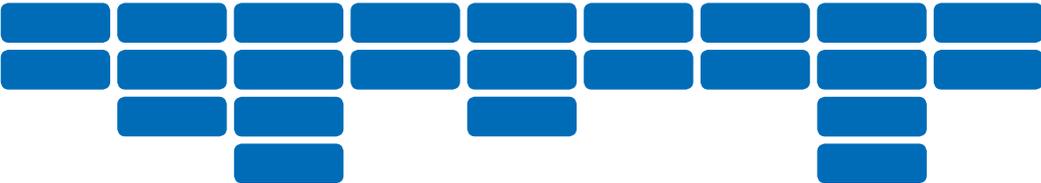




Swiss free trade agreements
Source: Switzerland Global Enterprise

Save on tariffs and improve margins Getting the most out of Swiss free trade agreements



Switzerland has concluded more free trade agreements (FTAs) than almost any other countries in the world. Import and export companies that strategically exploit these FTAs can significantly increase their competitiveness. However, such contracts are usually very complex and it is particularly difficult for SMEs to assess if and how they can benefit from them and make full use of their potential. This publication is intended for decision-makers in SMEs and provides a starting point for assessing the potential of FTAs.

It pays off – successful business cases



China: savings of CHF 350,000 thanks to an exemption from customs duties

Garaventa AG was able to ensure the preferential origin of its goods by implementing a consistent approach to free trade.

- China applies an **import tariff of 8%** on all products relating to funicular infrastructure. Thanks to the FTA with China, Garaventa AG benefitted from a reduced tariff of **1.6%**.
- China applies an **import tariff of 5%** on railway carriages. Thanks to the FTA with China, this tariff was eliminated (**0%**).
- By systematically exploiting the free trade agreement, complying with the relevant rules of origin and providing formal proof, Garaventa AG managed to **save around CHF 350,000**.
- Exemption from import duties as a result of the FTA between Switzerland and China was **a significant selling point**.



South Korea: 8% savings thanks to an exemption from customs duties

Burckhardt Compression AG was able to ensure the preferential origin of its goods by implementing a consistent approach to free trade.

- Sale of a complete compressor plant to South Korea worth **CHF 12.5 million**.
- South Korea applies an **8% import tariff** on compressors.
- By systematically exploiting the free trade agreement, complying with the relevant rules of origin and providing formal proof, Burckhardt Compression AG managed to **save around CHF 1 million**.
- Exemption from import duties as a result of the FTA between Switzerland and South Korea was **a significant selling point**.

Using free trade agreements to promote Switzerland as a location for industry and employment

- FTAs ensure the competitiveness of Switzerland as a business location.
- FTAs facilitate access to important and dynamic markets.
- FTAs create clear rules for fair trade relations between countries.
- FTAs are a powerful tool to combat Switzerland's image as an „island of high prices“ and ensure that consumers have a wide selection of goods and services to choose from.
- FTAs make it possible to set standards for occupational safety and environmental protection.
- FTAs facilitate the exchange of knowledge and technologies thanks to direct investments.

Advantages of using FTAs

- No, or reduced, customs tariffs for customers abroad.
- Tariffs are either eliminated completely or reduced, thereby improving margins.
- Competitive advantage (the EU does not yet have an FTA with China, for example).
- Increase a company's competitiveness thanks to competitively priced goods and services.
- The origin status of Swiss goods required for customs relief claims can be a selling point for the quality of a product, regardless of savings on tariffs.

Challenges of using FTAs

- Administrative burden: complex procedures for procuring, updating and retaining valid proofs of origin
- Complex processes: Requires coordination between different departments within the company (e.g. export department, purchasing department, etc.)

Management has to determine which business relationships fall under a FTA and, after weighing the advantages and challenges, assess whether this path is actually worth pursuing. Ideally, this decision should be based on a cost-benefit analysis.



Directive 30 (R-30) of the Federal Customs Administration provides updated versions of regulations and information on FTAs:

www.ezv.admin.ch/ezv/en/home/documentation/regulations.html

Need help finding out about Switzerland's FTAs and whether they could help you save on customs duties?

Contact us for advice!

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Switzerland Global Enterprise (S-GE): Tel.: 0844 811 812, e-mail: exporthelp@s-ge.com

Want to know more?

Swissmem members can find more information and useful links on our Extranet site. Just search for the term „Free Trade Agreement“.