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Reader's Digest, 27 October – 9 November 2018

Swiss and Chinese Business-Related News in Switzerland and China

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BILATERAL RELATIONS

[Swiss President Lauds China's Increasing International Role](#)

Published by xinhuanet.com, November 6th 2018

Swiss President Alain Berset on Monday said it is a good sign that China is playing an increasingly important role in the international community. Berset was speaking in Bern to Switzerland-based foreign correspondents and answered a question about China's role in the 21st century. "The fact that China is playing a role in international cooperation is a very good sign," he said. "It shows first of all that China is playing its role in the world and that China is taking its responsibility in international cooperation." Berset said that for a long time, China has been a very important partner for Switzerland, and the contacts between the two countries have covered a wide range of areas including economy, policy and culture. "It is clear for us that China is playing an increasing role in the world," the Swiss president said, adding that "the very good relations we have with China are part of that." He also highlighted Chinese President Xi Jinping's state visit to Switzerland at the beginning of 2017 and the visit to "the international institutions in Geneva." Switzerland was one of the first Western countries to establish formal ties with China and the first country to set up an industrial joint venture in China in 1980.

[Switzerland Opens Expo Pavilion](#)

Published by shine.cn, November 7th 2018

The Swiss National Pavilion, with its "LiveMap" concept especially designed for the China International Import Expo, was unveiled on Tuesday at the National Exhibition and Convention Center Shanghai. Secretary of State for Economic Affairs Marie-Gabrielle Ineichen-Fleisch, and Swiss Ambassador to China Jean-Jacques de Dardel, who are leading a high-level delegation to the trade fair, are at the opening. A distinctive feature of the two-story pavilion is the aerial "LiveMap" giving visitors the opportunity to visit

Switzerland in virtual reality and physical space. Visitors can not only enjoy basic geographic icons, tourist destinations, cultural and traditional symbols and innovative commercial features but also experience Swiss culinary specialities while using the map. Swiss companies and partners at the pavilion are demonstrating their latest products and services with a number of interactive events and designs. In a "relaxation zone," visitors can rest in a natural environment that resembles a Swiss alpine meadow. Covering a wide range of fields from cleantech to pharmaceuticals, finance, watches and logistics, and represented by 23 companies and institutional partners, the pavilion demonstrates Switzerland's global leadership in innovation, culture and tourism in a highly sensory way and allows visitors to get closer to the country with virtual reality.

BUSINESS NEWS

[Belt and Road Extends to Sport: DDMC Chief Lets It Slip, USD 4 Billion AFC Deal May be Part of China's Plan to Control World Football](#)

Published by scmp.com, November 5th 2018

China's DDMC, in partnership with Swiss company Fortis, last week signed a deal with the Asian Football Confederation (AFC) for exclusive rights to market the body's commercial properties for eight years. However, a key line uttered by Dr. Yi Rentao, chairman of the DDMC Fortis joint venture, provided a less-than-subtle indication of China's plans for the future. "We see this partnership as an opportunity for DDMC to carry out the important 'Belt and Road' strategy," Yi said at the signing ceremony in Kuala Lumpur. Much can be gleaned from Yi's linking of the football deal to President Xi Jinping's "Belt and Road Initiative" (BRI) – China's multibillion-dollar grand plan to provide infrastructure development across the globe but which has also been criticised as a form of financial colonialism on countries who are unable to pay their debts. The link may be sending a message that DDMC, which is said to have struggled to pay the first two tranches of its reported USD 4 billion commitment to the AFC from 2021 to 2028, will be protected from going down in the same way that Europe-based, China majority-owned MP Silva – previously the world's biggest sports marketing company – went into administration last month because of a lack of funding.

[Partners Group in Talks to Buy Beijing Complex for RMB 5.7 Billion](#)

Published by mingtiandi.com, October 31st 2018

A consortium including Switzerland's Partners Group is in talks to acquire a grade A commercial complex in Beijing for RMB 5.7 billion (USD 820 million), according to an account this week by Bloomberg. The Swiss private equity firm is negotiating to acquire the 98,747 square meter (one million square foot) Dinghao Electronics Plaza in Beijing's Zhongguancun area from Taiwan-listed developer Sino Horizon Holdings Ltd. Should a transaction take place it would be the latest sign that foreign investors are stepping up their role in mainland China property acquisitions as a local credit squeeze dampens activity by local developers and fund investors. The target of the talks between Partners Group and Sino Horizon is a 16-storey complex at 3 Haidian Da Jie in northwestern Beijing's Zhongguancun, which is often referred to as China's Silicon Valley for its role in accommodating many of the nation's top technology firms. The aging commercial project consists of a pair of office towers built around the five-story Dinghao Market, along one of Beijing's oldest electronics bazaars and home to Lenovo's flagship store. The market is now in the process of being cleared out, however. The pair of office towers host some of China's best-known venture capital investment firms, start-ups and incubators including Sinovation Ventures, DaDa ABC, Auto Home and Zhongguancun Online.

[How Luxury Watch Brands are Using Influencers to Tap the Chinese Market](#)

Published by hautehorlogerie.org, October 29th 2018

Luxury watches hold strong appeal in China, prompting brands to find new ways of tapping into this market. After experimenting with solutions such as WeChat and e-commerce platforms, more and more brands are using influencers to reach new customers. China ranks third in global distribution for Swiss watch exports. Last year, mainland China accounted for approximately 25% of all Swiss watch shipments to the Far East, with total value surging by 19% - the biggest jump in three years. According to the World Watch Report published in March 2018 by Digital Luxury Group, for the first time more Chinese visited luxury watch brands' websites than Americans, representing 21% of global traffic. Unsurprisingly, executives and marketers have their eye on this trend. Deloitte's 2017 study on the Swiss watch industry reveals that 71% of executives show renewed optimism in Asia and consider their strongest prospects to be in the region, following the fall in the number of corruption-related prosecutions. Brands have taken note and are realizing that there is an untapped market to develop.

[Phoenix Mecano to Strengthen Mechanical Components Division with Acquisition in Asia](#)

Published by e2.marco.ch, October 22nd 2018

The Phoenix Mecano Group, a leading technology company active in the production of enclosures and industrial components, plans to acquire a majority stake in China-based Mei Hui Machinery Co., Ltd. The transaction is expected to close in 2019, subject to regulatory approvals. Phoenix Mecano intends to acquire 80% of the Chinese metalworking specialist as part of its strategy to boost local value added in growth regions. Its plan is to manufacture functional parts and complete assemblies from sheet steel for the Mechanical Components division at the company's qualified production facility in Zhejiang Province. Mei Hui Machinery Co., Ltd. meets the Phoenix Mecano Group's stringent technology, productivity and quality requirements and is expected to make a positive contribution to the Group's EBITDA as early as 2019. The company generated sales of around EUR 25 million in 2017.

CULTURE & SOCIETY

[Images Vevey in Beijing](#)

Published by images.ch, November 5th 2018

Images Vevey has been invited in October to China by Beijing International Photo Week alongside the Brooklyn (Photoville), Paris (Circulations), Amsterdam (Unseen) and Kyoto (Kyotographies) festivals. For the occasion, Images Vevey designed a 50 linear meter stand to present a selection from the 400 installations made between 2008 and 2018, including 110 reproductions, 11 giant displays, and 4 screens; a special section presented the monumental outdoor installations made in Vevey in 2010 and 2012 by Chinese artists Li Wei and Liu Bolin.

GENERAL INTEREST

[Gino Mäder Prepares for Pro Career in China](#)

Published by velonews.com, October 29th 2018

Gino Mäder is polishing off his amateur career in China at the Tour of Hainan before joining Team Dimension Data. The Swiss cyclist won the important Wuzhishan stage Sunday and positioned himself for

the overall win in three days. That stage win added to his 2018 results sheet that also includes two wins, a third-place finish in the Tour de L'Avenir, and a fourth in the under-23 world championship. "I've had a really great season this year," Mäder told VeloNews. "Two stage wins in L'Avenir and a podium finish there is really nice, which also permitted me to pass professional, which was the biggest goal for his year. I'm happy." He had been in contact with Teams FDJ and CCC, but Dimension Data announced it reached a deal with him for 2019. Afterward at the UCI road worlds, he raced the U23 road race and finished fourth while helping his Swiss teammate Marc Hirschi win. He will be able to park his Bianchi Specialissima bike that he bought with his own money for the 1kg weight savings. The South African team will ride BMC bikes in 2019. Mäder lives near the Swiss manufacturer's headquarters and the Grenchen velodrome.

INDUSTRIES

Engineering / Manufacturing

[Elevator Manufacturer Schindler Group to Improve Capabilities in China](#)

Published by chinadaily.com.cn, November 5th 2018

Schindler Group, the world's leading manufacturer of elevators and escalators, plans to continue expanding its branch network with improved capabilities in China, as the economy is pushing for substantial measures of opening up, its global head said. The Swiss company, having built up its reputation of safety and good quality in the past three decades, will continue to provide cutting-edge technologies and excellent services to China in the long run, Group CEO Thomas Oetterli told China Daily on the sideline of the China International Import Expo. At the ongoing expo, the company highlighted its new technology solution – Schindler Ahead, which captures real-time data and uses big data analysis and artificial intelligence to predict maintenance needs. The solution, Oetterli said, can enable clients to detect a potential equipment failure in advance and interact with customers to enhance their experience.

[Dynamic Area Increasingly Popular with Multinational Companies](#)

Published by chinadaily.com.cn, November 5th 2018

The Zhangjiang National Innovation Demonstration Zone in Shanghai has become a gathering place for multinational companies keen to capture growing opportunities in the Chinese market. Statistics from the demonstration zone show that there were 380 research and development centers and headquarters built by multinational companies, as of the end of 2017. The zone has welcomed companies such as the US industrial system developer General Electric and medical technology developer Medtronic. For such companies, the outstanding business environment is one of the key factors behind the decision to set up shop in Zhangjiang. "Shanghai is the commercial center of China with well-established infrastructure, top talented people and (a) sound business environment," said Yoke Loon Lim, president for Dow Greater China. "Zhangjiang Hi-tech Park is the pioneer in attracting domestic and foreign investment for high-value innovations and R&D." More infrastructure is being built by companies in Zhangjiang to better support their development in China. Swiss pharmaceutical giant Roche, for example, will open its new innovation center in the zone next year. The project, which started construction in 2016, with a total investment of 860 million yuan (USD 123.36 million), will be the company's third-largest strategic center after those in Switzerland and the United States. The new building will provide 220 modular work areas. The idea behind the center is to facilitate communications and further strengthen teamwork among research staff, according to the company.

Warburg Pincus Acquires DKSH's Chinese Healthcare Business

Published by pehub.com, November 1st 2018

DKSH, the leading Market Expansion Services provider with a focus on Asia, today announced the successful transfer of its healthcare business in China. The company had pursued a niche strategy in the Chinese healthcare market for many years. DKSH, in accordance with its increased strategic focus and in the context of a recent portfolio review, identified Warburg Pincus as the ideal new owner. Warburg Pincus' scale and experience will allow them to further take advantage of the potential in the business. Since the announcement of the sale in July, DKSH has fulfilled all necessary closing conditions and has obtained the relevant regulatory approvals to complete the transaction per October 31st, 2018. The transaction includes DKSH's pharma, consumer health and medical device businesses in China. DKSH continues to be present in China with its Business Units Consumer Goods, Performance Materials and Technology. The purchase price is approximately CHF 100 million, and last year's net sales related to the transaction amounted to around CHF 300 million. DKSH will deconsolidate the business starting from November.

Swiss Robot Maker to Build an Advanced Robotics Factory in China

Published by edgylabs.com, October 29th 2018

Swiss robot maker ABB recently announced its investment of USD 150 million to build an advanced robotics factory in Shanghai, China. According to reports, the facility will use robots to make other robots, entrusting minor parts assembly to the company's YuMi one-arm robot. The company plans to build the "Kangqiao" manufacturing center in the Pudong New Area near ABB's Shanghai robotics campus. In an interview with the Chinese media over the weekend, ABB Chief executive Officer Ulrich Spiesshofer claimed that their new facility would "shape the next generation of manufacturing, the next generation of capacity." ABB's latest venture is part of the company's efforts to be the world's number one manufacturer of industrial robots. To date, China is ABB's second market next to the United States. Spiesshofer believes that Shanghai has what it takes to be the center of ABB's advanced technology leadership. While ABB's next generation facility in Shanghai will be around 6,968 square meters, the company said that their goal is not to build the largest robotics factory but to build the most flexible space. The facility will utilize sophisticated software that will enable humans and robots to work together in close proximity.

Bank / Finance / Insurance

China's Belt & Road Initiative Huge Opportunity for Overseas Insurers: Swiss Re

Published by reinsurancene.ws, November 5th 2018

China's ambitious Belt & Road Initiative (BRI) – an attempt by President Xi Jinping to spur investment in land and maritime trade routes that strengthen ties across Asia, the Middle East, Africa and Europe – is set to offer the insurance industry significant investment opportunities, according to a report by Swiss Re. This opportunity, Swiss Re says, is underscored by an infrastructure gap in China and other BRI countries estimated to reach USD 20 trillion by 2030. Insurers are currently able to participate in BRI projects through both equity and debt financing and it's predicted that additional financing tools such as securitisation will be made available to insurers and other institutional investors. Swiss Re adds that, as of 2017, overseas insurers had only invested USD 67 billion, or 2.7% of total insurance assets. As this is far lower than the 15% regulatory limit, global insurers are reportedly missing out on a sizeable opportunity to invest in BRI projects. Already in 2015, Chinese regulators relaxed the rules so that insurers could invest in

infrastructure projects. While finding assets suitable for investment is a challenge, Swiss Re believes that insurers can still find attractive investment opportunities to diversify their portfolios.

[UBS Sets Up More China Teams](#)

Published by finews.com, November 2nd 2018

The Swiss bank is setting up two more teams to cater to the needs of wealthy Chinese, finews.com has learned. Onshore China, and its rapidly growing billionaire population, is a target for most private banks in the region. UBS finds itself in the headlines after one of its bankers was held up in Beijing. Marina Lui, head of China for UBS' wealth management arm, called the region «one of the most important important sources of business and growth opportunities» for the entire franchise, in an internal memo seen by finews.com. In line with that thinking, Lui told staff that UBS is setting up two new country teams for its China international business, to be headed by Ann Qian and Fritz Chan, effective January 1st.

[Swiss Bank Vontobel Looks to External Asset Managers to Build Asia Business](#)

Published by dealstreetasia.com, October 30th 2018

Swiss bank Vontobel is building up its business with external asset managers and family offices in Asia, a market it expects to grow by more than 30% per year, it said on Tuesday. Vontobel said it saw “huge growth potential for business with external asset managers”, echoing comments by peer Julius Baer which said on Monday it had created a new unit serving external asset managers and independent financial advisers. Vontobel appointed Georg von Wattenwyl, who has headed its financial products, advisory & distribution unit for 11 years, to develop the business in Asia and take worldwide responsibility for family offices from January 1st. The bank said in Singapore and Hong Kong alone there were around 150 external asset managers and multi-family offices providing high-net-worth clients with investment banking, asset management, and wealth management services. Together they are managing some CHF 100 billion (USD 99.73 billion) in client assets and there was also a comparable number of single-family offices with a similar volume of assets, Vontobel said, calling Asia one of its focus markets.

Hospitality / Tourism / Retails

[Nestlé China Unveils Range of RTD Herbal Drinks and Soups](#)

Published by foodbev.com, November 1st 2018

Nestlé has unveiled the first product developed by its new incubator team in China, a range of ready-to-drink herbal drinks and soups made with traditional Chinese ingredients. Xingshan the range includes three herbal drinks and three herbal soups, which contain traditional ingredients such as rose, pomegranate, tremella and mushroom, and the range will be sold through e-commerce platforms. The range was jointly developed by Nestlé's incubator team and its Totole brand with China's urban professionals in mind, and Nestlé says that the development of the range shows how the company is adapting to meet rapidly changing consumer tastes. Nestlé's launched its Chinese Incubator Team earlier this year to quickly respond to China's market needs, and it is the second incubator team the company has established, with the other operating in the US. Rashid Aleem Qureshi, chairman and CEO of Nestlé Greater China said: “In response to the rapid changes in China's food and beverage industry, Nestlé has accelerated the improvement and testing of its innovation business model over the past two years to create a multidimensional, sustainable innovation strategy. “For over 150 years, Nestlé has been dedicated to the same mission: enhancing the quality of life and contributing to a healthier future.

[Richemont and Alibaba in Strategic Deal](#)

Published by moneyweb.co.za, October 26th 2018

Just four months after acquiring full control of luxury etailer Yoox Net-a-Porter (YNAP), luxury goods company Richemont has struck up a strategic relationship with Chinese internet giant Alibaba. In terms of the deal, announced on Friday, Richemont and Alibaba have established a joint venture that will launch two mobile apps for YNAP's two brands Net-A-Porter and Mr Porter, for consumers in China. Alibaba will provide technology infrastructure, marketing, payments, logistics, and other technical support to the JV. In addition, the JV will launch Net-A-Porter and Mr Porter online stores on Alibaba's Tmall Luxury Pavilion (sic), a platform dedicated to the world's leading luxury brands. Launched in 2017, this platform aims to create the same brand exclusivity and tailored shopping experience that customers shopping offline typically enjoy. Richemont chairman Johann Rupert is keenly aware of the potential of the internet for the sale of luxury brands – online sales are one of the industry's fastest growth drivers. He has placed YNAP at the centre of the company's efforts to ramp up its e-commerce operations and attract younger shoppers. It operates sales platforms for 40 luxury labels as well as multi-brand online stores Net-a-Porter, Mr Porter, The Outnet and Yoox. In June, shortly after acquiring control of YNAP, Richemont announced its delisting from the Milan Stock Exchange.

[Legal / Trade / Consulting / Services](#)

[China Legal Report](#)

Published by wenfei.com, October 31st 2018

Wenfei Attorneys-at-Law Ltd released new China Legal Report in October on the topic of "New Individual Income Tax Law". On August 31st 2018, the new Individual Income Tax Law of the People's Republic of China ("New IIT Law") was released and will come into effect on 1 January 2019. The newly drafted Implementation Regulations for the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as "New Implementing Regulations"), were released on October 20th 2018 and are now open to the public for comments. The public can make comments until November 4th 2018. Compared to the current Individual Income Tax Law of the People's Republic of China ("Old IIT Law") released on June 30th 2011 and in force since September 1st 2011, the New IIT Law will reform the individual income tax collection system in the People's Republic of China ("PRC" or "China"), for instance, as it now explicitly defines the concept of resident and non-resident taxpayer, changes the tax threshold and tax rates, deletes the deduction preferential regulations on foreigners and includes anti-avoidance rules.

[IDHEAP Delegation Visits Swiss Center Shanghai](#)

Published by swisscenters.org, October 26th 2018

IDHEAP delegation from the University of Lausanne visited Swiss Center Shanghai last Friday. The group of 35 IDHEAP Alumni were on a Study Trip to China to gain understanding of its public sector while taking a glimpse into the fast-growing economy. The Deputy General Manager Emmanuelle Roduit presented the delegation with practical cases of Swiss SMEs doing business in China, followed by perspectives from large corporations of Nestlé – Patrick Bornand (Head of Business Operation and Finance) and Swisslog Logistics Automation – Martina Suter (Head of Marketing Asia Pacific) who shared the industry trends that are shaping the future China Cross Border eCommerce & Intralogistics Automation – and how they have been engaging themselves in despite challenges. Besides the experience of acquainting with Swiss

companies, the delegation also took the chance to experiment during their afternoon visit to iFlytek, China's leading voice recognition tech company where they were briefed on the varied applications of voice recognition technologies over the demonstrations performed by Jerry Zhu, Business Manager of International Market. iFlytek is applying intelligent voice and AI technology to different sectors, including the real-time interpretation, the judiciary and education.

Looking for more news? Go to [SwissCham's Website](#).

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