



-Switzerland-
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GENERAL FEATURES OF TRADE POLICY

The Swiss economy is highly internationally integrated, capitalising on an open trade regime for industrial products. The agricultural sector is strongly protected and enjoys the world's highest subsidies. This fact, together with weak internal competition for a range of goods and services, causes high consumer prices which are well above the level in neighbouring countries.

Switzerland is a co-signatory of many different free trade agreements. It is a member of the WTO. With very few exceptions - these being primarily agricultural products - domestically produced goods are not afforded any protection from foreign competition. No anti-dumping law exists which aims to protect domestic manufacturers. Fundamentally, there are no quantity-based import restrictions on manufactured products.

The main trading partner is the EU, absorbing 61% of the exports and supplying 79% of the imports. Merchandise exports are concentrated in a few sectors, particularly machinery, instruments, watches, chemicals and medicinal products. Exports of commercial services are also important with about one quarter originating in the financial sector.

Switzerland-EU Trade Relations

Switzerland is coming continuously closer to the rest of Europe. While the integration process within the European Union continues to progress, Switzerland adopts many of its regulations, laws and norms.

In 1972, Switzerland concluded a free trade agreement (FTA) with the EEC itself. However the Swiss population rejected entry into the EEA in a referendum in 1992. In the period that followed, Switzerland tried to weaken the most important disadvantages of non-membership in the EEA by negotiating a series of bilateral agreements with the EU. At the same time, efforts were undertaken to increase the attractiveness of Switzerland as an economic location through the dismantling of trade barriers, liberalisation of the domestic market and by making adjustments to the country's cartel regulations.

Agreed at the political level in December 1998 at a meeting in Vienna, the sector-specific bilateral agreements between Switzerland and the European Union cover seven areas: civil aviation, overland transport, the free movement of persons, research, public procurement markets, agriculture and the elimination of technical barriers to trade.

The seven agreements were initialled in Berne on 26 February 1999 and signed in Luxembourg on 21 June 1999. The understanding is that they are to be incorporated in to Swiss and EU law once any additional procedures required on each side have been completed, including ratification by the EU Member States. Switzerland ratified the agreements on 16 October 2000 and ratification in all EU Member States was concluded in early 2002 and the seven agreements entered into force on 1st June 2002. These agreements are linked by a termination clause, which means that all the agreements came into force together and will also come to an end together if any one of them is terminated.

During EU-Switzerland summit on 19 May 2004, the leaders referred to new negotiations covering a wide

range of sectors and noted that texts had been agreed already or were about to be agreed for several sectors, such as taxation of savings, co-operation in the field of statistics... They also shared the interpretation that the provisions of the free trade agreement regarding the abolition of customs duties and duties having equivalent effect or prohibiting the introduction of new customs duties or duties having equivalent effect, provided that both parties apply no customs duties on reciprocal basis.

Trade data

- In 2003, the inflation rate was 0.6%.
- The current account balance was 9.5% of GDP in 2003.

The following table is an overview of the tradeflow between the European Union and Switzerland

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	313,353,680	503,086,910
	1997	303,135,070	505,518,290
	1998	286,891,650	490,671,620
	1999	294,210,220	497,476,170
	2000	293,610,210	539,839,040
	2001	310,964,300	554,686,580
	2002	315,283,230	556,150,250
	2003	284,863,560	554,052,330
Vegetable products	1996	65,428,100	841,606,220
	1997	66,291,450	857,171,060
	1998	73,846,520	827,306,220
	1999	86,926,790	894,299,760
	2000	82,136,430	946,383,360
	2001	95,393,510	1,008,040,210
	2002	104,167,150	1,129,234,550
	2003	115,997,040	1,170,893,430
Animal or vegetable fats	1996	8,538,570	42,522,090
	1997	8,074,690	45,667,710
	1998	7,522,040	51,424,590
	1999	7,548,990	42,044,350
	2000	8,080,800	54,327,670
	2001	6,729,470	67,062,980
	2002	7,101,370	76,597,720
	2003	6,363,290	75,473,730
Prepared foodstuffs	1996	613,703,100	1,367,871,390
	1997	628,512,620	1,405,729,460
	1998	693,747,800	1,572,555,470
	1999	744,311,720	1,720,727,360
	2000	789,511,450	1,749,898,660
	2001	838,493,320	1,909,845,330
	2002	845,328,170	2,019,948,400
	2003	892,703,030	2,065,841,430
Mineral products	1996	375,841,110	2,534,962,410
	1997	402,822,150	2,560,557,700
	1998	417,861,710	2,492,666,760
	1999	468,406,930	2,376,901,730
	2000	545,946,000	3,557,382,390
	2001	1,638,200,410	3,503,712,750
	2002	1,666,812,280	3,209,702,660
	2003	1,457,025,160	3,078,737,140
Chemical products	1996	8,709,144,120	5,735,558,890
	1997	9,159,082,720	6,374,959,990
	1998	9,689,099,220	6,989,188,790
	1999	10,256,157,640	7,589,121,690
	2000	11,028,883,250	8,407,498,230
	2001	12,447,903,090	9,591,087,100

	2002	13,967,664,120	10,414,754,660
	2003	13,516,286,500	10,271,319,430
Plastics & rubber	1996	1,882,748,870	2,502,492,030
	1997	1,928,508,300	2,579,549,510
	1998	2,055,442,440	2,666,302,400
	1999	2,075,861,390	2,772,569,260
	2000	2,253,863,370	3,118,144,530
	2001	2,317,277,200	3,182,203,660
	2002	2,365,232,840	3,114,346,300
	2003	2,448,630,230	3,193,611,670
	Hides & skins	1996	104,586,750
1997		121,400,980	461,618,910
1998		117,470,890	435,506,530
1999		124,652,250	400,767,320
2000		173,068,080	527,735,230
2001		220,586,700	646,933,010
2002		216,490,730	554,212,180
2003		244,674,220	598,245,790
Wood & wood products	1996	316,287,000	623,725,340
	1997	343,619,980	633,990,020
	1998	359,924,960	691,294,850
	1999	404,917,040	725,494,300
	2000	520,484,750	767,386,530
	2001	484,492,030	754,212,010
	2002	418,910,010	751,119,890
	2003	403,676,330	771,160,940
Wood pulp products	1996	1,338,369,290	2,360,497,590
	1997	1,414,669,640	2,448,378,120
	1998	1,517,053,960	2,481,254,350
	1999	1,587,392,090	2,537,553,680
	2000	1,775,585,470	2,828,281,310
	2001	1,818,769,480	2,829,531,650
	2002	1,767,940,120	2,817,416,820
	2003	1,757,865,090	2,705,680,780
Textiles & textile articles	1996	1,630,419,210	2,952,755,130
	1997	1,545,963,630	3,045,218,040
	1998	1,578,250,430	3,161,989,670
	1999	1,492,386,430	3,165,243,190
	2000	1,588,626,130	3,246,481,590
	2001	1,579,954,670	3,445,486,790
	2002	1,461,594,200	3,383,878,170
	2003	1,457,346,220	3,376,279,560
Footwear, headgear	1996	112,779,720	526,523,360
	1997	82,158,230	566,485,090
	1998	75,571,120	549,210,370
	1999	68,269,660	540,243,180
	2000	133,987,650	617,404,720
	2001	122,161,460	719,847,050
	2002	133,556,750	652,732,720
	2003	131,374,760	620,450,930
Articles of stone, plaster, cement, asbestos	1996	318,079,890	893,146,960
	1997	299,782,620	874,741,870
	1998	301,705,200	962,233,120
	1999	323,627,540	980,445,310
	2000	354,139,100	1,028,682,990
	2001	362,667,310	1,098,895,140
	2002	352,913,620	1,078,070,890
	2003	345,834,720	1,067,761,780
	1996	4,769,665,900	2,665,591,990
	1997	5,213,174,040	2,317,019,350
	1998	5,829,631,500	2,067,807,530

Pearls, (semi-)precious stones, metals	1999	6,269,304,130	2,276,137,430
	2000	7,732,562,100	3,682,428,550
	2001	5,464,456,210	4,586,395,360
	2002	4,500,418,070	2,806,616,260
	2003	3,982,425,770	2,090,179,250
Base metals & articles thereof	1996	3,074,656,610	3,608,716,500
	1997	3,201,719,460	3,822,596,280
	1998	3,376,855,220	4,100,992,130
	1999	3,377,007,780	3,946,705,960
	2000	3,928,304,890	4,792,372,540
	2001	3,908,785,020	4,783,043,630
	2002	3,696,354,130	4,377,903,850
Machinery & mechanical appliances	2003	3,618,924,760	4,346,832,060
	1996	10,577,335,240	9,525,496,350
	1997	10,692,062,340	9,681,270,120
	1998	12,031,499,390	11,295,723,460
	1999	12,354,409,510	12,600,390,930
	2000	13,795,724,680	14,758,994,600
	2001	14,034,577,430	15,362,367,340
	2002	12,390,097,980	14,277,374,820
Transportation equipment	2003	11,883,737,340	13,349,513,100
	1996	848,478,000	5,093,923,010
	1997	1,123,419,600	5,281,636,860
	1998	972,897,590	5,398,297,380
	1999	1,101,837,760	5,929,369,750
	2000	1,560,920,630	6,314,781,190
	2001	1,410,419,620	6,632,545,700
	2002	1,439,774,530	6,331,886,260
Instruments - measuring, musical	2003	1,364,292,430	6,640,471,860
	1996	3,642,396,070	1,610,656,340
	1997	3,768,479,200	1,696,603,760
	1998	4,213,823,400	1,807,145,570
	1999	4,577,348,630	2,002,973,540
	2000	5,308,162,120	2,301,476,080
	2001	5,972,613,630	2,480,798,360
	2002	5,999,996,650	2,577,730,500
Arms & ammunition	2003	6,191,949,920	2,589,448,810
	1996	12,485,110	22,051,020
	1997	21,883,510	41,050,280
	1998	18,387,860	25,090,990
	1999	20,923,200	26,360,770
	2000	25,965,880	25,472,670
	2001	27,904,840	75,849,170
	2002	48,961,660	48,725,690
Miscellaneous	2003	44,081,330	25,539,440
	1996	763,118,010	1,873,061,180
	1997	745,508,830	1,849,527,120
	1998	789,275,430	1,961,013,230
	1999	859,488,220	2,120,732,640
	2000	954,660,340	2,266,933,800
	2001	938,206,540	2,359,107,470
	2002	856,412,770	2,341,527,310
Works of art	2003	840,885,690	2,259,963,770
	1996	258,112,240	640,292,770
	1997	376,125,630	678,648,700
	1998	440,898,010	696,607,700
	1999	519,008,170	718,079,400
	2000	585,404,740	969,988,120
	2001	578,769,710	877,319,750
	2002	755,871,220	907,580,350
2003	431,154,370	741,640,170	

Other	1996	593,878,240	401,990,860
	1997	612,413,760	344,917,260
	1998	656,624,740	417,676,030
	1999	642,257,360	384,391,450
	2000	683,207,290	433,329,640
	2001	810,932,030	501,861,820
	2002	820,488,610	482,152,680
	2003	844,747,640	513,488,340

Agriculture and Fisheries
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The agricultural part of the 1999 Swiss-EU agreement will make it much easier to conduct trade in agricultural produce by reducing or even eliminating non-tariff barriers, through mutual recognition of technical requirements in the veterinary field, in pesticides and similar products, in "bio" agriculture, in relation to quality standards for fruit and vegetables, and so on. The agreement calls for improved access to the agricultural markets of each party for products of particular interest. As negotiated, the agreement would open the EU market to some of the most competitive Swiss products including cheeses, fruit and vegetables. Meat, wheat and milk on the other hand are not eligible for tariff reductions. Switzerland has agreed to make concessions for fruit and vegetables during the period when there is no harvest (winter) and for items that are not produced in Switzerland, or at least not in appreciable quantities (e.g. olive oil) . The EC-Switzerland agreement does not however mean an end to all efforts to protect Swiss agriculture at the country's borders.

On the Swiss side, the agricultural agreement should be seen in the context of the government's "Agricultural Policy 2002". In an effort to make Swiss agriculture more internationally competitive, the federal government has provided for certain companion measures, designed above all to "help farmers to help themselves" when it comes to bringing their products to market.

Organic products

For organic products the general customs tariffs and regulations apply. High customs duties are levied on a range of agricultural products such as sugar, cereals, vegetable oils and dairy products. For some products special import licences are also necessary which are only granted to Swiss importers. Higher customs duties are levied on processed products than on raw materials. For the import of meat and fish products, sanitary certificates are also required.

Importers pay a value-added tax of 2.4% on foodstuffs that they bring into Switzerland. The VAT rate is the same for both imported goods and those produced in Switzerland.

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TARIFFS AND DUTIES

Switzerland has an average MFN tariff rate of less than 1 percent. Tariffs on manufactures are generally low, and in principle there are no quantitative restrictions, anti-dumping, countervailing or safeguard actions. However, in a number of sectors, the market entry has long suffered from "private" or "informal" barriers which can be attributed to a legacy of weak anti-cartel legislation, specific and protective technical regulations, certain investment restrictions, and exclusive rights under intellectual property legislation.

Agriculture and Fisheries

Internal Taxation

● [040133-Special tax on "alcopops" \[2004-11-11\]](#)

By legislation which entered into force on 1st February 2004, a special tax was imposed on spirits-based ready-to-drink (RTD) mixed alcoholic beverages with a sugar content of more than

50g/litre and an alcohol content of less than 15%. These are commonly known as "alcopops". The rate of excise duty increased the rate previously applicable to spirits by 300% to CHF 116 per litre of pure alcohol. The measure raises concerns with regard to its compatibility with Switzerland's international obligations under the EU-Switzerland Agreement and the GATT (1994).

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NON TARIFF BARRIERS

With the exception of restrictions on the agricultural sector, Switzerland maintains low barriers to imports. Although the government is making some progress in liberalizing the agricultural sector, it still maintains import quotas and import licenses on agricultural products.

Licences

Most goods may be freely imported but import licences are required for certain items such as agricultural and petroleum products, some of which are subject to quotas.

Government Procurement

In the area of government procurement processes, the 1999 Switzerland -EU bilateral agreement guarantees that Swiss and foreign companies are treated equally when bidding for government contracts. The World Trade Organisation (WTO) agreement in the area of public procurement has been in force since January 1 1996. The federal government, the cantons and public law companies active in the water, transport and energy sectors must abide by WTO rules on tendering and the signing of contracts for goods, services and construction projects, if these go beyond certain thresholds. The WTO agreement served as the basis for the agreement on public procurement markets between Switzerland and the EU, which involves an even broader range of applications than in the case of the WTO text. The WTO rules already apply in both Switzerland and the EU to procurement by the local authorities in the area of local authorities, the telecommunications and rail transportation, as well as to private sector companies transport sectors and the procurements of private enterprises operating on the basis of concessions or of a special or an exclusive right are thereby liberalised if the agreed thresholds are not exceeded.

Technical barriers to trade

The 1999 Switzerland-EU bilateral agreement provides for the mutual recognition of tests, certificates, and similar proof of conformity to established quality standards, for the vast majority of industrial products.

To the extent that Swiss legislation is recognised as being the equivalent of EC legislation, a single test of conformity will henceforth be sufficient for commercialisation of the products in question in the markets of both Switzerland and the Community. Duplicate testing to establish conformity to specific Swiss or Community requirements will no longer be necessary.

In cases where Swiss specifications differ from those of the EU, further testing will remain necessary, in the one case to demonstrate conformity with Swiss legal requirements and in the other conformity to EU laws. In both cases however the tests may now be carried out by Swiss or the EU certification bodies.

Agriculture and Fisheries

Sanitary and phytosanitary measures

🟡 040067-Switzerland- Pigmear [2004-10-01]

Ban on the import from pigmeat due to CSF

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INVESTMENT RELATED BARRIERS

Switzerland is open to foreign investment and grants foreign investors national treatment. The government

restricts investment in utilities and other state-owned sectors such as the post and the railways, the operations of hydroelectric and nuclear power plants, the mining and oil sectors, marine navigation, and the transportation of explosive materials. The low ceiling on the number of foreign workers allowed in the country serves to limit foreign investment in labour-intensive industries.

Various studies have projected that investment in Switzerland will increase as a result of the 1999 EU-Switzerland agreement; the unemployment rate - already relatively low - will drop further; and price levels will recede. The agreement concerning the free movement of individuals provides for the step-by-step abolishment of the quota system for employees from the EU area. As from the year 2014, any EU citizen will be free to establish a residence in Switzerland.