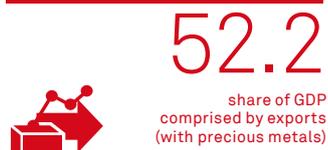




KEY FIGURES



Source: Swiss Federal Customs Administration, 2018

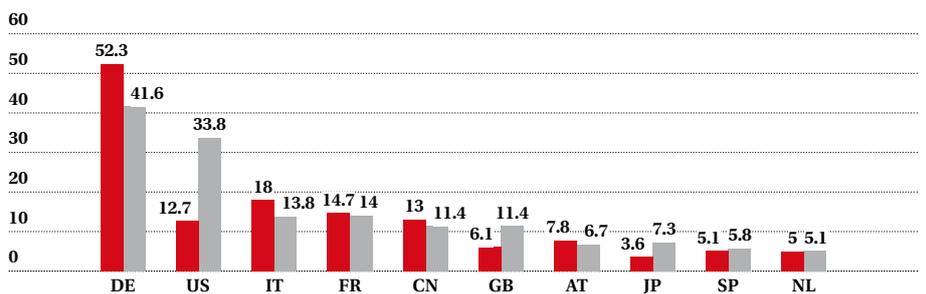
CUSTOMS AND GOODS IMPORT/EXPORT

AT A GLANCE

Switzerland is one of the most globalized nations in the world when it comes to foreign trade. With an export surplus of 35 billion Swiss francs (2017), the country generates the bulk of its wealth by exporting its goods and services. Switzerland has one of the world's most comprehensive networks of free trade agreements including with the EU and China ensuring smooth and efficient trade with other countries. Switzerland also has simple and transparent statutory framework conditions in place, as well as a highly modern customs procedure. Swiss companies are thus able to gain significant competitive advantages over their competition abroad by offering the best possible supply management.

Switzerland's 10 Most Important Trading Partners

■ Import and ■ export 2017 (CHF billion)



Source: Swiss Federal Customs Administration, 2018

The most important product groups in Switzerland

Exports	CHF billion	Share (%)
Chemical-pharmaceutical products	99	33,4
Precious metals, precious and semi-precious stones	72	24,4
Precision instruments, watches and jewelry	47	15,9
Imports		
Precious metals, precious and semi-precious stones	78	29,3
Chemical-pharmaceutical products	47	17,6
Machines and electronics	30	11,4

Source: Swiss Federal Customs Administration, 2018

OFFICIAL PROGRAM



EXTENSIVE COMPETITIVE ADVANTAGES

Free trade agreements and technical barriers to trade

The free trade agreements in place with the EU/EFTA and 40 other countries, including China and Japan, enable companies in Switzerland to benefit from huge customs savings and privileged access to numerous export markets. For exports to Germany, Great Britain, France, Italy and Austria alone, the preferential tariffs enable annual savings of up to EUR 400 million.

Free Trade Agreement between Switzerland and China: a sample calculation

Competitive advantage of a Swiss exporter of washing machines (HS Code 8422.1900) against a competitor from the EU (no free trade agreements).

Trade partners	Value of goods	Customs Duties	Final price
Exporter from Switzerland	CHF 100,000	0%	CHF 100,000
Exporter from the European Union	CHF 100,000	14%	CHF 114,000

www.seco.admin.ch > Foreign Trade & Economic Cooperation > Free Trade Agreements
Overview of Free Trade Agreements
Languages: German, English, French, Italian

www.s-ge.com/fta
Overview of Free Trade Agreements Switzerland
Languages: German, English, French, Italian

www.ezv.admin.ch > Documentation > Regulations > Circular Free Trade Agreements
Documentation for Individual Free Trade Agreements
Languages: German, English, French, Italian

How does one use a free trade agreement?

In order to benefit from the preferential duty rates provided by free trade agreements, companies have to adhere to a few principles. These principles are especially important for those companies dependent on foreign primary materials in production:

- Free trade partners offer one another favorable terms, but not to third countries. In order to ensure this is the case, free trade agreements include what are known as **rules of origin**. These rules govern the extent to which products can be obtained, produced, processed or handled in third countries.
- Should companies wish to benefit from the preferential tariffs of a free trade agreement, they must provide **proof of origin** for the products being exported.
- The rules of origin differ for each country and product. Taking the example of a washing machine in the free trade agreement between Switzerland and China (see above), the agreement stipulates that the added value in Switzerland must amount to a minimum of 50%.

www.ezv.admin.ch > Topics > Free Trade Agreements, Origins
Overview of Rules of Origin
Languages: German, English, French, Italian

The following steps should be taken to assess whether a product is eligible for export to the market of a free trade partner, whether an exemption from duty applies and whether it is worthwhile:

1. Determine the customs tariff number of the product being exported. Once the customs tariff number has been determined, it becomes clear whether the FHA has stipulated a preferential duty rate for the product.
2. If a preferential duty rate exists and this rate differs substantially from the normal rate of duty (rate of duty without a free trade agreement), it is necessary to check the product-related rules of origin.
3. If the product being exported complies with the rules of origin, the documentation for the proof of origin can be produced and the export process can be initiated.

<http://trade4free.s-ge.com>
Duty-Free in 6 Steps
Languages: German, English, French, Italian

www.ezv.admin.ch > Information for Companies > Customs Tariff - Tares
Setting the Customs Tariff Number
Languages: German, English, French, Italian

www.s-ge.com/customstariffs
Customs Database (worldwide customs tariffs)
Languages: German, English, French, Italian

www.ezv.admin.ch > Topics > Free Trade Agreements, Origin
Information on Free Trade Agreements and Origin
Languages: German, English, French, Italian

Exception clause "Accumulation"

In order to reap the full benefits free trade agreements, companies can enhance their supply chains to ensure their products comply with the applicable rules of origin. This involves the correct choice of primary materials and countries of origin.

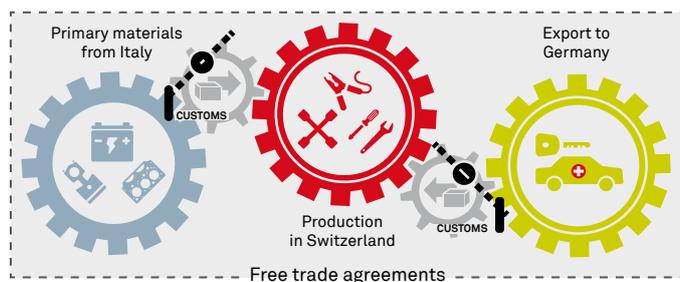
It also includes the possibility of what is known as Accumulation. In this case the company sources the primary materials for products from the trade partner. These are not subject to rules of origin, i.e. they can be used without any restriction in production.

When applied to the Japan-Switzerland FTA, this means that when exporting a Swiss product to Japan, no minimum Swiss value-added component is required, provided that the primary materials come from Japan.

The same principle applies to any free trade agreements made with multiple states such as the EU. If a Swiss product is produced using primary materials sourced from Italy and is then exported to Germany, it is exempt from the rules of origin.

The Use of Accumulation for Supply Management

Case study for free trade agreements between Switzerland and the EU



Since it can be challenging to determine and prove the origin of products, sometimes the support of specialists is required. Switzerland, being an export heavy country, has a great deal of expertise and numerous consulting services are available to companies in need of help dealing with the rules of origin and with the different free trade agreements.

How is it best to deal with technical trade barriers?

When it comes to exporting goods, most companies ensure their goods comply with the rules of origin, but that they also meet the product requirements of the export market. The relevant compliance measures are often associated with significant additional costs.

As a result of the extensive harmonization of product regulations and mutual recognition agreements (MRA) between Switzerland and the EU, these technical trade barriers have been removed from the world's largest sales market for numerous goods. The resulting annual cost savings amount to approx. CHF 250 – 500 million.

For imports from the EU/EFTA area to Switzerland, the Cassis de Dijon principle has been applied to goods that are not regulated via the MRA. According to this principle, products that are sold legally in the EU or EEA can, in principle, also be circulated freely within Switzerland without any prior inspections.

www.seco.admin.ch > Foreign Trade & Economic Cooperation
Technical Trade Barriers
Languages: German, English, French, Italian

www.s-ge.com/exporthelp
First port of call for Swiss and Liechtenstein SMEs with administrative export-related issues
Languages: German, English, French, Italian

BENEFITS OF SWISS CUSTOMS COOPERATION

Savings thanks to processing procedure

The inward processing procedure can be applied to goods that are temporarily processed in Switzerland, instead of the standard import procedure. The goods to be processed are exempted from customs duty or can be imported temporarily with entitlement to a duty refund. In certain cases, imported goods (import tax) can be exempted from value-added tax.

A similar procedure (outward processing) can be applied to goods that are temporarily exported for processing and this procedure allows for duty-free reimportation or reimportation at a reduced rate.

The inward/outward processing consists of a) handling (e.g. filling, packaging, assembly, installation and mounting) and b) processing and repairing (repairs, restoration, etc.) of goods. In both cases, the approval of the Swiss Federal Customs Administration is required.

www.ezv.admin.ch > Information for Companies > Exemptions, Concessions, Tariff Preferences and Export Subsidies > Import/Export
Outward Processing Traffic
Languages: German, English, French, Italian

Savings resulting from weight duty

Switzerland is one of the few countries in which specific customs duties - number of units, length, weight - are applied when trading. Such customs duties are calculated for the majority of trading goods based on the gross weight. This has a positive impact on the import of high-quality goods that weigh very little.

Sectors such as the luxury goods industry, which is heavily dependent on high-quality materials for production, benefit from this process. Companies can import primary materials such as gold and precious stones at low prices and then export their products (watches, jewelry, etc) with preferential tariffs to countries with which Switzerland holds a free trade agreement.

Authorized Economic Operator

Companies in Switzerland which can prove the safety of their international supply chain have the opportunity to acquire the status of an Authorized Economic Operator (AEO). This is associated with an easing of safety-related customs controls.

For companies with large trading volumes, this can lead to significant cost-savings. AEO status is recognized by states with which Switzerland has concluded a corresponding agreement, as is currently the case with the EU. Corresponding agreements are planned with other countries (Norway, Japan, USA, China and others).

www.ezv.admin.ch > Information for Companies > Register Goods > Authorized Economic Operator (AEO)
Information on Authorized Economic Operators
Languages: German, English, French, Italian

Taxes and Duties

As is the case in other countries, taxes and duties are levied when importing specific goods to Switzerland. These include value added tax (VAT) at 7.7%, which is very low in comparison with other countries (VAT in the EU: 15 – 25%). The VAT on consumer goods such as food, books and medicines is actually only 2.5%.

Other taxes and duties:

- Incentive tax on CO₂
- Heavy vehicle charges (LSVA and PSVA)
- Monopoly charges and beer excise tax (on alcoholic beverages)
- Tobacco tax
- Automobile tax
- Petroleum tax

An incentive tax is levied on products which contain specific volatile organic compounds (VOCs) (paints, varnishes, etc.) for environmental reasons.

www.ezv.admin.ch > Topics > Taxes and Fees
Customs
Languages: German, English, French, Italian

www.ezv.admin.ch > Information for Companies > Taxes and Duties > Importing to Switzerland > Incentive Taxes on VOC
VOC Duties
Languages: German, English, French, Italian

CURRENT DEVELOPMENTS

- Switzerland is currently holding negotiations relating to free trade agreements with the following trading partners: Russia-Belarus-Kazakhstan Customs Union, Algeria, Indonesia, India, Vietnam, Malaysia, Thailand and Mercosur.
- “Swiss Made” stands for quality, precision and durability. These attributes encourage the willingness of customers abroad to pay for products produced by Swiss companies. Producers in Switzerland have the opportunity to make use of this protected Swissness label. A new Swissness regulation has been in force since January 1, 2017.

www.s-ge.com/swissness
Swissness legislation
Languages: German, English, French, Italian

CONTACTS AND FURTHER INFORMATION

Authorities

State Secretariat for the Economy
SECO
www.seco.admin.ch

Swiss Federal Customs
Administration
www.ezv.admin.ch

Associations

Swiss Export
www.swissexport.ch

Association of Swiss Forwarding
and Logistics Companies
www.spedlogswiss.com

IG Air Cargo
www.ig-aircargo.ch

Swiss Shippers' Council
www.swiss-shippers.ch

Further information

Legal Basis and Foreign Trade
Statistics
www.ezv.admin.ch > Documenta-
tion > Legal foundations or >
Publications

Swissness
www.ige.ch > Swissness > Statutory
Foundations

Tools
Customs tariffs/tariff numbers
www.tares.admin.ch

Trade4Free application
<http://trade4free.s-ge.com>

Customs Database (worldwide
customs tariffs)
www.s-ge.com/customstariffs

S-GE resources

Handbook for Investors
www.s-ge.com/handbookforinvestors

Information on the Swiss free trade
agreements
www.s-ge.com/fta

Movement of goods between EU/
EEA countries
www.s-ge.com/customs

EU product requirements
www.s-ge.com/ce-marking

Value-added tax
www.s-ge.com/exporthelp

Swissness legislation
www.s-ge.com/swissness

09/2018