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Reader's Digest, 16 - 29 September 2017

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BILATERAL RELATIONS

[China-Swiss Deals At Three-Year Low But Rebound Expected After 19th Party Congress Sets Policy](#)

Published by [scmp.com](#), 27th September 2017

China's capital controls have caused overseas acquisitions between China and Switzerland to drop to their lowest level in three years but the head of a Swiss chamber of commerce believes deal activity will rebound after Beijing clarifies economic policy at its Party Congress next month. The value of merger and acquisition transactions between Swiss and mainland Chinese companies fell to USD 793 million in the first nine months of this year, according to Thomson Reuters. That was substantially lower than the USD 48.66 billion for all of last year and the USD 4 billion in 2015, but still above 2014's USD 518 million and USD 593.3 million in 2013. "China's capital control on outflows is a challenge as this policy creates uncertainty. Swiss companies want to do business in a safe and predictable manner," Felix Sutter, president of the Swiss-Chinese Chamber of Commerce told the South China Morning Post during an interview in Zurich. "The capital control policy is a problem as Swiss companies worry if the Chinese buyers would be able to get the finance from banks or if they can get approval to take the money out of the country to complete the deal."

[Chinese Ambassador To Switzerland Visited Schindler Headquarters In Lucerne](#)

Published by [fmprc.gov.cn](#), 15th September 2017

On 14 September, the Chinese ambassador to Switzerland, Geng Wenbing, visited Schindler headquarters in Lucerne, Switzerland, and held talks with Group Chief Executive Officer Oetterli. Ambassador Geng said that at the beginning of the 1980's, Schindler was first to set up an industrial joint venture company and made a positive contribution to China's economic development. Also, Schindler itself has achieved a remarkable success, which is a win-win model. China is now working with all parties to promote the One Belt One Road Initiative. It will bring new opportunities for the global economic development and Sino-Swiss cooperation. Mr. Oetterli said that China is the

most important partner and the largest market of Schindler Group. With the sustained development of China's economy, Schindler Group will continue to increase investment and cooperation with China. Currently, the position of China in the Schindler Group's global business will be further highlighted. Schindler Group is willing to actively participate in the One Belt One Road Initiative. Mr. Oetterli introduced briefly Schindler Group and staff training in China, and expressed his willingness to strengthen cooperation with China in vocational training.

BUSINESS NEWS

[Is the Swiss Watch Export Slump Over?](#)

Published by bloomberg.com, 28th September 2017

Each month the Federation of the Swiss Watch Industry (or FH, short for Federation Horlogère) issues global watch export sales data for the preceding month. This year, Swiss watch professionals are scouring the data with a bit more scrutiny than normal. That's because for more than two years, the industry has been in a slump. Wholesale sales, which the data reflects, have been anemic. Export sales in August were up 4.2% over August 2016. That's the fourth consecutive month of increases. Still, two of the industry's biggest troubles – the collapse of the top market, Hong Kong, and weakness in the number three market, China – have improved and bode well for the budding rebound. Meanwhile, the situation in the baffling, disappointing number two market, the United States, is getting worse. This year's most important development for the Swiss watch industry is the revival of the mainland China market. China is riding to the Swiss industry's rescue – again. During the Great Recession of 2009, when exports dropped a hair-raising 22.3%, the China boom saved the Swiss-watch day. Exports came roaring back by 22.7% in 2010, and the China legend was born. Now, though, China is hot again. "Mainland China has been really quite strong and has been for nine months," the Richemont Group's outgoing chief financial officer, Gary Saage, told financial analysts in May. Through the first eight months of 2017, Swiss watch exports to mainland China are up 19.4%, the best among Switzerland's 30 top markets. It's part of a new surge of sales of luxury goods in China.

[Switzerland And Hong Kong Convene A Financial Dialogue](#)

Published by efd.admin.ch, 19th September 2017

The State Secretariat for International Financial Matters (SIF) under the Swiss Federal Department of Finance and the Hong Kong Monetary Authority (HKMA) launched on 19 September 2017 in Bern a financial dialogue to promote cooperation on financial market issues of common interest. At the margin of the Dialogue, the Swiss Bankers Association (SBA) and the HKMA facilitated an open seminar for the private sector. The financial dialogue between the HKMA and Swiss authorities aims to enhance official exchanges between Hong Kong and Switzerland on policy issues of mutual interest, especially those relating to financial services developments at bilateral and multilateral level. The two sides also exchanged views on current policy development and areas of future collaboration at bilateral and multilateral level, such as RMB internationalisation, wealth management and Fintech. The meeting was chaired by Ambassador René Weber, Head of the Markets Division at SIF, and Mr. Vincent Lee, Executive Director of the HKMA, with representatives from the Swiss Financial Market Supervisory Authority (FINMA), the Swiss National Bank, SIF and the HKMA attending.

[China's Septwolves And Fosun Submit Bids For Bally](#)

Published by bloomberg.com, 16th September 2017

Chinese apparel manufacturer Fujian Septwolves Industry Co. and conglomerate Fosun International Ltd. are among

suitors vying for the EUR 600 million (USD 717 million) luxury leather goods company Bally International AG, people with knowledge of the matter said JAB Holding Co., owned by the billionaire Reimann family, said in April it was reviewing options for the Swiss company to focus on its food and beverage business, which has grown into one of the largest coffee sellers through the acquisitions of Keurig Green Mountain Inc. and Krispy Kreme Doughnuts Inc. Founded in Schönenwerd, Switzerland in 1851, Bally makes luxury leather shoes that range from loafers to fur-lined winter boots, as well as belts, bags, wallets and clothing. It was previously owned by U.S. buyout firm TPG, which agreed to sell the firm to JAB in 2008.

CULTURE & SOCIETY

[Swiss Canine Ambassadors Visit China To Promote Tourism](#)

Published by news.xinhuanet.com, 15th September 2017

Switzerland has sent two Saint Bernard dogs to Shanghai as ambassadors for activities marking the China-Switzerland Year of Tourism. The Saint Bernard is considered a national symbol of Switzerland, similar to the giant panda in China. The 70-kg male Apero and 58-kg female Bricotine were raised in the countryside near Lake Geneva. They first traveled to Beijing before arriving in Shanghai on 15 September. From 15 to 17 September, they will meet the public at various venues such as Jing'an Sculpture Park and Shanghai International Tourism and Resorts Zone. According to Alexander HOFFET, consul general of Switzerland in Shanghai, China is the fourth largest source of overseas tourists for Switzerland, and a growing number of Chinese tourists prefer to travel independently rather than in organized tour groups. There is an account dedicated to them on Chinese social networking platform Sina Weibo, where information about their China visit is being posted.

GENERAL INTEREST

[Race to Make Robots for China Spurs ABB to Double Capacity](#)

Published by bloomberg.com, 18th September 2017

ABB Ltd. is accelerating expansion in China with a plan to double robot production capacity as part of a bid to become the biggest provider worldwide of the industrial-automation equipment, said Chief Executive Officer Ulrich Spiesshofer. The blueprint includes doubling the number of robotics research employees in China, where a close rival Kuka AG -- backed by Chinese appliances-maker Midea Group Co. -- is seeking to unseat ABB's lead in the USD 11 billion industry in the nation. ABB also plans to seize on a growing industry in China for electric vehicles by supplying more charging facilities, Spiesshofer said. Zurich-based ABB also "absolutely" has the ability to be No. 1 in e-mobility infrastructure in China, said Spiesshofer, adding that he met with the mayor of Shanghai to discuss the company's plan to boost robot production. He didn't provide a timeline or figures for the increase in capacity and research employees. ABB currently employs more than 17,000 people in 139 Chinese cities. ABB is willing to provide technology and other forms of support to its local partners to help them become strong players in their own right, Spiesshofer said. More than 80% of the robots ABB sells in China are "developed, produced and shipped" in the nation, he said.

INDUSTRIES

Engineering / Manufacturing

[Race to Make Robots for China Spurs ABB to Double Capacity](#)

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Bank / Finance / Insurance

[Inquiry Into Banks' Role In Hong Kong Flotations To Widen, Says UBS](#)

Published by ft.com, 19th September 2017

More banks will be probed for their role leading Hong Kong flotations, said the global head of UBS's investment bank, adding that inquiries into the Swiss group's role in a 2009 deal are not affecting business. UBS, the only active bank in the equities market known to be under investigation by Hong Kong's Securities and Futures Commission has not sponsored a single deal this year in spite of ranking in the top 10 each year for the previous decade, according to Financial Times analysis of Dealogic data. Andrea Orcel, global head of UBS's investment banking arm, said the bank felt it had a "very strong case" when it came to its role in that IPO. "We think this is something that is not only going to affect UBS," he said. "It's going to affect other participants because if we had a standard 10 years ago a lot of other participants had the same standard. And therefore it is going to be more of an industry issue." The Hong Kong operations of big banks have largely escaped the worldwide wave of regulatory action during the past decade. The industry has paid hundreds of billions of dollars for misdeeds from money laundering and mis-selling to sanctions-busting and fixing interest rate markets. Hong Kong's equity market is particularly sensitive to regulatory action because equity capital markets accounts for about two-fifths of Asia's investment banking fee pool on average, compared with a quarter globally. Hong Kong has been the world's largest listings venue for five of the past 10 years.

Hospitality / Tourism / Retails

[Beijing Rules Out Aid For Chemchina's USD 44bn Syngenta Acquisition](#)

Published by ft.com, 28th September 2017

Beijing will not directly intervene to shore up Swiss seeds company Syngenta against claims from US farmers and grains traders, nor chip in money for its takeover by Chinese buyer ChemChina, the regulator in charge of China's state-owned companies said on 28 September. The comments from Xiao Yaqing, head of the State Assets Supervision and Administration Commission (Sasac), come as Syngenta hurries to resolve a dispute that already scuppered a USD 7bn bond this week. The bond was designed to refinance USD 6.5bn of bridge loans backing the group's USD 44bn takeover by ChemChina, China's largest outbound acquisition to date. Standard & Poor's said in a report published last month that Sasac might have to step in to backstop Syngenta against liabilities stemming from a dispute over seeds marketed in 2013, since both the Swiss firm and ChemChina are already heavily leveraged. Mr Xiao said he was not aware of S&P's specific comments, but he was confident ChemChina and Syngenta could handle the matter without a guarantee from Sasac. "Companies have to resolve these cases on their own," he told the Financial Times after a press conference on state-owned enterprise reform. He also rejected the premise that

ChemChina could call on Sasac for help in paying for Syngenta. "The government won't give them money. They have the ability to borrow money. They can use their own methods of financing," he said.

[Pilatus Will Close Its Joint Venture In China](#)

Published by letemps.ch, 15th September 2017

Pilatus is preparing to end the joint venture it has created in 2013 in Chongqing, which was to sell its civil aircraft because the sales results didn't reach the expectation. The future looked bright. When Pilatus settled in China in mid-2013, domestic air traffic had just taken off. The new middle classes discovered the joys of the plane, and the construction of airports, especially in the secondary cities, was in full swing. Analysts predicted annual growth of 10%. The Swiss group has chosen to establish a branch in Chongqing, a sprawling city of 30 million habitants in western China. To start the business, Pilatus formed a joint venture with a local partner, Beijing Tian Xing Jian Yu Science Co. "This model was until recently required by Beijing when a foreign company wanted to invest in some sensitive industrial sectors like aviation," said Samuel Baumgartner, chairman of the Swiss Chamber of Commerce in Beijing. But nothing went as expected. Shortly after the arrival in China, Pilatus found that Chinese law prohibits single-engine airplanes for civil aviation. However, both the PC-12 and the PC-6 are equipped with only one motor. "These two aircraft were not suitable for passenger transport, most of the time they could be used for freight," said Dominik Widmer, who is responsible for setting up Sinoswiss -Technopark, an industrial zone in Chongqing aimed to Swiss SMEs.

Legal / Trade / Consulting / Services

[PwC has officially launched Belt & Road United](#)

Published by pwccn.com, 22nd September 2017

PwC officially launched Belt & Road United on 22 September, a membership-based platform that promotes sharing and exploring of business opportunities along the Belt and Road (B&R). More than 150 entrepreneurs and representatives from academic and government bodies attended the launch ceremony. Nearly 20 of them rank among the initial members. These initial participants in the Belt & Road United will benefit from the power of the platform's connectivity, which utilises both an online function that facilitates information and knowledge sharing, and an offline union made up of business, professional service, academic, and government entities. The Belt and Road United aims to engage a range of expertise spanning well-known scholars and think tanks that conduct insightful research on the B&R initiative, enterprises that have the financial capacity and intention to invest in B&R projects, investment agencies, professional services providers, consuls of B&R countries in China, as well as representatives from relevant government bodies, chambers of commerce and industry associations. Gabriel Wong, PwC One Belt One Road Leader and Head of China Corporate Finance, said: "We have set out to connect all aspects of expertise under the B&R initiative. Members bring and share productive resources, and they contribute and share values. As the initiator of the platform, PwC is ready to share resources and practical experience from right across our expansive global network."

[2017 Digital IQ Survey – China Focus](#)

Published by pwccn.com, September 2017

The world was a simpler place when PwC first set out to measure Digital IQ a decade ago. "Digital" was just another name for "IT." The CIO was not generally regarded as a strategic leader. And putting new technologies to work was a relatively straightforward, and siloed, job. Today, the scope and scale of digital-driven change has grown immensely, and organisations have invested a lot of time and money to keep up. Yet company leaders are no better equipped to handle the changes coming their way than they were in 2007. Organisations aren't so much falling behind as

struggling to keep up with accelerating standards. How, then, can you consistently unlock value from digital investments in a rapidly advancing world? The answer is at once simple and infinitely complex: Focus on the human experience: Rethink how you define and deliver digital initiatives, consider employee and customer interactions at every step of the way, invest in training and culture, and much more.

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

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