

**CHINA AND SWITZERLAND:
PAVING THE WAY
WITH AN FTA**

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July 2013

The People's Republic of China and Switzerland's signing of a free trade agreement (FTA) in Beijing on July 6, 2013, is a major step for both countries that will boost their long-standing commercial relations. It took nine rounds of negotiations between China and Switzerland to lay down the terms of the comprehensive FTA. Its 1,152 pages and annexes address topics such as industrial products, processed and basic agricultural products, rules of origin, customs procedures and trade facilitations, non-tariff barriers to trade, trade remedies, and services. The FTA also covers key issues such as intellectual property, investment promotion, plus economic and technical cooperation.

Although the European Union (EU) remains Switzerland's principal trading partner, non-EU markets are growing in importance. Currently, 40 percent of Switzerland's exports are heading outside of the EU and this percentage is constantly growing, especially in Asia, which contribute directly and significantly to Swiss exports¹. Thus, China ranks as Switzerland's largest trading partner in Asia and the third-largest among all trading nations. Trade figures between China and Switzerland are indeed impressive. Switzerland has sourced CHF 10.3 billion (approx. USD 10.8 billion) worth of goods from China, while it has exported goods to China worth 7.8 billion (approx. USD 8.2 billion)².

One major implication of the FTA is that it will improve and secure market access for Swiss goods and services to China while strengthening the protection of intellectual property. Among the different areas covered by the FTA, the trading of goods plays a crucial role. The consequences of the FTA are far reaching since they will reduce or literally eliminate trade duties between Switzerland and China. For example, the Swiss watch industry will directly benefit from the FTA since the duty on watches exported to China should drop by 60 percent³.

¹ <http://www.seco.admin.ch/themen/00513/02655/02731/04118/index.html?lang=en>

² <http://www.ezv.admin.ch/themen/04096/04101/05230/05232/index.html?lang=en>

³ <http://www.fhs.ch/en/news/news.php?id=1178>

As previously mentioned, another area covered by the agreement is services. The agreement provides provisions in relation to market access and national treatment. It also goes one step further compared to the WTO's General Agreement on Trade in Services by including various other services, such as those in the environmental, financial, and logistics sectors.

Intellectual property is also at the heart of the FTA and the protection granted under this agreement goes beyond Agreement on Trade-Related Aspects of Intellectual Property Rights standards. IP enforcement and protection is enhanced since custom authorities will be able to seize goods during both import and export if they suspect cases of counterfeiting or piracy. Customs officers on both sides will be able to analyze seized goods and, when necessary, retain them in order to confirm their genuineness. This provision applies equally to infringement regarding trademarks, patents, designs or copyrights.

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