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Seminar Digital Innovation, AI and Digital Security - Business and Social Opportunities

Hong Kong, Shenzhen, Shanghai, 12 May 2025 – 17 May 2025

Executive Summary

In an era marked by geopolitical volatility and rapid technological transformation, Switzerland's engagement with China has never been more critical - or more promising. A recent week-long seminar across Hong Kong, Shenzhen, and Shanghai, organized by Alliance Digital Security Switzerland ADSS with the financial support of the Trade Fair and Project Committee (TFPC) and ICPRO GmbH, brought together a delegation of Swiss leaders from politics, academia, business, and public administration to gain firsthand understanding of China's extraordinary innovation trajectory and to identify opportunities for future collaboration. What they found was a dynamic nation no longer content to be the "world's factory," but one aggressively reshaping itself into a global technology powerhouse. The visit came at a symbolic moment - the 75th anniversary of Sino-Swiss diplomatic relations - highlighting not only the historic trust between the two nations but also the urgent need to deepen collaboration in emerging fields like AI, cybersecurity, energy transition, and digital infrastructure.

China's transformation is breathtaking in its scope and speed. From the hyper-modern skylinae of Shenzhen, once a fishing village, to the economic vitality of Shanghai and the strategic positioning of Hong Kong as a global business hub ("one country, two systems"), the message was clear: China is building the future and doing so at scale. The country now leads in EVs, solar panels, and batteries, China is also at the forefront of 5G and ICT infrastructure, autonomous mobility, drone technology, AI applications, and digital payment ecosystems - an evolution driven by ambitious state-led strategies like "Made in China 2025" and "Dual Circulation."

Swiss firms already play a significant role, with over 1,000 companies active in China, and opportunities continue to grow-especially for high-tech, precision engineering, and sustainable development solutions. As Sacha Bachmann noted, "The Chinese market is not optional-it is a must" for firms in sectors such as aerospace, medical, and high-quality consumer goods.

Challenges persist, notably in navigating China's complex data localization laws and regulatory unpredictability. Yet Swiss companies report that the market remains profitable and strategically indispensable. To stay competitive, firms must adapt to Chinese consumer expectations, comply with evolving digital policies, and, crucially, continue innovating. According to a survey among Swiss companies present in China, the mood is cautious but optimistic. As S. Bachmann put it, "no Swiss company has left China," reflecting a resilient, long-term view underscored by a "wait and see" strategy.

The seminar also spotlighted a call to action for Switzerland: to craft a more coherent and forward-looking China strategy, grounded in today's multipolar realities and aligned with EU dynamics. While the Free Trade Agreement has been a resounding success-boosting exports by 70% - the lack of a clear strategic framework risks undermining Switzerland's ability to protect its sovereignty and economic interests.

Ultimately, the takeaway from this high-level exchange was both sobering and inspiring. China is not standing still. Neither should Switzerland. With the right strategy, partnerships, and mindset, Switzerland has much to gain by strengthening its ties with one of the most influential actors in the global innovation landscape. As Franz Grüter aptly stated, "Now is the right time to foster and create new partnerships." The future is being built in China-and Switzerland should be at the table.

Detailed Report

The Innovation, AI and Digital Security Seminar, organized by Alliance Digital Security Switzerland ADSS with the financial support of the Trade Fair and Project Committee (TFPC) and ICPRO GmbH, brought together more than 25 Swiss delegates from politics, business, academia, and public administration for an intensive one-week program in China. Recognizing the scale and pace of the Chinese advancing innovation ecosystem, the seminar participants embarked on a journey to engage directly with China's key innovation hubs in the Greater Bay Area - GBA and the Yangtze River Delta - YRD, which are constantly cited as the Chinese economic powerhouses:

- **Hong Kong (GBA)** – a global finance and deep tech hub with international connectivity, connecting mainland China to the global market.
- **Shenzhen (GBA)** - China's Silicon Valley with major tech giants and unicorns. It is the leading hub for consumer electronics, electric vehicles and drones with companies such as Huawei (global tech powerhouse), Tencent (WeChat), DJI (Drones) and BYD (Electric Vehicles).
- **Shanghai (YRD)**–Leading in economic output and foreign investment (YRD). Hence, also hosting numerous multinationals, such as Schindler.

The seminar aimed at gaining first-hand insights into China's innovation ecosystem, building new bridges, exploring partnerships and identifying opportunities for future collaboration, as Andreas Kaelin, the leader of ADSS and the seminar, highlighted. The following is a summary of insights gained during the seminar to provide context and specific collaboration opportunities for Switzerland to further advance its ICT- and innovation sector.

Bilateral Sino-Swiss Relations: 75 Years of Trust

Franz Grüter, National Councilor and President Alliance Digital Security Switzerland officially opened the seminar at the Harbour Grand Hotel in Hong Kong. He stated that "especially in the turbulent times we experience today, a strong dialogue between China and Switzerland is important." In fact, Switzerland and China maintain strong diplomatic ties built on trust and early engagement for many years. Switzerland was one of the first Western countries, that recognized the People's Republic of China in 1950. Over 75 years, this relationship has evolved into deep cooperation, especially in trade and science. With the 2014 Switzerland-China Free Trade Agreement (FTA), trade has been further boosted by over 70% and continues to grow.

The trade war conjured up by US President Donald Trump has direct consequences for Sino-Swiss relations. Both countries want to look more closely for common ground and move closer together, especially on trade issues. According to an article by NZZ, Federal Councilor Ignazio Cassis and Wang Yi have agreed on 24 April 2025 in Peking, to expand the Free Trade Agreement at higher speed (NZZ, 2025). At the Sino-Swiss Business Forum in Shanghai, Franz Grüter concluded his speech in reference to this article, that "now is the right time to foster and create new partnerships".

As the visit coincided with the 75th anniversary of diplomatic relations between China and Switzerland, InvestHK wrote in in their media release, that the visit is "symbolising a shared commitment to further collaboration in technology, education, trade, and sustainable development" (InvestHK, 2025).

China's transformation: What has changed?

China's evolving model challenges outdated stereotypes and positions it as a central force in the emerging multipolar global order. With over 1,000 Swiss companies now active in China (according to ambassador J. Burri roughly 850 Swiss companies in mainland China, more than 1000 if you include Hong Kong) and a trade balance that turns positive when accounting for precious metals (SECO, 2024), Switzerland has positioned itself to benefit from the rising giant, as Mr. M. Thür pointed out. This makes Switzerland a big investor in China. China is also Switzerland's fourth biggest trading partner, after the USA, Germany and Italy, as J. Burri concluded.

From the world's factory to global tech powerhouse

According to Markus Thür, China has undergone an extraordinary transformation, evolving through four strategic phases-from the 1978 economic breakthrough marked by the creation of Special Economic Zones like Shenzhen, to today's ambition of global technological leadership. In fact, China is moving away from its historical role as the "world's factory" toward positioning itself as a "global technology powerhouse". This shift is reflected in a series of state-led initiatives, including "Made in China 2025" (MIC2025 - 中国制2025) – announced on the 13th Five Year Plan in 2015: An industrial policy aimed at making China dominant in global high-tech manufacturing and reducing its dependencies on foreign actors, as Mr. M. Herrmann pointed out. In the 14th Five Year Plan in 2021, the "Dual Circulation policy" (国内国际双循环) was announced, based on two types of circulation: Domestic and International. This policy intends to foster the domestic demand, which was largely inexistent up until now.

Awakening of the Sleeping Panda: From investment to consumption

Markus Thür noted, that China's middle class-the "sleeping panda" (referring to China's previous image as a passive, low-cost manufacturing hub, focusing on exports rather than domestic consumption, innovation or competition) -holds enormous untapped consumer potential. As China's growth model reorients toward domestic demand, innovation, and social resilience, the metaphor of a "sleeping panda" no longer applies; China now encourages domestic consumption, intra-national competition, and science-based entrepreneurship, as M. Herrmann stated.

Increasing quality: Leaving behind the 'copy-paste paradigm'

While Swiss perceptions of China are still shaped by low-cost platforms like Temu, the on-the-ground reality reveals a rapidly modernizing and increasingly sophisticated economy. According to Mr. M. Solioz, Chinese factories are becoming highly automated, raising quality standards on the supply side. Further, China operates at immense speed: A new factory can be built and be fully operational within six months, which is way beyond Europe's capabilities. The Swiss Business in China Survey suggests that China is now the most innovative player in the global competitive landscape. "Innovation in China is real, and it's different," as Ph. Roesle, CEO of Swissnex China stated, noting that China spends over CHF 400 billion on R&D annually, produces 27% of the world's most-cited publications, and leads in 37 of 44 critical technologies. Hence the report suggests, "created in China" to replace "made in China", leaving behind the "copy-paste paradigm" (Casas-Klett, Musy, & Xiao, 2024). The delegation has visited Poizon in Shanghai. Poizon is an E-Commerce company with 500 million registered users. The company features an authentication process, making sure no "fake products" are distributed via their platform. The rise of Poizon might be interpreted as an indication of China's rising quality expectation on the demand side too - especially among the young.

Huge infrastructure advancements

China is also heavily investing in its expansive infrastructure. Examples are large-scale projects such as the high-speed trains connecting major cities: It takes only 4.5 hours from Beijing to Shanghai for the 1318 km journey (equals twice the distance of Zurich-Berlin, which would take 17 hours by train). Part of this railway connection forms the world's largest bridge (164.8km) built in 2010. In 2018 China has built the world's longest, 55 km sea crossing bridge, connecting Macao and Hong Kong. With its large public transport network, including subways, China allows excellent flows of goods and passengers. This also requires the rewriting the perception of overcrowded mega cities: Seminar participants were particularly surprised, how well public transport and traffic works in China. As a result of the well organized public transport system, the above surface traffic in mega cities runs surprisingly smooth.

The Energy Transition: Electric Vehicles, Batteries and Solar Panels

China's energy transition is a strategic national priority, with a strong focus on electric vehicles (EVs) as a cornerstone of its low-carbon future. The country is leading in EVs, batteries, and solar panels. It reflects the governments support and its ability to create entire ecosystems. To boost EV adoption, the government has introduced powerful government policies and subsidies that encourage EV adoption, while traditional petrol cars face restrictions and higher costs. For example, no costs occur for the purchase of EV license plates (green plates), where traditional plates for petrol cars (blue plates) can cost thousands of dollars, as we learned from a tour guide in the city of Shanghai. As a result, there are many EV's on

Shanghai and Shenzhen's streets. Shenzhen – in fact - exemplifies China's commitment, with one of the world's highest densities of EV charging stations. Shenzhen strives to have one charging station every 500 meters, making electric mobility convenient and accessible. The shift became especially evident when visiting an innovation exhibition at Huawei's campus: Huawei is accelerating innovation in this sector, developing cutting-edge EV components and energy management systems, solutions for EV-charging stations, batteries and solar panels that enhance performance and efficiency. The automotive market, for example, is a very young, but strongly growing market for Huawei (+ 474%), as Sean Yang explained.

Turbulences in Chinese market

The Swiss Business in China Survey, cited by Mr. M. Thür and S. Bachmann, highlights key challenges for Swiss companies, including geopolitical tensions, fierce competition, and economic slowdown. Still, as Mr. Thür noted, the market remains "extremely important and profitable". S. Bachmann added that while the market is complex, "no Swiss company has left China", reflecting the results of the survey: Swiss companies in China express continued positive views of China's potential but apply a significantly more cautious approach. B. Jaeggi used the term "wait and see strategy". He also observed, that companies are hedging risks by setting up regional bases in Hong Kong and Singapore or distributing manufacturing capacities also to Vietnam, India, and others. At the Sino-Swiss business forum, panelists emphasized the need for strong localization amid shifting demands and stricter regulations. Swiss quality remains valued, but success now depends on "going niche" and producing locally to meet competitive and regulatory pressures. The Swiss Business in China report confirms this observation (Casas-Klett, Musy, & Xiao, 2024).

Data classification and localization (cross boarder data transfer CBDT)

Regulation has been highlighted as a key challenge for Swiss businesses operating in China. The regulatory environment in China is known for its unpredictability and short implementation timelines. These issues remain a perennial concern for Swiss companies operating in China (Casas-Klett, Musy, & Xiao, 2024). On the one hand there are policies that encourage the localization of production in China, on the other hand, there are complex data regulations. This summary sets out to shed more light into the latter. We had the pleasure of receiving an in-depth briefing from Mr. Michael Weng, Partner at Shihui Law, who frequently advises Swiss companies on the management of data.

Swiss companies operating in China must navigate a complex and evolving data governance regime, shaped by key laws such as the Cybersecurity Law (2017), the Data Security Law (2021), and the Personal Information Protection Law (2021). These regulations impose obligations based on a data classification framework that distinguishes between personal information (e.g. browsing history, preferences), sensitive personal information (e.g., biometric or financial data: Interesting fact; biometrical data such as facial recognition is widely used to make payments in China or as we learned from Schindler, also to manage the people flow in elevators), and important data linked to national interests (e.g. critical infrastructure). While China's regulatory focus differs from Europe-prioritizing both national data security and privacy rather than solely consumer rights-its rules are generally broader and further developing. One of the main hurdles for foreign firms is data localization: certain data must be stored and processed within China, particularly when handled by critical infrastructure operators or when thresholds of personal data volume are exceeded. Although remote access by foreign staff is typically not treated as a cross-border transfer, any actual data export (e.g., to Europe or the U.S.) often requires a security assessment or regulatory filing. Cross-border transfers may be permitted through standard contractual clauses (SCC) – which is a self-assessment approach (quick, simple and recommended), certifications by the government (concerns over external access to internal systems remain) or narrowly defined and rarely granted exemptions. Mr. M. Weng assured, "China's approach is not to block data flows entirely, but to enable responsible sharing". Recent regulatory easing in special economic zones has increased data thresholds, providing some relief for smaller firms; nevertheless, companies must remain vigilant in aligning their data handling practices with Chinese law to maintain trust, protect reputation, and ensure market continuity. As this is a complex field, Swiss companies are advised to consult local counsel to ensure compliance.

Visiting the Innovation Hotspots

The delegation visited Hong Kong, Shenzhen and Shanghai. As these cities are hugely different and unique, the following will highlight the context, they are operating in, its distinctive characteristics and opportunities for Switzerland.

Greater Bay Area (Hong Kong and Shanghai)

Strategically situated within the Greater Bay Area (GBA)-a cluster of 11 cities including Hong Kong and Shenzhen anchors a $2 trillion GDP regional economy with a population of 87 million in 2024 (Gov HK, 2024 a) (Gov HK, 2024 b). Home to 22 Fortune 500 companies-17 in Guangdong (Shenzhen) and five in Hong Kong-the GBA contributes 37% of China's exports and would rank as the world's 12th largest economy, according to Markus Thür.

Hongkong: A Strategic and Stable Gateway to China

The delegation was honored to welcome Mr. Daniel Freihofer, Consul General of Switzerland in Hong Kong and Macau, Mr. Benno Jaeggi, Co-President of the Swiss Chamber of Commerce in Hong Kong, Mr. Michel Solioz, Managing Director, Eurogroup Far East LTD as well as officials from the HKSAR government, Mr. Arnold Lau, Associate Director-General at InvestHK and Mr. Daniel Cheung, Deputy Commissioner (Digital Infrastructure) from the Digital Policy Office for first hand insights into the local ecosystem.

"One Country, Two Systems"

Hong Kong holds a special role within the Chinese market. "Hong Kong is not just a gateway – it is a launchpad for success", as Arnold Lau put it. Under the "One Country, Two Systems" principle, Hong Kong retains its own legal, financial, and political systems, offering direct access to China while maintaining international standards. It also reclaimed its title as the world's freest economy (The Fraser Institute, 2024). Located in the Greater Bay Area, Hong Kong offers top-tier infrastructure-including one of the world's busiest airports and seaports, 5G coverage, and blockchain-ready regulation. With low, simple taxes and no restrictions on foreign ownership, the city is a magnet for international business (A. Lau, 2025).

It's distinctive positioning, makes Hong Kong a highly interesting city for companies – among them many Swiss companies - to enter the Chinese market. This did not remain unnoticed by the Swiss. Hong Kong hosts a large Swiss business presence: 1,600 Swiss nationals in Hong Kong and 270 companies employing over 18,000 people. This is due to its favorable business environment on the one hand, but also highly important – as Mr. D. Jaeggi mentioned - due its high attractiveness for individuals (e.g. 40% of Hong Kong are nature parks, high education standards). In 2024, Hong Kong was Switzerland's 5th largest trading partner in Asia with CHF 15 billion in trade and an export surplus of CHF 5 billion, as Mr. D. Freihofer mentioned. Swiss firms are active across finance, logistics, life sciences, procurement, and increasingly digital innovation. Shared values like stability, innovation, and global connectivity make Hong Kong a natural fit, as both D. Freihofer and D. Jaeggi confirmed.

A standout example is Eurogroup Far East, fully owned by Coop Switzerland. It is Coop's sourcing hub, which manages 700 suppliers (chosen out of 100'000s) in Asia and roughly 600 product categories while ensuring Swiss compliance standards, as Mr. M. Solioz explained. Eurogroup Far East buys all the products – from food, furniture, shopping carts, electronics to textile from Asia and ships mainly to Europe. "Hong Kong as a gateway in China is the perfect way to have the headquarters. It's the open door to China", as Mr. M. Solioz stated.

High investments in Cybersecurity and AI

The Hong Kong Special Administrative Region (SAR) is investing heavily in digital trust. As Mr. D. Cheung highlighted, the Digital Policy Office (DPO) launched a HKD 3 billion (roughly USD 385m) AI subsidy scheme and built a national AI Supercomputing Centre and Generative AI R&D Hub.

In November 2024, the city conducted its first real-world cybersecurity attack-and-defense drill, simulating live attacks to test government response and resilience. A second drill is planned for October 2025. These are part of a broader framework that includes regular penetration tests, surprise audits, and mandatory cybersecurity training. It is another similarity, Hong Kong and Switzerland share: Similar to the

HKSAR, Switzerland has – although not state financed - the National Test Institute for Cybersecurity NTC, which is doing regular penetration tests on critical infrastructure.

Hong Kong and Mainland China relations

Hong Kong is a part of China, however governed as a Special Administrative Region SAR. Before the British government handed over Hong Kong in 1997, China agreed to allow the region considerable political autonomy for fifty years under a framework known as “one country, two systems”. While Mainland China is exercising substantially increased pressure on Hong Kong (such as through the imposed National Security Law in 2020), room to maneuver is continuously granted. Mr. B. Jaeggi personally expects Hong Kong to remain its unique position, as he believes Mainland China has recognized the many benefits they can reap from Hong Kongs special status, such as capital and people flow. In his view, the times where it was discussed, whether Hong Kong will simply be integrated as another Chinese city, are over.

Shenzhen: From Fishing Village to Epicenter of The Tech Renaissance

In Shenzhen, our delegation received Mr. Markus Thür, Consul General of Switzerland in Guangzhou, Mr. Kuno Gschwend, Chief Investment Officer and Deputy Head at Swiss Business Hub in China and Mr. Markus Herrmann Chen, Co-Founder and Managing Director, China Macro Group. Further the delegation visited the Huawei Campus, where Sean Yang, Director of Huawei Global Cyber Security & Privacy Office, Michael Yang, CEO Huawei Switzerland, Lihua Pu, Vice President Business Environment Affairs received our delegation.

At the Huawei campus, our delegation received an introduction into the economic development of Shenzhen by Mr. Sean Yang and Mr. Michael Yang. Shenzhen has transformed from a humble fishing village with just 300,000 residents in 1979 into a dynamic metropolis of over 18 million, boasting an average age of 32.6. This metamorphosis is no accident. As China's first Special Economic Zone (SEZ), Shenzhen benefited from Deng Xiaoping's 1979 economic reforms, offering investors tax incentives, land lease benefits, and operational autonomy. These policies catalyzed a 40-year average annual GDP growth of over 20% - which is globally unique, positioning Shenzhen as one of China’s most vital economic engines.

Leading in EV, leading in Drone, Headquarter of Huawei

Shenzhen is now the hub of China’s high-tech sector, home to giants like Huawei (ICT and cybersecurity), Tencent (digital ecosystems), Beyond Your Dreams BYD (EVs), and DJI (drones). It reflects its versatile innovation capacity. The city's innovation ecosystem thrives on government-academia-industry synergies, a robust supply chain, and youth-driven energy. With limited historical university infrastructure, Shenzhen has compensated by attracting a high volume of postgraduates and fostering close cooperation with firms and research institutions, both locally and internationally.

Huawei: Much more than consumer electronics

Huawei – often associated with Mobile consumer devices, operates in many different fields. 50% of their revenue stems from ICT Infrastructure (Connectivity & Computing). Their other focus areas comprise of cloud, intelligent auto solutions, digital power and devices. Huawei alone employs over 210,000 people globally, 54% of whom are in R&D, investing $170 billion in innovation over the past decade.

Especially interesting was, to learn about Huawei’s innovation in the field of Electric Vehicles (EV), including ultra-fast charging infrastructure, advanced driving systems, and collaborations with automakers to develop and produce EVs. As Michael Yang stated, “We are not producing cars ourselves, we help car makers build exceptional cars”. China’s advances are visible in many examples: For example, Huawei’s EV charging station has a power of 600 kW, while the current maximum power of EV charging stations in Switzerland is 450 kW. The rollout of these charging stations in China in ongoing. In Shenzhen its number has already surpassed the number of traditional petrol stations.

Huawei is also engaged in Photovoltaic, delivering the technology that matches the solar panels bought from partner organizations. Huawei is also operating in finance, providing redundant backup solutions: Excluding North America, 50 out of 70 banks globally use Huawei solutions. Further, Huawei offers several remote steering solutions, for example for the distribution of containers at seaports or the steering of excavators on stone mining sites, increasing the safety and convenience of staff, while optimizing processes. Impressive was also Huawei and NVIDIA’s joint-project, that allows AI to suggest and execute

actions to and for users with fully integrated payment options – such as ordering taxis or meals based on preferences and daily routines.

Cybersecurity and AI governance are particularly advanced, with Huawei pioneering rigorous internal audit systems and threat testing protocols. Huawai has also launched HarmonyOS-based devices (a next gen open-source operating system for screens, tablets, wearables and cars) after losing access to U.S. technologies. Their AI governance framework includes responsible AI design and sector-specific model deployment, built atop strict privacy and post-quantum security standards, as Sean Yang explained.

Swiss engagement in Shenzhen is robust, featuring over 160 companies in Guangdong Province, including ABB, Bühler, and Swisslog. Huawei itself employs over 400 people in Switzerland and collaborates with ETH Zurich on next-gen data and energy storage. Huawei's 5G, cybersecurity, AI, and green tech divisions-some rooted in Swiss academic partnerships-also serve cantonal and federal agencies including SBB and ASTRA. The focus areas of export promotion in China are food, machinery, high precision automation and medtech, as K. Gschwend highlighted.

In sum, Shenzhen embodies China's ambition for global tech leadership, serving not only as a high-growth manufacturing but also as an innovation hub.

Yangtze River Delta (Shanghai)

Of the four Chinese Regional Economic Clusters (RECs), the Yangtze River Delta YRD takes the lead. The region's unique strategic position allows it to connect horizontally into central China through the Yangtze River and vertically to China's wealthy coastal regions via the ocean and vast canal networks. Over 40% of Chinese exports pass through the YRD. Further, the cluster also leads in foreign direct investment into China. With its almost 30% share in realized FDI, the YRD is a strategic area within China and globally (PwC, 2024).

Shanghai: Swiss Industry Meets Chinese Dynamism

In Shanghai, our delegation received Ambassador He. Jürg Burri, Mr. Sacha Bachmann, Consul General of Switzerland in Shanghai, Mr. Michael Weng, Partner at Shihui Law, Ms. Venchi Fan, Director of Management Consulting of Tencent Cloud, Mr. Anthony Huang, VP, POV BU General Manager of Pony.ai. The delegation visited Schindler, where it was received by Robert Boog, Managing Director Global Large Projects at Schindler and followed the invitation to the Sino Swiss Business Forum event, organized by Swiss Cham in Shanghai. Further, Philippe Roesle, CEO Swissnex Shanghai and Consul, offered a valuable insight into the Chinese innovation ecosystem and startups that integrate into the Chinese market.

Mr. Sacha Bachmann gave us insights into the Shanghai innovation ecosystem. Shanghai, once called the head of the Dragon, to symbolize the city's leading and pioneering role in China, is China's economic capital. Shanghai, with its surrounding Yangtze River Delta, accounts for a quarter of China's GDP and a third of its foreign trade despite occupying only four percent of the country's land. Its GDP is equivalent to that of Germany, while the Yangtze Delta's population (240 million people) would rank as the sixth largest country globally.

Shanghai is the key driver behind national policies aimed at attracting FDI. Within this context, Shanghai is spearheading national efforts to move up the industrial value chain, with stated ambitions to become China's capital for AI, biomedical innovation, and new energy vehicles. This is where S. Bachmann sees opportunities for Swiss companies.

Switzerland's economic footprint in Shanghai is substantial and strategic. With over 500 Swiss companies in the region, the city hosts the highest concentration of Swiss enterprises in China. Many of which are multinationals but also many small- and medium-sized hidden champions, as S. Bachmann laid out. These companies are leaders in fields like precision engineering, pharmaceuticals, financial services and cutting-edge technology. They benefit from Switzerland's reputation for high quality and innovation, and find a dynamic environment for market engagement, R&D, and production in Shanghai. According to S. Bachmann, there is a very high need for Swiss high quality niche goods, services and equipment to

develop China's technology. "The Chinese market is not optional, it is a must, if you are in industries such as medical, aerospace, automotive, marine, semiconductor, machinery, high tech or high-quality consumer goods", he stated. Another opportunity, S. Bachmann is profound of, are secure data centers: Providing trust, localization, and compliance with Chinese data protection laws.

In Shanghai, the delegation visited Schindler China, a flagship example of Swiss industrial integration in China. Schindler opened the first Western industrial joint venture in China in 1980 and now operates a high-tech campus serving metro systems, airports, and mega-towers across Asia. The company is actively engaged in digitally upgrading existing elevator systems, adapting to the challenge of managing long-term infrastructure in a rapidly modernizing environment.

Robert Broog explained, that 80% of the buildings that will be in existence in 2050 already exist. "Our challenge is not to build something new – but to make installed elevators ready for the next 20 years."

Schindler is leveraging AI and digital technologies to transform its traditional engineering business into a predictive, service-oriented enterprise. Their deployment of facial recognition, remote diagnostics, and predictive maintenance-built on large-scale real-time data-illustrates how a legacy manufacturer can adapt to an increasingly software-defined business environment.

Schindler operates its largest escalator production site and its tallest test tower globally in Shanghai. The delegation had the chance to visit the impressive Schindler factory and the test tower.

Cybersecurity and AI

Artificial intelligence and cybersecurity emerged as core topics during the seminar, particularly in light of China's increasingly sophisticated regulatory environment. Presentations by Pony.ai (a global leader in autonomous mobility technology) demonstrated how Chinese tech companies are integrating AI into daily life, urban infrastructure, and global deployments. Pony.ai, for example, shared insights into its fully autonomous Robotaxi operations in Shanghai-running without remote human operators and governed by real-time machine learning. It provided tangible proof of how AI is being deployed at scale in urban mobility.

Switzerland's China strategy

The Macro Group, a European management consulting and research firm, that focuses on serving strategic decisions on the Chinese market, was mandated by the Federal Council to review the China strategy of the Swiss government. Markus Herrmann, CEO, offered a critical evaluation of Switzerland's China Strategy 2021–2024, noting that most of its instruments had limited impact. He highlighted a clear disconnect between federal-level policy and cantonal implementation: while the federal strategy articulates balanced principles, it lacks the geopolitical clarity needed to empower subnational actors. As a result, cantons remain cautious and politically vulnerable in their engagement with China, often reacting to external media, parliamentary and international pressure. Neither Switzerland nor the EU have yet articulated a comprehensive and coherent new China strategy, leaving both exposed to external dynamics without a clear analytical framework. The need for a new, analytically grounded strategy that aligns with today's multipolar realities and EU-China dynamics-and that is informed by a clear understanding of geopolitical influences-was strongly emphasized by M. Herrmann.

The Swiss Free Trade Agreement with China, which came into effect in 2014, on the other hand has been largely viewed as a huge success. Swiss exports to China have increased by 70% in that time, and the agreement's 70 percent utilization rate by Swiss companies far outpaces the 40 percent figure for Chinese firms, indicating a high level of strategic engagement from the Swiss side, as S. Bachmann highlighted. Further, since November 2024, Swiss are granted visa-free entry into China.

Swiss Ecosystem and Success Story

Switzerland has an embassy in Beijing and three consulates in Hong Kong, Shanghai and Guangzhou, according to J. Burri. Swiss companies, that wish to enter the Chinese market may tap into the established support network and benefit from the exceptional image of Switzerland, as K. Gschwend added. The Swiss ecosystem is supported locally by SwissCham (networking and information platform for Swiss

companies in China and Chinese companies interested in Switzerland), Swissnex (global science and innovation outpost), the Swiss Business Hub by Switzerland Global Enterprise (international trade and investment promotion), Switzerland Tourism (generates over 1 Mio overnights in Switzerland), and local partners such as InvestHK (FDI promotion).

Conclusion

While challenges related to data localization, geopolitical friction, and economic decoupling and downturn were acknowledged, the consensus was that China remains an indispensable partner for innovation, industrial collaboration, and market development. “The Chinese market is too huge to ignore” as S. Bachmann put it. China offers huge opportunities for a wide range of industries, where Switzerland excels. Among others, high tech, precision engineering, manufacturing, pharmaceuticals, food and others. Academic collaborations further strengthen the ties.

The seminar underscored that engaging with China, rather than retreating from it, is essential for any globally-minded Swiss institution or company looking to thrive in an interconnected and competitive world. S. Bachmann stated, that we jointly need to support the Swiss approach, which is to engage and trade with China. Further, as Franz Grüter highlighted: In light of current geopolitical developments, the time to foster and create partnerships, is now.

The Swiss Free Trade Agreement with China, which came into effect in 2014, has proven to be a crucial and successful framework. The speedy expansion of the FTA, led by Councilor Cassis is welcomed by local players. The lack of a concise China strategy – with a clear view on geopolitical influences - however, leaves Switzerland exposed to external dynamics, impacting its sovereignty. Switzerland is advised to publish a new strategy, taking the new multipolar world order into account.

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