Free Trade

The EU is by far Switzerland's most important trading partner. One of the mainstays of this economic success is the Free Trade Agreement which creates a free trade zone for industrial products that is customs and quota-free. It was signed in 1972 and is the basis of the close economic relations between Switzerland and the EU.

Two differing integration models formed in Europe in the late 1950s: On the one hand the European Community (EC), which aimed to achieve very close economic and political ties and, on the other hand, the European Free Trade Association (EFTA) of which Switzerland is still a member today. The latter was formed exclusively for the purpose of economic cooperation. In order to facilitate economic relations between these groups of countries, the then EC and the individual EFTA states concluded free trade agreements. The Swiss electorate approved the corresponding 1972 Free Trade Agreement between Switzerland and the EC with a majority of over 70%.

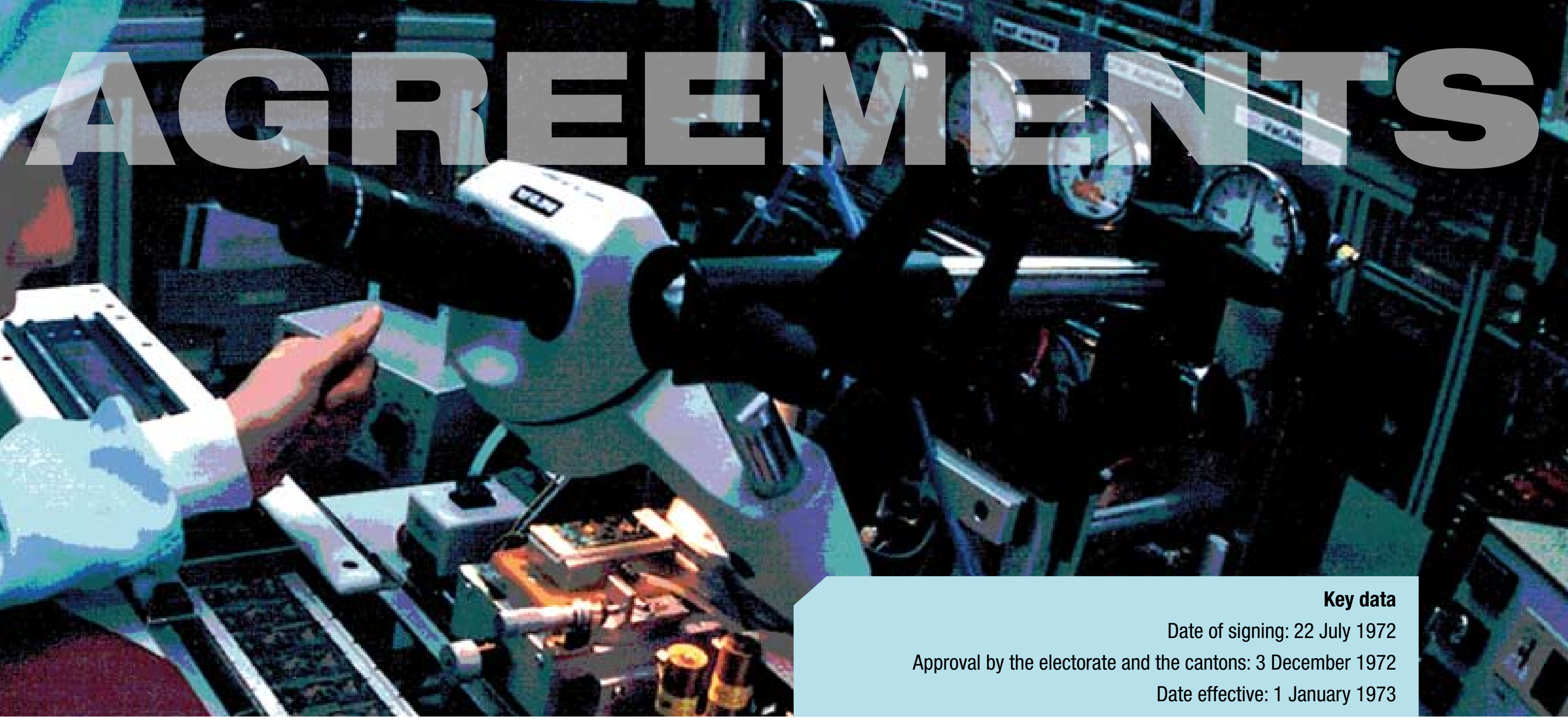
The Free Trade Agreement liberalises trade in industrial products. It prohibits customs duties or quantity restrictions and other measures with the same effect. Examples of industrial products are watches or machines. Both are important product groups for the Swiss export industry. These sectors benefit to a high degree. On the other hand, agricultural products are excluded from the agreement, although industrially processed agricultural products enjoy special status and are regulated in a special protocol to the Agreement (see Agreement on processed agricultural products).

Two thirds of Swiss exports are to the EU, four fifths of imports come from the EU. With its current 27 member states, the EU is by far Switzerland's most important trading partner. Furthermore, Switzerland is the third-largest market for the EU (2008) and, together with the USA, China and Russia, is one of the four most important trading partners.

In contrast to a customs union, the free trade partners determine their external custom tariffs and quotas for third states independently. It is for this reason that customs clearance still takes place at borders between the free trade partners. This is aimed at ensuring that imported goods only benefit from the preferential rules of the free trade agreement if they have their origin in the territory of the contract parties.

Growth

Trading volumes have grown by around 6% a year over the past ten years. In 2008, the Swiss industry exported goods worth 132 billion francs to the EU. And Switzerland imported EU goods with a value of 154 billion francs. A large proportion of these movements of goods is covered by the Free Trade Agreement.



AGREEMENTS

Key data
Date of signing: 22 July 1972
Approval by the electorate and the cantons: 3 December 1972
Date effective: 1 January 1973

“The Swiss watch industry is very export oriented and is dependent on the different import regimes. The Free Trade Agreements fundamentally favour watch sales by facilitating their export. Of particular importance are customs tariffs: Their abolition within the framework of the Swiss–EU Free Trade Agreement has made a major contribution towards the positive development of Swiss watch exports to the EU. With a 32% share of the overall volume, the EU is the second most important market for the Swiss watch industry after Asia. France, Italy and Germany are particularly important markets. We are very confident as regards the development of our exports to the new EU member states. They also benefit from the Free Trade Agreement.”

Jean-Daniel Pasche, President of the Association of the Swiss Watch Industry