www.atimes.com/article/china-tax-cuts-will-help-offset-tariff-pain-barclays/, accessed on 12 November 2018

⁵ *ibid.*

⁶ FDF (2017), 'Federal Council adopts Dispatch on Automatic Exchange of Information with 41 States and Territories', *State Secretariat for International Financial Matters*, June, at <https://www.sif.admin.ch/sif/en/home/dokumentation/medienmitteilungen/medienmitteilungen.msg-id-67079.html>, accessed on 20 June 2017

2 International and Regional Economic Agreements

2.1. China's policy and priorities

China and the World Trade Organization: One situation, two approaches

Since its accession to the WTO in 2001, China has supported the organization's monitoring and surveillance mechanism for trade measures, playing a crucial role in curbing protectionism. As of October, 43 cases of violations of WTO rules had been filed against China 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.⁷

Against the backdrop of the ongoing trade frictions with the USA, China has regularly stressed its fulfillment of its WTO accession commitments. In so doing, China underlines its commitment to free and open-markets as well as to the rules-based multilateral trading system.

To that effect, Beijing published a "China and the WTO" white paper.⁸ The paper notably emphasizes China's crucial role in championing free trade and open-markets. This statement was strongly questioned during China's latest trade policy review in July,⁹ as many countries used the opportunity to criticize its trade regime (IPR, public procurement, state involvement in the economy, among others).

China's FTA network: Steadily growing, especially in the Asia-Pacific

China¹⁰ is currently negotiating or upgrading several bilateral FTAs.¹¹ In November, FTA negotiations with Mauritius and FTA upgrade negotiations with Singapore were concluded.

September was particularly busy, as the 12th and 3rd rounds of negotiations with Norway and Panama, respectively, and the 5th round of upgrade negotiations with New Zealand were held. Moreover, a feasibility study with Mongolia was officially launched that month.

China has also expressed considerable interest in negotiating an FTA with the EU. However, this option will likely only be seriously pursued once an EU-China bilateral investment treaty has been concluded. To that end, the two parties agreed to accelerate pertinent discussions on the joint texts and market access offers.¹²

Asian Infrastructure Investment Bank: Cruise mode engaged

AIIB has approved the financing of six infrastructure development projects in Turkey (two projects), Egypt, India, Indonesia and India.¹³ The bank continues to make great strides in achieving the milestones set out in its 2018 Business Plan. Thus far, a majority of key targets are on track.

2.2. Outlook for Switzerland

During his September 2018 official visit to the People's Republic of China, which included meetings with Vice-Premier Hu Chunhua and Minister of Commerce Zhong Shan, Federal Councilor Johann N. Schneider-Ammann reaffirmed Switzerland's interest to engage in discussions on enhancing the bilateral FTA.

⁷ WTO (2018), 'Member Information: China and the WTO', *World Trade Organization*, at https://www.wto.org/english/thewto_e/countries_e/china_e.htm, accessed on 26 May 2018

⁸ State Council (2018), 'China and the World Trade Organization', June 28, at http://english.gov.cn/archive/white_paper/2018/06/28/content_281476201898696.htm, accessed on 31 October 2018

⁹ WTO (2018), 'Trade Policy Review: China', World Trade Organization, 11 and 13 July, at https://www.wto.org/english/tratop_e/trp_e/s375_sum_e.pdf, accessed on 31 October 2018

¹⁰ "China" herein refers to the customs territory of the Chinese Mainland.

¹¹ 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 2 November 2018

¹² EU (2018), 'Joint Statement of the 20th EU-China Summit', at <https://www.consilium.europa.eu/media/36165/final-eu-cn-joint-statement-consolidated-text-with-climate-change-clean-energy-annex.pdf>, accessed on 2 November 2018

¹³ AIIB (2018), 'Approved Projects', *Asian Infrastructure Investment Bank*, at <https://www.aiib.org/en/projects/approved>, accessed on 2 November 2018

3 Foreign Trade

3.1. Development and general outlook

Trade in goods: Steady growth in light of ongoing trade frictions

Foreign trade growth remained strong. At the end of Q3, YTD exports registered +12.2% growth, while YTD imports continued to outpace exports at +20%.¹⁴ Total foreign trade increased by 15.7%.¹⁵ The Mainland continued to experience double-digit gains with a number of its key trading partners, including the U.S. (+10.7%), Japan (+10.1%), the ROK (+16.0%), Taiwan (+19.9%) and Germany (+12.5%).¹⁶

The solid gains have been attributed to the sustained recovery of the global economy as well as shipments made in anticipation of higher tariffs in the wake of Sino-U.S. trade frictions.¹⁷ Whether this can be sustained will hinge on external developments, such as industrial competition, geopolitical uncertainty, protectionist sentiments as well as the continued potential for direct trade confrontations worldwide. That said, ongoing trade woes had a moderate impact on Chinese exports but their effects may be more palpable in the future.¹⁸

3.2. Bilateral trade

Trade in goods: Substantial and steady increase with Switzerland¹⁹

The trade balance continued to be positive for Switzerland between January and September, amounting to a CHF 13.6 billion trade surplus with the Mainland. At the end of Q3, total bilateral trade amounted to CHF 34.3 billion (+29.9% YoY), as exports increased by 40% YoY and imports rose by 11.4%.

At the product type level, exports of diverse products such as music instruments and toys as well as leather, rubber and plastics rose by 25.9% and 34.7%, respectively, while metals and precision instrument & watch exports increased by 22.2% and 17.6%, respectively. On the import side, energetic products increased by 252.9%. Although unusual classes of goods registered high growth rates, the most traded goods remain chemicals and pharmaceuticals, precision instruments as well as machinery, apparatus and electronics.²⁰

4 Direct Investment

4.1. Development and general outlook

Outward direct investment

Following considerable growth in 2016, Chinese outward direct investment (ODI) decreased significantly amid the implementation of pertinent capital control measures and curbs on overseas investment. In 2017, China's non-financial ODI decreased by 29.4% YoY to USD 120 billion.²¹ ODI rose by 5.1% in the first three quarters of 2018 to USD 82.2 billion in 4,597 overseas companies.²² According to the same source, ODI in countries along the Belt and Road increased by 12.3% YoY to USD 10.8 billion.

¹⁴ GACC (2018), *China's Customs Statistics (Monthly Exports & Imports)*, Series No. 349

¹⁵ *Ibid.*

¹⁶ GACC (2018), *China's Customs Statistics (Monthly Exports & Imports)*, Series No. 349

¹⁷ KPMG (2018), 'China Economic Monitor', <https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2018/08/china-economic-monitor-q3-2018.pdf>, accessed on 2 November 2018.

¹⁸ *Ibid.*

¹⁹ Figures include trade in gold and other precious metals: FCA (2018), *Swiss Impex*, at <https://www.gate.ezv.admin.ch/swissimpex>, accessed on 2 November 2018

²⁰ *Ibid.*

²¹ China Daily (2018), 'China Outbound Investment drops 29.4% in 2017', *China Daily*, 16 January, at <http://www.china-daily.com.cn/a/201801/16/WS5a5dab1ea3102c394518f95c.html>, accessed on 24 April 2018

²² Xinhua (2018), 'China's ODI up 5.1 pct in Jan.-Sept.', *Xinhua*, 17 October, at www.xinhuanet.com/english/2018-10/17/c_137539635.htm, accessed on 9 November 2018

Inward foreign direct investment

A relaxation of tight capital controls may have contributed to improved investor sentiment towards Chinese inbound investors. Year-on-year, non-financial FDI increased by 2.3% in 2018 for the period between January and July, reaching an all-time high of USD 76 billion.²³

4.2. Bilateral investment

Chinese direct investment in Switzerland

Amongst the 90 identified Chinese companies in Switzerland, there are 56 which run an active business. 24 came to Switzerland with a greenfield entry mode and 32 with a M&A entry mode. Around 40% of the Chinese companies with greenfield entry are state owned enterprises (SOEs). 75% of the firms with greenfield entry had already set up overseas subsidiaries in other countries before they came to Switzerland.

Swiss direct investment in China

The majority of the 850-1,000 Swiss companies in China continue to consider the country as a relevant investment destination. A survey conducted by the China Europe International Business School, the Swiss Center Shanghai and China Integrated revealed that, in spite of a slight decrease since 2015, the investment appetite of Swiss companies in China remains considerable and, in fact, continues to grow. In 2017, 61% of the Swiss companies surveyed planned to increase their investment in China (vs. 57% in 2016) and in 2018, 62% of them considered China to be a top 3 investment destination (vs. 57% in 2017).²⁴ As illustration, ABB announced in October 2018 a USD 150 million investment to build an automated robots factory in Shanghai.

5 Trade, Economic, Investment and Tourism Promotion

5.1. Foreign economic promotion instruments

Under the guidance of Switzerland Tourism, in 2018, Sino-Swiss cooperation on the Beijing Winter Olympics 2022 was further enhanced by the participation of Switzerland with an official Swiss Pavilion at the World Winter Sport Expo 2018 in Beijing.

Based on the Innovative Strategic Partnership established during the 2016 state visit of the Swiss President to the PRC, the Swiss Embassy organized a 'Swiss Innovation Week' during the first week of July, hosting numerous events and exhibitions on Swiss innovation within the premises of the Swiss Embassy. To promote the Swiss education system and institutions in China, the Swiss Business Hub China organized the first Swiss Education Fair together with swissnex in Shanghai in March 2018.

During last year's Belt and Road Forum, President Xi announced the CIIE. The first edition of the CIIE took place at the National Exhibition and Convention Center in Shanghai from November 5-10 and consisted of three elements: a commercial exhibition (with the presence of nearly 50 Swiss exhibitors), the Hongqiao International Trade Forum (at which Switzerland was represented by State Secretary for Economic Affairs Marie-Gabrielle Ineichen-Fleisch and Swiss Ambassador to China Dr. Jean-Jacques de Dardel) and the Country Exhibition for Trade & Investment (which hosted numerous national pavilions including the official Swiss National Pavilion). The Swiss National Pavilion was organized and operated by the Swiss Business Hub China, in cooperation with five Swiss institutional partners and 23 private Swiss company sponsors. The Swiss Post was a Strategic Partner of the Swiss National Pavilion, while the State Secretariat for Economic Affairs and Presence Switzerland sponsored the Swiss National Pavilion from the governmental side.

²³ Xinhua (2018), 'FDI into Chinese Mainland grows steadily in Jan.-July period', *Xinhua*, 16 August, at http://www.xinhuanet.com/english/2018-08/16/c_137395496.htm, accessed on 9 November 2018

²⁴ CEIBS, Swiss Center Shanghai & China Integrated (2017), *2018 China Business Survey / 2018 Swiss Business in China* (Shanghai: CEIBS, Swiss Center Shanghai & China Integrated)

5.2. The host country's interest in Switzerland

Switzerland as a financial center

Following an intense period of discussions on Sino-Swiss cooperation, a number of key arrangements have been agreed on to strengthen Switzerland as a competitive and full-fledged European RMB hub. The sixth round of the financial dialogue took place in Lugano in November 2018. It allowed a discussion on regulatory challenges (FinTech & RegTech, DLT applications), bilateral topics (among others: capital markets cooperation, establishment of financial institutions in each other's markets, wealth management, trade financing, RMB internationalization, BRI) as well as international topics (G20, IMF, FSB, FATF).

6 Annexes

Annex 1: Economic Structure

China: Structure of the Economy					
	2013	2014	2015	2016	2017
Distribution of GDP (%)					
Primary Sector	9.3%	9.1%	8.9%	8.6%	4.9%
Secondary Sector	44.0%	43.1%	40.9%	39.8%	36.3%
Tertiary Sector	46.7%	47.8%	50.2%	51.6%	58.8%
Distribution of Labor (%)					
Primary Sector	31.4%	29.5%	28.3%	27.7%	n/a
Secondary Sector	30.1%	29.9%	29.3%	28.8%	n/a
Tertiary Sector	38.5%	40.6%	42.4%	43.5%	n/a
State Sector*	8.3%	8.2%	8.0%	8.0%	n/a

Source: China Statistical Yearbook 2017

Annex 2.1: Essential Economic Data

China: Essential Economic Data			
	2016	2017	2018E
GDP (USD billion) ¹	11'222	12'015	13'457
GDP per capita (USD) ¹	8'116	8'643	9'633
GDP growth (%) ¹	6.7	6.9	6.6
CPI inflation (%) ¹	2.0	1.6	2.5
Unemployment rate (% of total labor force, in urban area) ¹	4.0	3.9	4.0
Unemployment rate EIU estimation (% of total labor force) ²	4.0	3.9	3.9
Current account balance (% of GDP) ¹	1.8	1.4	0.7
Total external debt (% of GDP) ³	12.6	14.2	n/a
Total debt service (% of exports of goods & services) ³	39.9	45.6	n/a
Gross reserves (in months of imports) ³	18.6	20.0	n/a

Sources:

¹ IMF (2018). World Economic Outlook Database October 2018, Washington D.C., United States: International Monetary Fund

² EIU (2016-2018). Country Report China. London, UK: Economist Intelligence Unit

³ IMF (2018). People's Republic of China – 2018 Article IV Consultation. Washington D.C., United States: International Monetary Fund

Annex 3.1: Trade Partners of the People's Republic of China (Exports)

Trading Partners of the People's Republic of China: Exports							
Exports to Country/ Region	Billion USD	Share %	Growth in % to a comparable previous period	Exports to Country/ Region	Billion USD	Share %	Growth in % to a comparable previous period
Jan - Dec 2016				Jan - Dec 2017			
United States	389.1	18.5%	-5.0%	United States	429.3	19.0%	11.5%
Hong Kong	294.0	14.0%	-12.9%	Hong Kong	279.3	12.3%	-2.8%
Japan	129.6	6.2%	-4.7%	Japan	137.3	6.1%	6.1%
South Korea	95.8	4.6%	-6.0%	South Korea	102.8	4.5%	9.6%
Germany	66.0	3.1%	-5.0%	Germany	71.1	3.1%	9.0%
Vietnam	62.0	3.0%	-7.0%	Vietnam	71.0	3.1%	16.2%
India	59.4	2.8%	2.0%	Netherlands	67.1	3.0%	16.8%
Netherlands	58.1	2.8%	-3.0%	United Kingdom	56.7	2.5%	1.8%
United Kingdom	56.6	2.7%	-5.0%	Singapore	45.0	2.0%	1.1%
Singapore	47.5	2.3%	-11.0%	Taiwan	44.0	1.9%	9.3%
ASEAN	256.0	12.2%	-7.7%	ASEAN	279.1	12.3%	9.0%
EU	339.1	16.2%	-4.7%	EU	372.0	16.4%	9.7%
EFTA	5.9	0.3%	-4.0%	EFTA	5.8	0.3%	-2.1%
Iceland	0.134	0.0%	7.3%	Iceland	0.112	0.0%	-17.0%
Liechtenstein	0.037	0.0%	32.2%	Liechtenstein	0.046	0.0%	24.1%
Norway	2.599	0.1%	-9.0%	Norway	2.490	0.1%	-4.5%
Switzerland	3.161	0.2%	-0.2%	Switzerland	3.161	0.1%	-0.3%
Total	2'098.15	100.0%	-7.7%	Total	2'263.52	100%	7.9%

Source: China's Custom Statistics December 2017

Annex 3.2: Trade Partners of the People's Republic of China (Imports)

Trading Partners of the People's Republic of China: Imports							
Imports from Country/ Region	Billion USD	Growth in % to a comparable previous period		Imports from Country/ Region	Billion USD	Growth in % to a comparable previous period	
		Jan - Dec 2016	Share %			Jan - Dec 2017	Share %
South Korea	159.2	10.0%	-9.0%	South Korea	177.5	9.6%	11.7%
Japan	145.5	9.2%	2.0%	Japan	165.7	9.0%	13.7%
Taiwan	140.1	8.8%	-3.0%	Taiwan	155.4	8.4%	11.9%
United States	135.1	8.5%	-10.0%	United States	153.9	8.4%	14.5%
China*	129.3	8.1%	-11.0%	China*	132.9	7.2%	3.8%
Germany	86.4	5.4%	-2.0%	Germany	97.0	5.3%	12.6%
Australia	70.1	4.4%	-5.0%	Australia	94.8	5.2%	33.7%
Malaysia	49.1	3.1%	-8.0%	Brazil	58.6	3.2%	27.8%
Brazil	45.4	2.9%	2.0%	Malaysia	54.3	2.9%	10.2%
Switzerland	40.0	2.5%	-3.0%	Vietnam	50.3	2.7%	35.4%
ASEAN	196.2	12.4%	0.9%	ASEAN	235.7	12.8%	20.1%
EU	208.0	13.1%	-0.4%	EU	244.9	13.3%	17.7%
EFTA	43.3	2.7%	-4.8%	EFTA	36.3	2.0%	-16.3%
Iceland	0.094	0.0%	42.9%	Iceland	0.1101	0.0%	16.6%
Liechtenstein	0.111	0.0%	7.5%	Liechtenstein	0.127	0.0%	13.3%
Norway	3.229	0.2%	-22.1%	Norway	3.129379	0.2%	-3.1%
Switzerland	39.889	2.5%	-2.9%	Switzerland	32.892033	1.8%	-17.4%
Total	1'587.93	100.0%	-5.5%	Total	1'840.98	100.0%	15.9%

Source: China's Custom Statistics December 2017

Annex 4: Bilateral Trade Switzerland–China

Bilateral Trade Switzerland - P.R. China, Jan - Dec 2016/2017									
Class of goods	Import in Mio. CHF				Export in Mio. CHF				Trade balance
	Jan - Dec 2016	Jan - Dec 2017	Δ in %	Import share %	Jan - Dec 2016	Jan - Dec 2017	Δ in %	Export share %	
1 Agricultural products	159.85	155.35	-2.8%	1.2%	147.27	175.77	19.4%	0.7%	20.42
2 Energy carriers	0.60	1.76	193.0%	0.0%	16.40	9.88	-39.8%	0.0%	8.12
3 Textiles, apparel, shoes	2'201.88	2'427.02	10.2%	18.5%	126.46	150.23	18.8%	0.6%	-2'276.82
4 Paper, paper products, printed matter	89.78	106.16	18.2%	0.8%	32.29	29.83	-7.6%	0.1%	-76.33
5 Leather, rubber, plastics	577.88	597.50	3.4%	4.6%	109.29	129.91	18.9%	0.5%	-467.59
6 Chemicals, pharmaceuticals	1'064.03	1'012.53	-4.8%	7.7%	4'343.09	4'894.09	12.7%	20.4%	3'881.56
7 Stone and Earth materials	142.37	143.14	0.5%	1.1%	55.77	58.60	5.1%	0.2%	-84.79
8 Metals and metal products	600.18	660.91	10.1%	5.0%	378.73	470.25	24.2%	2.0%	-190.66
9 Machinery, apparatus, electronics	4'840.45	5'496.61	13.6%	41.9%	2'120.23	2'422.30	14.2%	10.1%	-3'073.97
10 Vehicles	168.76	157.54	-6.6%	1.2%	90.90	130.26	43.3%	0.5%	-27.27
11 Precision instruments, watches, jewellery	1'463.46	1'214.00	-17.1%	9.3%	2'421.01	2'901.04	19.8%	12.1%	1'687.28
12 Div. Goods, musical instrument, furniture, toys, etc	974.27	1'022.98	5.0%	7.8%	21.56	31.31	45.2%	0.1%	-991.66
Total	12'315.12	13'110.15	6.5%	100%	26'769.48	23'964.07	-10.5%	100%	10'854.25

Bilateral Trade Switzerland - Hongkong, Jan - Dec 2016/2017									
Class of goods	Import in Mio. CHF				Export in Mio. CHF				Trade balance
	Jan - Dec 2016	Jan - Dec 2017	Δ in %	Import share %	Jan - Dec 2016	Jan - Dec 2017	Δ in %	Export share %	
1 Agricultural products	0.78	1.52	93.8%	0.0%	80.21	88.09	9.8%	0.6%	86.57
2 Energy carriers	0.00	0.001	397.5%	0.0%	2.62	17.39	562.9%	0.1%	17.39
3 Textiles, apparel, shoes	30.64	32.23	5.2%	0.3%	66.15	68.64	3.8%	0.4%	36.41
4 Paper, paper products, printed matter	1.97	2.33	18.3%	0.0%	11.00	8.64	-21.4%	0.1%	6.32
5 Leather, rubber, plastics	12.46	10.93	-12.2%	0.1%	43.77	41.32	-5.6%	0.3%	30.39
6 Chemicals, pharmaceuticals	3.62	3.20	-11.5%	0.0%	353.27	415.39	17.6%	2.6%	412.19
7 Stone and Earth materials	4.36	2.08	-52.3%	0.0%	7.04	5.88	-16.4%	0.0%	2.66
8 Metals and metal products	10.91	13.06	19.7%	0.1%	69.58	72.16	3.7%	0.5%	59.10
9 Machinery, apparatus, electronics	83.36	101.85	22.2%	1.1%	304.93	314.02	3.0%	2.0%	212.17
10 Vehicles	2.56	2.90	13.2%	0.0%	5.01	4.95	-1.2%	0.0%	2.05
11 Precision instruments, watches, jewellery	969.24	1'007.15	3.9%	10.9%	3'900.20	4'298.71	10.2%	27.3%	3'292.73
12 Div. Goods, musical instrument, furniture, toys, etc	12.24	16.23	32.6%	0.2%	8.68	10.09	16.3%	0.1%	-6.13
Total	8'180.29	9'229.19	12.8%	100%	18'290.72	15'742.84	-13.9%	100%	6'513.68

Bilateral Trade Switzerland - P.R. China incl. Hongkong, Jan - Dec 2016/2017							
Class of goods	Import in Mio. CHF			Export in Mio. CHF			Trade balance
	Jan - Dec 2016	Jan - Dec 2017	Δ in %	Jan - Dec 2016	Jan - Dec 2017	Δ in %	
Total	20'495.41	22'338.98	9.0%	45'060.20	39'706.91	-11.9%	17'367.93

Source: Swiss Federal Customs Administration FCA General total (total 2): with gold bars and other precious metals, coin, precious stones and gems as well as works of art and antiques, 06.11.2018

Annex 5.1: Chinese Inward and Outward FDI

China: Foreign Direct Investment Inward									
Rank	Country / Region	FDI (mio. USD) 2016	Share (%) 2016	Variation (%) year on year	Rank	Country / Region	FDI (mio. USD) 2017	Share (%) 2017	Variation (%) year on year
1	Hong Kong	87'180	73.4%	8.1%	1	Hong Kong	98'920	73.3%	13.5%
2	Singapore	6'180	5.5%	17.5%	2	Singapore	4'830	3.6%	-21.8%
3	South Korea	4'750	3.5%	-14.9%	3	Taiwan	4'730	3.5%	30.7%
4	USA	3'830	3.2%	1.8%	4	South Korea	3'690	2.7%	-22.3%
5	Taiwan	3'620	2.5%	-25.9%	5	Japan	3'270	2.4%	5.1%
6	Macao	3480	2.1%	-3.0%	6	United States	3130	2.3%	-18.3%
7	Japan	3'110	1.2%	-24.6%	7	Netherlands	2'170	1.6%	n/a
8	Germany	2'710	1.0%	71.8%	8	Germany	1'540	1.1%	-43.2%
9	United Kingdom	2210	0.9%	-20.0%	9	United Kingdom	1500	1.1%	-32.1%
10	Luxembourg	1'390	0.7%	n/a	10	Denmark	820	0.6%	n/a
Total		118'000		6.4%	Total		135'000		7.9%

Source: Ministry of Commerce (MOFCOM)

China: Foreign Direct Investment Outward									
Rank	Country / Region	FDI (mio. USD) 2016	Share (%) 2016	Variation (%) year on year	Rank	Country / Region	FDI (mio. USD) 2017	Share (%) 2017	Variation (%) year on year
1	Hong Kong	114'233	58.2%	27.2%	1	Hong Kong	91'152	57.59%	-20.2%
2	United States	16'981	8.7%	111.5%	2	British Virgin Isl.	19'301	12.19%	57.1%
3	Cayman Islands	13'523	6.9%	32.4%	3	United States	6'425	4.06%	-62.2%
4	British Virgin Isl.	12'288	6.3%	564.6%	4	Singapore	6'320	3.99%	99.3%
5	Australia	4'187	2.1%	23.1%	5	Australia	4'242	2.68%	1.3%
6	Singapore	3'172	1.6%	-69.7%	6	Germany	2'716	1.72%	14.1%
7	Canada	2'872	1.5%	83.7%	7	United Kingdom	2'066	1.31%	39.6%
8	Germany	2'381	1.2%	n/a	8	Indonesia	1'682	1.06%	n/a
9	France	1'500	0.8%	n/a	9	Russia	1'548	0.98%	n/a
10	United Kingdom	1'480	0.8%	-19.9%	10	Thailand	1'058	0.67%	n/a
Total		196'149		34.7%	Total		158'288		-19.3%

Source: China Statistical Yearbook 2018 (Total requested to MOFCOM)

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

