

SPECIAL REPORT

# STAYING CLOSE

Sino-Swiss relations can be enhanced even further By Jiang Shixue



Chinese President Xi Jinping holds a welcome ceremony on April 8, 2016 in Beijing for Swiss Confederation President Johann Schneider-Ammann, who was paying a state visit to China





The author is a senior research fellow with the Institute of European Studies at the Chinese Academy of Social Sciences

**S**ino-Swiss relations have created many "firsts" since the founding of the People's Republic of China (PRC)

on October 1, 1949. Switzerland was one of the first European countries to establish official relations with the PRC. It recognized the PRC on January 17, 1950. And on September 14 that year, the two countries established a diplomatic relationship.

It should be noted that Switzerland's diplomatic move was very courageous at the time. Before taking the decision, the United States put significant pressure on Switzerland not to recognize a communist state in Asia that was still in its infancy.

However, Bern believed it would be better to recognize the PRC earlier rather than later; thus it defied Washington's call.

## Growing links

In the past over six decades, Sino-Swiss relations have developed smoothly. In October 1996, Swiss Confederation President Jean-Pascal Delamuraz paid a state visit to China, the first in history for a Swiss head of state, while in March 1999, Jiang Zemin became the first Chinese president to visit Switzerland. More recently, during Swiss President Johann Schneider-Ammann's state visit to China in April 2016, the two countries agreed to establish an innovative strategic partnership.

In July 2007, Doris Leuthard, Swiss Federal Councilor and Minister of Economic Affairs, announced Switzerland's acknowledgement of China as a market economy. Switzerland became one of the first European countries to do so. At present, Switzerland is the seventh largest trading partner of China in Europe, while China is Switzerland's largest trading partner in Asia. In 2015, their trade volume reached \$44.27 billion, with Chinese imports worth about \$41.1 billion and exports standing at \$3.17 billion.

Currently, Switzerland has a large surplus in bilateral trade. China imports technology-intensive products from Switzerland, while its exports are mainly labor-intensive goods. This trade structure to some extent shows how the economies of the two countries complement each other.

Foreign investment is one of the major drivers of China's growth after the country adopted the reform and opening-up policy in the late 1970s. Schindler China Elevator Co. Ltd., a Sino-Swiss joint venture set up in 1980, was the first Sino-foreign joint industrial manufacturer established in China. In the early 2000s, it became a wholly foreign owned enterprise. The company has made great contributions to China's urbanization with its world-class products and services.

On January 28, 2011, negotiations on the China-Switzerland Free Trade Agreement (FTA) were launched in Davos. The agreement was signed on July 6, 2013 after eight rounds of talks and formally took effect on July 1, 2014. It was the first FTA China signed with a continental European country and the first FTA China signed with a top 20 world economy.

The China-Switzerland FTA is a comprehensive, high-level and mutually beneficial agreement, according to Chinese Minister of Commerce Gao Hucheng. Once the FTA took effect, 99.7 percent of Chinese ex-▶▶







The first batch of zero-tariff goods from China arrives at Basel, the largest inland port of Switzerland, on July 1, 2014

ports to Switzerland immediately became duty free, while 84.2 percent of Swiss exports to China would eventually become duty free.

In addition to providing a large platform for industrial cooperation between the two countries, the FTA also involves many rules in the fields of environment, intellectual property protection, employment, sharing of government procurement information as well as competition. It demonstrates the resolve and confidence of China and Switzerland to strengthen economic and trade relations, as well as China's willingness to expand opening up and take concrete steps to participate in economic globalization and regional economic integration.

Sino-Swiss ties have achieved much across a range of fields, which underlines that no matter whether nations are developed or developing, big or small, they can all cooperate on an equal footing and experience mutual benefit.

## Consolidating foundations

The sky is the limit for bilateral relations. To further promote Sino-Swiss partnership, it is necessary for the two sides to make greater efforts.

Most importantly, the two countries should expand political consensus. This is very important in international relations. A lack of political consensus may result in insurmountable differences between the two sides on significant issues and weaken the bilateral relationship.

Since establishing an official relationship, the political consensus between China and Switzerland has continually grown through exchanges of high-level visits and implementing multiple bilateral dialogue mechanisms. The Memorandum of Understanding Between the Swiss Federal Council and the Government of the PRC on Promoting Dialogue and Cooperation reached in 2007 and the Joint Statement on Establishing the Sino-Swiss Innovative

Strategic Partnership issued in 2016 fully embody the spirit of "equality, innovation and win-win results" for cooperation between the two countries.

On January 21, 2015, when meeting with Swiss President Simonetta Sommaruga, Chinese Premier Li Keqiang pointed out that both sides should intensify high-level exchanges, strengthen dialogue, expand consensus and enhance mutual understanding and mutual trust.

China and Switzerland have shown a willingness to reduce differences and broaden common ground in terms of human rights protection. In May 2016, the ninth session of Sino-Swiss human rights dialogue took place in Beijing. Government officials from both sides held in-depth exchanges on judicial issues and the penal system, the protection of minority rights, as well as multilateral human rights cooperation. Both sides agreed to continue dialogue on human rights on the basis of equality and mutual respect. In addition to



face-to-face meetings, the Swiss delegation also visited some places in Beijing and northwest China's Ningxia Hui Autonomous Region.

However, Switzerland did not handle the Tibet issue properly. The 14th Dalai Lama visited Switzerland several times. The 14th Dalai Lama is not a purely religious figure, but a political exile who engages in secessionist activities. China is firmly opposed to any move from the 14th Dalai Lama to split the nation and undermine ethnic unity in any capacity, under any name or in any country. China also firmly opposes contact between foreign political figures and the 14th Dalai Lama in any form.

The activities of the 14th Dalai Lama in Geneva were organized and maneuvered by the so-called "Tibetan government in exile" with the aim of promoting "Tibet independence" and splitting China. The Swiss Government needs to maintain active vigilance toward the 14th Dalai Lama's actions, giving no support to his secessionist activities in any form.

Since there is a vast geographical distance between China and Switzerland, it is understandable that great social, linguistic and cultural differences exist between the two countries. Nevertheless, issues of contention underline the importance and necessity of enhancing exchanges.

Efforts have been made to promote this over the past two decades. For instance, the Swiss Agency for Development and Cooperation has operated a public administration program for Chinese officials, aiming to provide them with Swiss administration techniques and experience. There are also frequent exchanges between non-governmental organizations and academic groups. The Confucius institutes at the University of Geneva and the University of Basel provide an opportunity for the Swiss to study the Chinese language and traditional culture.

An agreement on visa-free entry for diplomatic passport holders has also been reached between China and Switzerland in order to promote cooperation on culture, technology, education, tourism and training. Moreover, the two countries have cooperated on hunting for economic fugitives, recovering ill-gotten gains, combating transnational crime and assisting criminal justice.

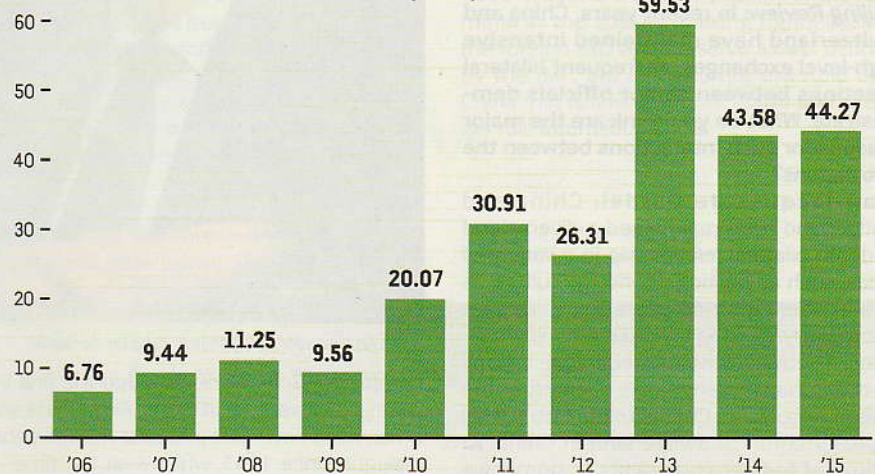
Despite this, there is still large potential for promoting people-to-people communication. First, scholars and journalists of both countries should be encouraged to interact more actively with each other. Second, a tourism facilitation program should be launched. According to the Swiss Federal Statistical Office, China became the fourth largest source of tourists for Switzerland in

## Milestones in Sino-Swiss Relationship



(Compiled by Beijing Review, designed by Pamela Tobey)

## Trade Between China and Switzerland (\$bln)



(Source: Ministry of Commerce of China, designed by Pamela Tobey)

2015, following Germany, the United States and Britain. China should also seek to attract more Swiss tourists. Third, more Chinese government officials and scholars should be invited to attend the annual World Economic Forum in Davos.

In addition, economic and trade relations should be further enhanced. In the era of globalization, economic cooperation always forms the base of bilateral relations. In the near future, China and Switzerland should focus on making full use of the bilateral FTA to optimize the mix of their trade

and encourage two-way investment. Also, China can take advantage of Switzerland's status as an international financial hub to establish a renminbi offshore market in Zurich as soon as possible to facilitate the Chinese currency's internationalization. Last but not the least, the two sides should further cooperate in areas of high-end manufacturing, agriculture, energy conservation and environmental protection. ■

Copyedited by Dominic James Madar  
Comments to liuyunyun@bjreview.com