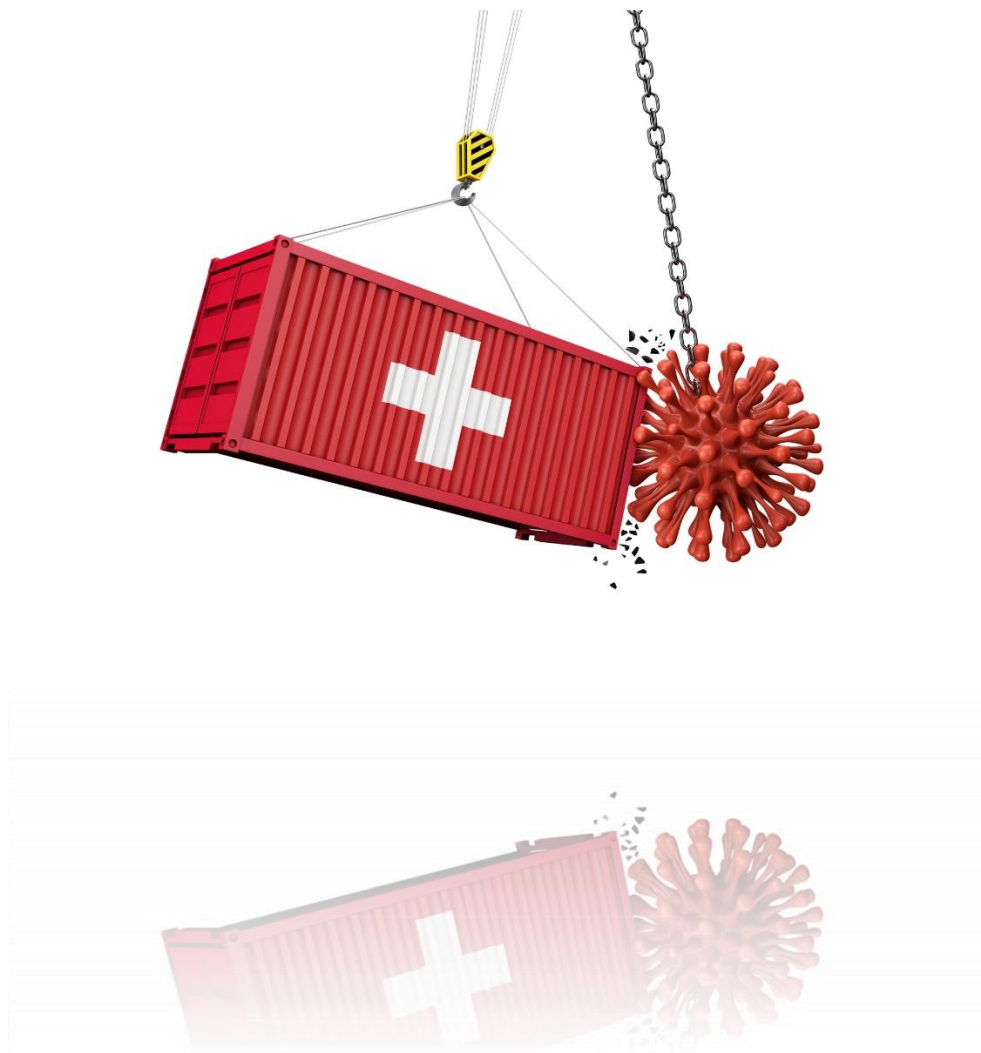


Annual report

Swiss foreign trade in 2020



Swiss foreign trade in 2020

This report is based on the business cycle total (Total 1), i.e. excluding trade with precious metals, precious stones and gems, works of art and antiques. Any contributions excluded from this contain a corresponding reference.

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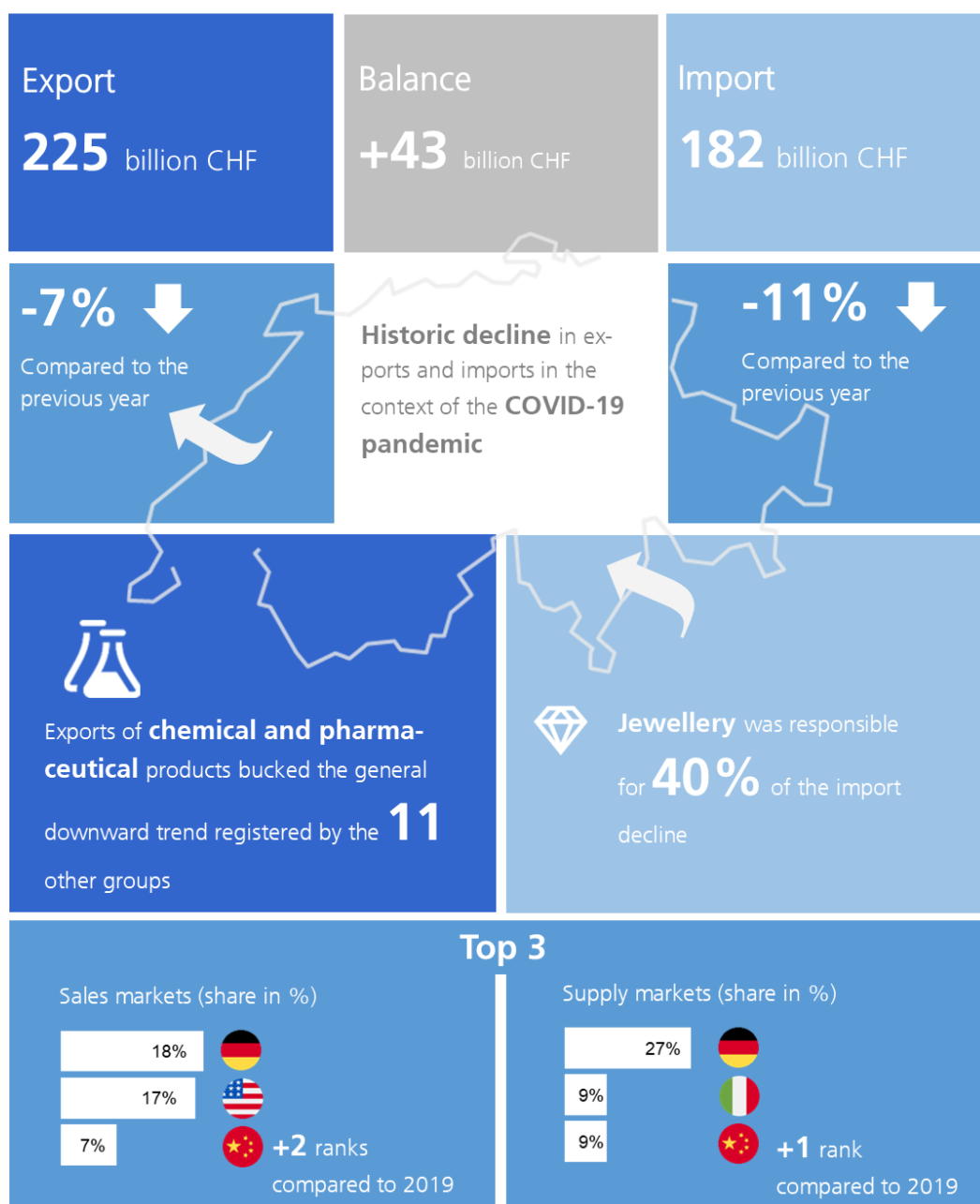
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Key figures 2020



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Overview

Switzerland in global trade

Slump in second quarter shapes negative annual result¹

In 2020, global trade volumes fell sharply due to the COVID-19 pandemic. Overall, the decline was 5% in real terms; in nominal terms it was even more substantial at 8%. The downturn was due to the second quarter, when the lockdowns in several countries led to a 15% drop in real terms compared to the previous year. However, the second half of the year subsequently saw a recovery. In terms of value, global exports fell to USD 17,583 bn.

Only Asia reports growth in exports

The COVID-19 pandemic affected foreign trade in all regions of the world in 2020. On the export side, North America recorded the strongest decline (-9%), but Europe, Africa and the Middle East (-8%) also experienced similar falls. The decline was less significant in Central and South America (-5%) and in the Commonwealth of Independent States CIS (-4%). Meanwhile, exports from Asia continued to grow, albeit at a slower rate (+0.3%) than in previous years. On the import side, Asia recorded the smallest decrease at 1%, while the Middle East (-11%), Central and South America and Africa (both

-9%) were particularly affected. Supplies to Europe and North America also fell by 8% and 6% respectively year on year.

Switzerland in 17th place in both directions of trade

In 2020, China, the United States and Germany were again the top 3 in the global country ranking. Together, they accounted for one third of the total in both directions of trade. Almost all countries recorded export declines. Among the major suppliers, exports from the United States and Canada (both -13%), France (-15%) and the United Kingdom (-14%) decreased. Conversely, China, the largest exporting country (share in 2020: 15%), and Hong Kong registered increased supplies. Switzerland, meanwhile, moved up two places to 17th place with exports worth USD 319 bn² (+2%, due to exchange rate changes). In terms of imports, the purchases of all countries in the top 15 fell year on year. However, China and Hong Kong saw a drop of only 1%. By contrast, the purchases of Japan, France, Italy and Spain fell by more than a tenth. Switzerland, meanwhile, retained its 17th place with imports worth USD 291 bn (+5%, due to exchange rate changes) and a share of 1.6%.

¹See WTO press release of 31 March 2021 „ [WTO | 2021 Press Releases - World trade primed for strong but uneven recovery after COVID 19 pandemic shock - Press/876](#)“. All data and definitions of world regions in this article are in accordance with WTO usage.

² Due to the inclusion of the general total, i.e. (including gold trade) in respect of Switzerland, the results published by the WTO are higher than those in the other sections (business cycle total) of this annual report.

Overview of Swiss foreign trade in 2020

Pandemic leads to historic losses in both directions of trade

Swiss foreign trade was not spared from the COVID-19 pandemic. After four consecutive years of positive results, imports and exports declined in 2020, amounting to CHF 182.3 bn and CHF 225.3 bn respectively. The record value in the trade balance recorded in the previous year widened to CHF 43 bn, due in particular to the fact that imports fell more sharply, by -11% (CHF -22.8 bn), than exports, which decreased by -7% (CHF -17.1 bn). The decline in imports and exports was even more marked in real terms (-13% and -11% respectively).

Record decline in the second quarter

The negative result in 2020 was mainly due to the second quarter. Foreign trade responded to the measures taken in the spring against the spread of the pandemic. Accordingly, seasonally adjusted imports and exports fell by 17% and 13% respectively. With the exception of increased imports of textiles and food, beverages and tobacco, the downward movement extended across all product groups. On the export side, watches in particular suffered a severe setback in the second quarter as sales halved. Nevertheless, watch exports partially recovered in the two subsequent quarters.

Annual foreign trade results

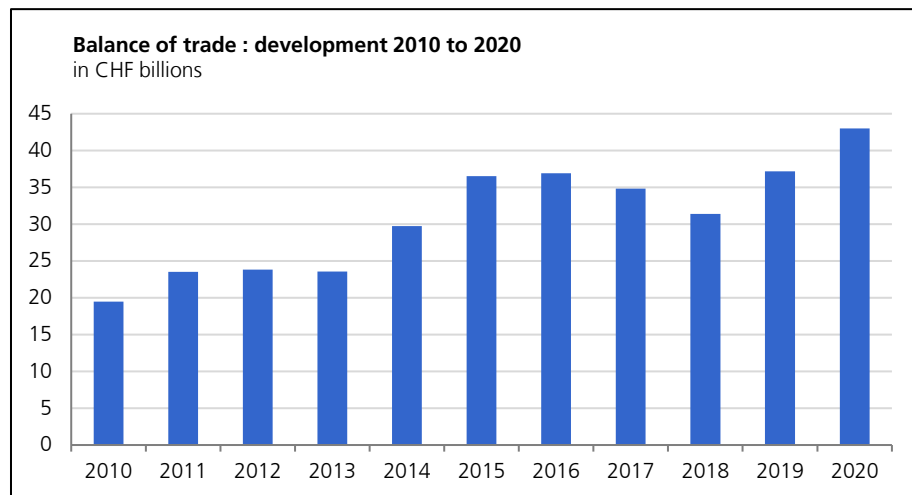
Year	bn CHF			Change compared to the previous year (%)			
	Exports	Imports	Balance	Exports		Imports	
				Nominal	Real	Nominal	Real
2010	193	174	19	7.2	7.4	8.6	9.4
2016	210	174	37	3.7	-0.9	4.3	1.4
2017	221	186	35	4.8	1.9	7.0	4.2
2018	233	202	31	5.7	1.7	8.7	6.2
2019	242	205	37	3.9	-0.5	1.6	-0.7
2020	225	182	43	-7.0	-11.2	-11.1	-13.4

Trade surplus widens to record level

Despite the losses in foreign trade, the trade surplus widened by a further 16%, in line with the previous year (+19%). Despite a decline in 2017 and 2018, this confirms the

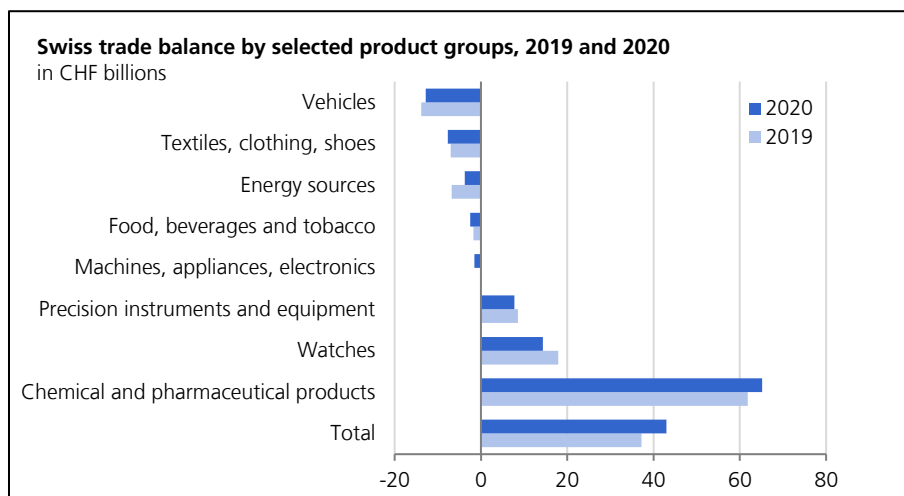
long-term growth trend of the trade balance. While in 2010 the trade balance stood at CHF 19.5 bn, ten years later it had more than doubled to CHF 43 bn.

Swiss foreign trade in 2020



In 2020, too, the positive trade balance was essentially driven by **chemical and pharmaceutical products**. With an export surplus of CHF 65.2 bn, they were able to top their record value of the previous year by a further 5%. In addition, **watches** and **precision instruments** contributed a considerable share to the positive trade balance with CHF 14.4

bn and CHF 7.7 bn respectively. In all other product groups, imports outweighed exports. The largest import surpluses were recorded for **vehicles** (-12,8 bn), **textiles, clothing and shoes** (-7.7 bn.), **energy sources** (-3.7 bn.) and **food, beverages and tobacco** (-2.5 bn).



General total with smaller losses

Trading in precious metals, precious stones and gems, as well as works of art and antiques, is not included in the business cycle total. Taking these groups of goods into account, the general total saw much smaller declines: exports fell by 4% year on year to CHF 299.5 bn, while imports were down by

"only" 1%. The latter recorded a general total of CHF 273.8 bn. The comparatively small decrease can be explained by the increased trade in precious metals (gold and silver), which accounted for one third of the total value of imports and one quarter of the total value of exports. The trade surplus of the general total amounted to CHF 25.7 bn.

Exports

Development by branch at a glance

Decline in almost all product groups

At -7%, the development of exports was negative not only overall, but also – with one exception – across all product groups. Both

the large and the smaller product groups were affected. In real terms, the losses were even more substantial with an 11% decline.

Exports by selected product groups, 2020

Products	CHF mn	Share (%)	Change relative to previous year (%)		
			nominal	Unit value	real
Total	225 291	100.0	-7.0	4.6	-11.2
Chemical and pharmaceutical products	116 424	51.7	1.6	11.4	-8.8
Machines and electronics	28 452	12.6	-11.3	0.8	-12.0
Watches	17 000	7.5	-21.7	5.0	-25.5
Precision instruments	15 601	6.9	-8.3	-2.2	-6.3
Metals	12 066	5.4	-11.2	-1.6	-9.8
Food, beverages and tobacco	8 686	3.9	-4.1	-4.6	0.5
Jewellery	7 672	3.4	-34.3	-11.4	-25.8
Vehicles	4 679	2.1	-6.1	-1.5	-4.7
Energy sources	4 611	2.0	-18.4	-3.5	-15.5
Plastics	3 134	1.4	-7.5	-4.9	-2.8
Textiles, clothing, shoes	1 904	0.8	-23.8	-16.1	-9.2
Paper and graphic products	1 327	0.6	-27.6	-3.5	-24.9

Chemical and pharmaceutical products account for more than half of exports for the first time

Only **chemical and pharmaceutical products** increased their exports in 2020. For the first time, they accounted for more than half (52%) of total exports and reached a new record value of CHF 116.4 bn. In real terms, **food, beverages and tobacco** also increased slightly (+0.5%) despite losses of CHF 370 mn. In addition, **exports of textiles, clothing and shoes** (-305 mn) and **plastics** (-255 mn) emerged relatively unscathed, although, following four positive years, the former recorded a decrease again.

Watches suffer the biggest slowdown

The exports of all other branches recorded heavy losses in 2020. In terms of value, **watches** (-4.7 bn) were the hardest hit. The third-largest product group achieved exports of only CHF 17 bn, its lowest level in ten years. Sales of the second largest product group, **machines and electronics**, fell similarly drastically (-3.6 bn). Nevertheless, these two product groups, together with chemical and pharmaceutical products, accounted for over 70% of total trade. In percentage terms, **jewellery** suffered the greatest loss (-34%), while exports of **metals** and **vehicles**

Swiss foreign trade in 2020

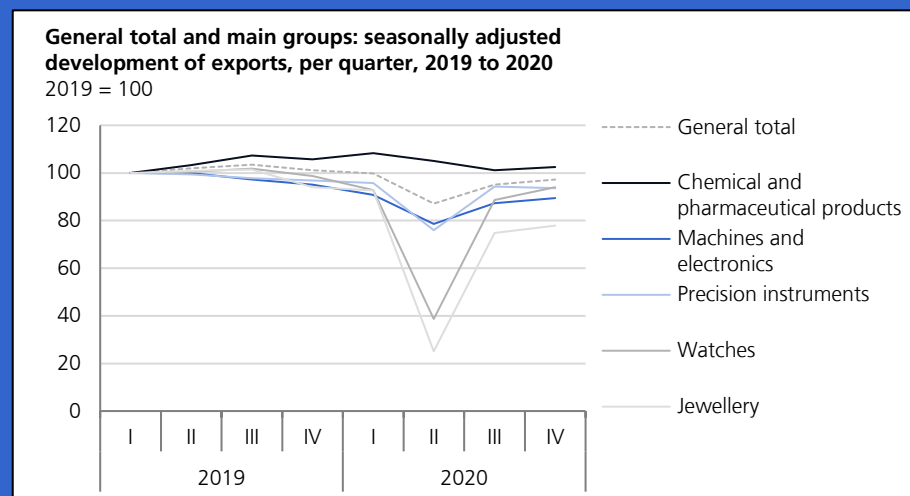
decreased by 11% and 18% respectively. Sales of **energy sources** and **paper and**

graphic products, which are small in terms of volume, fell by a quarter.

Watches and jewellery: slump in the second quarter followed by a surge in the third quarter

Between the first quarter of 2019 and the first quarter of 2020, all main groups except **chemical and pharmaceutical products** showed a downward trend, in particular **machines and electronics**. In the second quarter of 2020, the pandemic-related

measures amplified the decline recorded in the previous quarters and affected all main groups. **Watches** and **jewellery** were the most affected, falling by 58% and 73% respectively. In the third quarter of 2020, exports of the main groups showed a strong recovery, which continued at a more moderate pace in the fourth quarter.



Chemical and pharmaceutical products

Slight increase in exports of chemical and pharmaceutical products

Exports of **chemical and pharmaceutical products** increased in 2020 again, reaching a record CHF 116.4 bn (+1.8 bn). This branch has thus been on a path of growth for five years. However, at +2%, the increase was

much more restrained than in previous years (average annual growth rate 2015 to 2019: +6.2%). As the only branch to grow in 2020, chemical and pharmaceutical products consolidated their position as the main driver of total exports with a share of 52%.

Swiss foreign trade in 2020

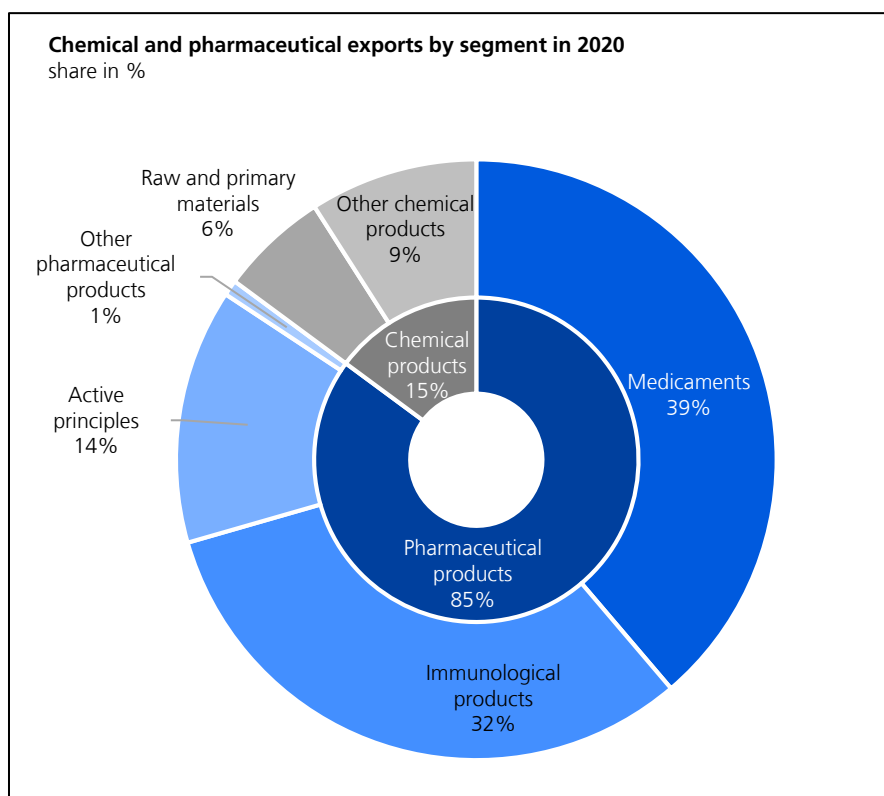
Exports of chemical and pharmaceutical products 2020

Products	CHF mn	Share (%)	Variation compared to 2019 (%)	Contribution to growth (%)
Chemical and pharmaceutical products	116 424	100.0	1.6	100.0
Pharmaceutical products, diagnoses and vitamins	99 107	85.1	1.6	84.2
Medicaments	45 141	38.8	-4.9	-126.0
Immunological products	36 994	31.8	8.4	154.2
Active principles	15 994	13.7	7.5	60.4
Other pharmaceutical products	977	0.8	-7.8	-4.5
Chemical products	17 318	14.9	1.7	15.8
Raw and primary materials	6 773	5.8	16.8	52.7
Unformed plastics	1 827	1.6	-12.0	-13.4
Agrochemical products	1 985	1.7	-3.2	-3.6
Essential oils, aromatic and flavouring substances	1 683	1.4	-7.8	-7.7
Cosmetics and perfumery products	1 872	1.6	0.6	0.6
Other chemical products	3 178	2.7	-6.9	-12.8

Immunological products continue to drive growth

Pharmaceutical products, diagnoses and vitamins (+1.6 bn), which accounted for 85% of chemical-pharmaceutical exports, made a significant contribution to the increase in exports. Supplies of **immunological products** (including vaccines) rose by 8% (2.9 bn), continuing their upward trend. In 2020, these products accounted for one third of the main product group. In addition, sales of **active principles** also increased by 8% (1.1

bn; share: 14%). This sub-group is thus following a slight growth trend. In contrast, **medicines** recorded their first decline (-5%; -2.3 bn) in ten years. Accordingly, their share also decreased from 41% to 39%. **Chemical products** again recorded CHF 293 mn more exports year on year, thanks in particular to increased exports of **raw and primary materials** (+975 mn). Since 2016, this segment's share has remained at 15%, after having previously lost considerable importance.



United States and Germany with a combined share of over one third

In 2020, the Swiss chemical and pharmaceutical industry sold its largest share of products to the **United States** (25.9 bn) and to **Germany** (17.3 bn). Although less was exported to both countries in 2020 in terms of value (-1% and -3%), the countries' shares were a strong 22% and 15% respectively. **Italy** completed the podium with purchases worth CHF 6.8 bn (+2%). **China** followed closely behind Italy in fourth place with an increase of CHF 1.1 bn – the largest contri-

bution to growth in terms of value (58%). 2020 thus marked the tenth consecutive increase for China, as well as a new record value (6.7 bn). **Spain** completed the top 5 sales markets in 2020; the quintet accounted for 54% of total sales. Among the other countries, exports to **Slovenia** (+52%) and **Austria** (+36%) increased. Sales to Slovenia in 2020 were almost seven times higher than in 2018. With exports worth CHF 4.7 bn (7th place) and CHF 3.3 bn (9th place) respectively, both countries reached new highs.

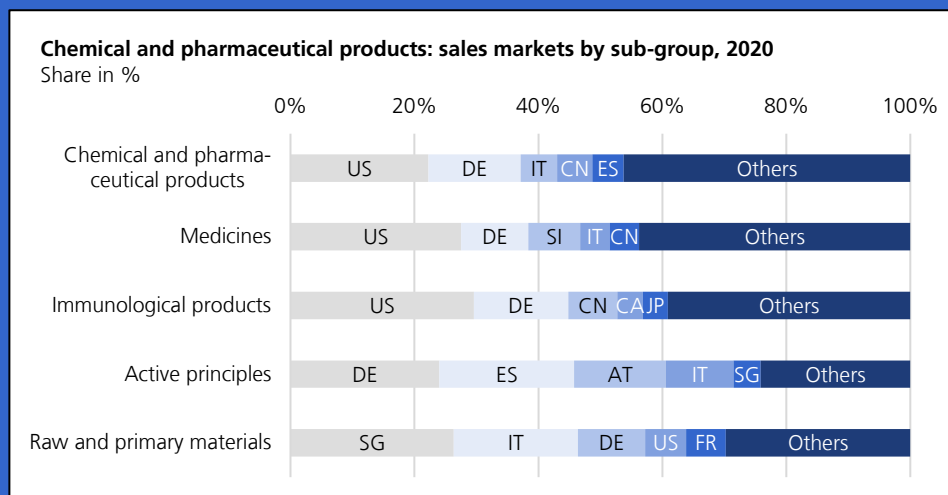
Top 5 sales markets for Chemical and pharmaceutical products in 2020

Trading partner	CHF mn	+/- %	Share (%)	Contribution to growth (%)
United States	25 928	-0.6	22.3	-8.2
Germany	17 301	-2.6	14.9	-25.2
Italy	6 831	2.2	5.9	8.0
China	6 667	19.0	5.7	57.5
Spain	5 844	1.3	5.0	4.0
Total for all countries	116 424	1.6	100.0	100.0

Five markets account for more than half of exports

For each of the chemical and pharmaceutical product sub-groups, the five most important markets in terms of value accounted for more than half of the exports in 2020. For **active principles** and **raw and primary materials**, this share even exceeded 70%. The top five countries by sub-group broadly encompass the countries of the main group, albeit with

certain differences. In the case of **medicines** and **immunological products**, most exports go to the United States and Germany (cumulative shares: 38% and 45%). Slovenia stands out in the medicines sub-group, while Canada and Japan complete immunological products. Singapore proved to be an important trading partner for **active principles** (4%) and **raw and primary materials** (26%).



Machines and electronics

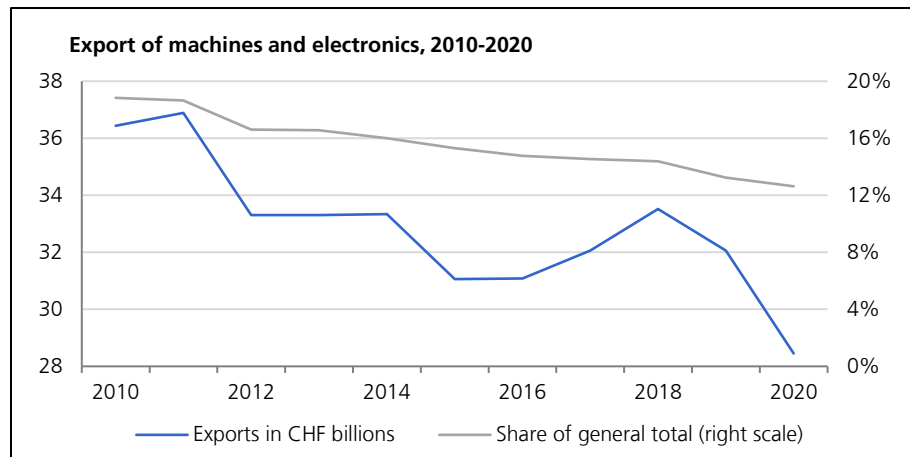
Exports of machines and electronics in negative trend

With exports down 11% in 2020, the decline in machinery and electronics seen in the previous year was confirmed. In the long term, there has been a negative trend in the branch since 2010 (average annual growth rate since 2010: -2.4%). In terms of value, shipments amounted to CHF 28.5 bn, the lowest since 1996. Meanwhile, total exports have increased over the years, reducing the

overall share of machines and electronics. In 2010, this was 19%, while in 2020 the share waned to 13%.

Exports of **machines** clearly dominated the branches with 65%, even though they suffered a year-on-year decline of 12%. Similarly, exports of **electronics** (share in 2020: 35%) fell by 9%. Both segments have been on a downward trend since 2010 with an average annual decline of 2.8% and 1.8%.

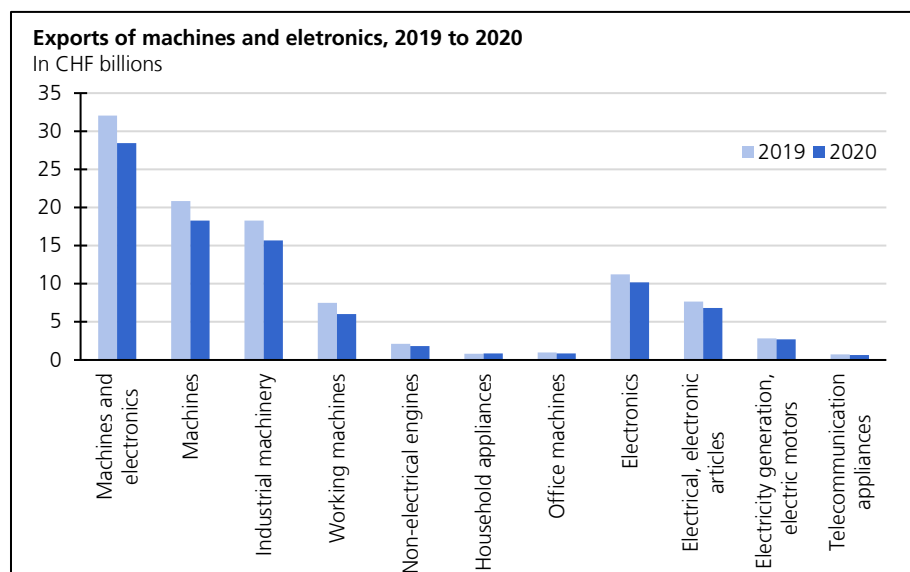
Swiss foreign trade in 2020



Machine tools: down by one fifth

In 2020, the downward trend in the branches affected all sub-groups with the exception of household appliances (+2%). Industrial machines accounted for the lion's share (88%) of **machine sales** and recorded

a 14% decline. Machine tools were even more severely hit, with sales down by one fifth compared to the previous year. Within the **electronics** subgroup, sales of telecommunication equipment decreased by 13% (third consecutive annual decrease).

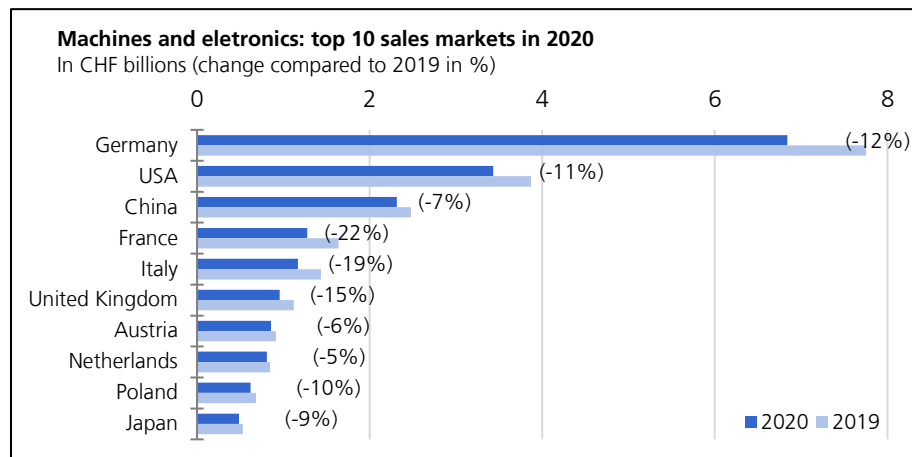


France sees biggest decline

Exports of machines and electronics declined across all top ten sales markets in 2020. As in the previous year, **Germany** (-12%) took the top spot with a share of one quarter. Germany was followed by the **United States** (-11%) and **China** (-7%), which accounted for 12% and 8% of total sales respectively. **France** and **Italy** occupied fourth and fifth

place. At the same time, at 22% and 19%, shipments to the two neighbouring countries declined more than in any other country among the most important sales markets. Overall, the ranking remained almost the same, with only **Japan** returning to the list of the ten largest markets after a year's absence – at the expense of **Spain**.

Swiss foreign trade in 2020

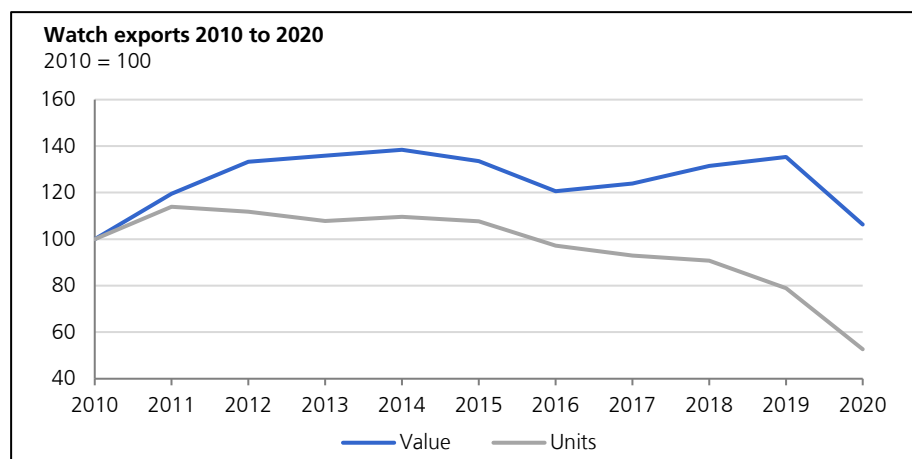


Watches

Watch exports at their lowest level since 2010

After three years of growth, the value of watch sales in 2020 fell more drastically (-4.5 bn) than of any other product group. With sales totalling CHF 16.2 bn, exports fell back to their 2010 level and were CHF 4 bn below the average of the last decade. Since 2014, fewer watches have also been ex-

ported each year: in 2020, the number of watches sold abroad fell by a further third and, at 13.8 mn units, was the lowest in decades. Compared to ten years ago, the number of watches sold almost doubled. Unit prices, on the other hand, passed the CHF 1,000 mark for the first time: in 2020, the average price of an exported watch was CHF 1,170.



Electric small watches: down by one third

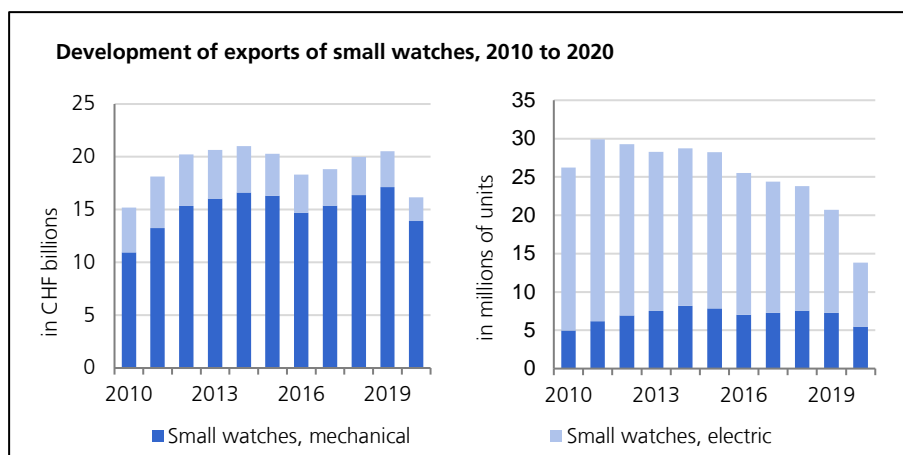
Again in 2020, **small watches** accounted for the largest share of exported clocks and watches, at 95% in terms of value. However, their sales fell by CHF 4.4 bn. Sales of **electric small watches** in particular plummeted with sales down by a third. The drop

in the number of units was even more striking. In 2020, 8.3 mn electric small watches were exported, compared to 13.4 mn in the previous year. Moreover, the number of units was less than half that of the preceding years. There was a similar reduction in the number of **mechanical watches** sold (-25%,

Swiss foreign trade in 2020

2020: 5.5 mn watches). However, due to their higher average prices, these accounted for a much more significant share of total

exports in terms of value at CHF 13.9 bn, compared to CHF 2.3 bn for electric watches.



China now the most important sales market

In 2020, supplies of clocks and watches to all continents decreased. Among the major sales markets, Europe registered the largest decline, with a drop of one quarter, but Asia and North America also recorded large losses of one fifth and one sixth respectively. In contrast to the overall downward trend, exports to **China** reached a new high of CHF 2.4 bn (+20%). As a result, China took

the top spot from **Hong Kong**. The biggest market for Swiss clocks and watches since 2008, Hong Kong saw its exports fall by a hefty 37%, leaving it in third place in 2020. Despite declining purchases (18%), the **United States** moved up to second place. Sales to the **United Kingdom** (-25%) and **Japan** (-26%) also fell sharply. Nevertheless, half of all exported clocks and watches went to these five countries.

Top 5 countries for watch sales in 2020

Trading partner	CHF mn	+/- %	Share (%)
China	2 394	20.0	12.4
United States	1 987	-17.5	11.7
Hong Kong	1 697	-36.9	10.0
Japan	1 190	-26.0	7.0
United Kingdom	1 031	-24.5	6.1
Total Top 5	8 299	-17.6	48.8
Total for all countries	16 992	-21.8	100.0

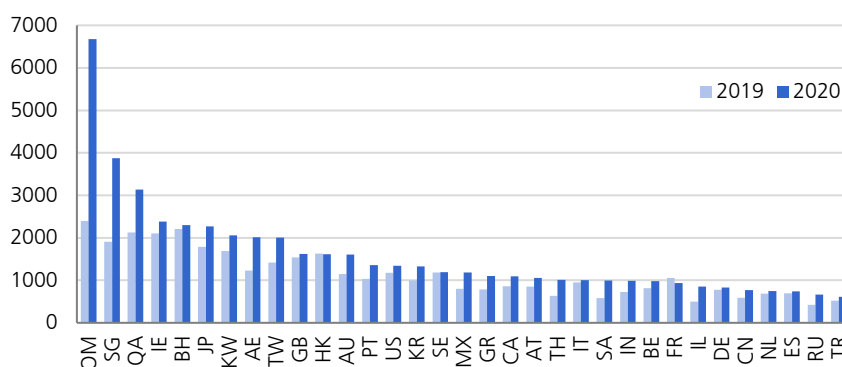
Higher average prices for exports in 2020

Among the sales markets with a value of more than CHF 50 mn, export prices per unit increased significantly in 2020, with the exception of Hong Kong and France. This increase in prices is mainly due to the decrease in value, which was disproportionately low compared to the decline in volume. Only **Oman, Ireland and China** recorded an increase in value in 2020. Oman registered the

highest price rise (over CHF 6,000 in 2020; 2.5 times the price in 2019). Luxury watches (price over CHF 2,000) were also exported to **Singapore, Qatar, Ireland and Bahrain**. Watches exported to **Hong Kong and France** experienced the opposite development: the value decreased disproportionately compared to the exported quantity in 2020, which led to a fall in average unit prices (-1% and -11% respectively).

Watch exports by country (value > CHF 50 mn)

Unit price in CHF, 2019 and 2020



Precision instruments

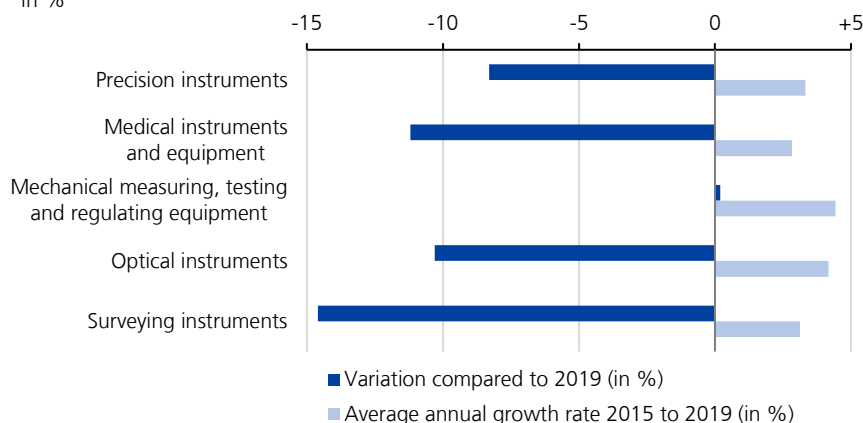
End of growth

After the record result in the previous year, exports of precision instruments fell by 8% in terms of value to CHF 15.6 bn in 2020,

dropping to the same level as in 2017. This represents the first decline in five years. As the fourth most important export branch, sales accounted for 7% of total trade.

Evolution of precision instruments exports by product between 2015 and 2020

in %



Swiss foreign trade in 2020

Surveying instruments down

The most important sub-group of precision instruments is **medical instruments and equipment**, which contributed CHF 9.7 bn (-11%) to the branch in 2020, a share of 62%. This was the first time in three years that sales fell below the CHF 10 bn mark. At CHF 4.4 bn, **mechanical measuring, testing and regulating equipment** accounted for another 28% of the branch and was the only sub-group to register an increase (+0.2%). Meanwhile, there was a decline in exports of **optical instruments** (-10%) and **surveying instruments** (-15%). The second sub-group, with supplies worth CHF 485 mn, was at its lowest level since 2003.

Exports to the Netherlands thrive

The largest markets for precision instruments in 2020 were again the **United States** and **Germany**, both of which recorded declining

figures (-12% and -10%). A total of 42% of exported precision instruments went to these two countries. With the **Netherlands** and **Belgium**, two Benelux countries were among the top 5 sales markets in 2020. The Netherlands stood out, showing an increase in exports (+6%) for the third consecutive year. This upward movement was mainly due to increased sales of artificial joints under medical instruments and equipment. **China** completed the list of the five main sales markets in 2020, with exports declining by 4%, but still showing the largest increase over a ten-year period. Since 2010, average annual growth has been 5.5%. In contrast, shipments to **France** have tended in the other direction (average annual development since 2010: -3.7%). Furthermore, sales to the **United Kingdom** fell by more than a quarter year on year.

Precision instruments: top 10 sales markets in 2020

Ranking	Country	CHF mn	Change relative to 2019 (%)	Growth per year 2010-2020 (%)
1	United States	3 390	-12.5	3.4
2	Germany	3 184	-10.4	0.1
3	Netherlands	1 569	6.2	-1.7
4	China	1 039	-3.7	5.5
5	Belgium	700	-10.1	1.9
6	France	630	-9.2	-3.7
7	Japan	617	0.6	3.0
8	Italy	444	-7.7	-1.6
9	United Kingdom	372	-26.4	-2.3
10	Austria	232	-12.3	-0.8

Development by continent and country

All continents in decline

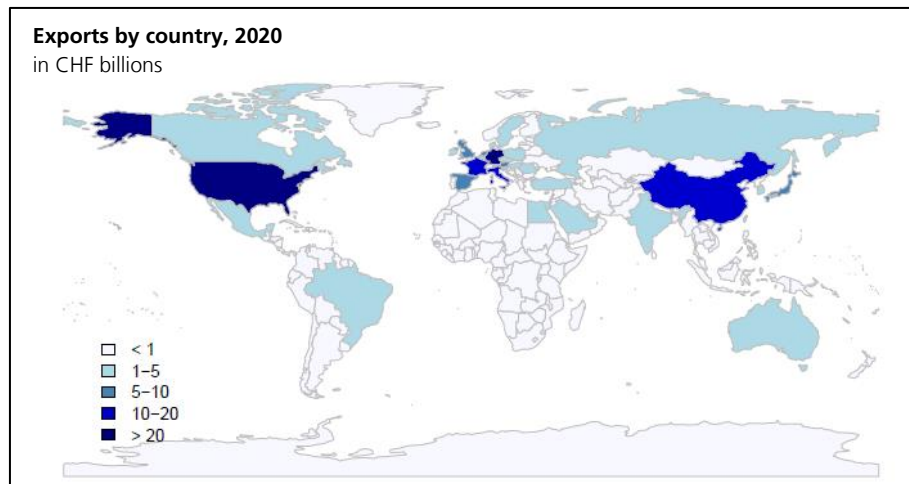
The decline in exports of CHF 17.1 bn was felt across all continents in 2020. At CHF 7.9 bn (-6%), sales to **Europe** saw the sharpest downturn. In the long term, sales to Europe are stagnating: in the year under review, sales of CHF 121.3 bn were far from the

CHF 130 bn record level set in 2008. The decline was due in particular to developments in the euro zone (CHF -6 bn). The other two important continents **Asia** (-9%) and **North America** (-6%) also registered losses in 2020, having both reached record levels in 2019. **Africa** saw a 9% drop in supplies compared

Swiss foreign trade in 2020

to the previous year. Meanwhile, exports to **Central and South America**, as well as

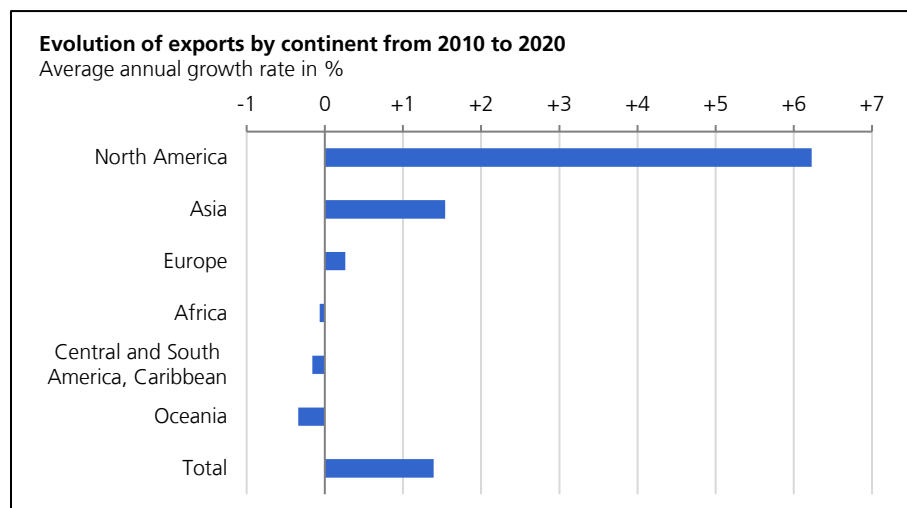
Oceania, fell more sharply, by 15% and 17% respectively.



North America accounts for one fifth

By far the most important continent for exports is still Europe with a 54% share. In the long term, Europe is increasingly losing importance due to its relatively slow growth (since 2010 an annual average of 0.3%): in 2010 it still accounted for 61%. North America, on the other hand, is growing more dynamically with an average annual

development of 6.2% and gained as much as 8 percentage points over the last ten years. The continent now has a share of 19%, thanks in particular to the additional supplies to the United States. In terms of value, this represents a doubling of exports. Meanwhile, Asia's share of 22% in the year under review was identical to that of 2010.



China now the third-largest sales market

In 2020, Switzerland's largest export markets were once again **Germany** and the **United States**, each with a significant 18% share. However, exports declined by 8% and 6% respectively year on year. In third place came

China (share: 7%), which was the only one of the eight most important trading partners to record increased purchases in the year of the pandemic (+10%) and thus continued its upward trend. **France**, on the other hand, dropped two places to fifth place with a

Swiss foreign trade in 2020

17% decline. The top five was completed by **Italy** (-8%), which remained in fourth place. Among the most important trading partners, exports to **Hong Kong** fell the most in terms of value, with a decline of one third. Exports

to **Japan** (-14%) and the **United Kingdom** (-15%) also fell sharply. Meanwhile, **Slovenia** moved up to twelfth place thanks to a 47% increase in exports, overtaking four other countries in the process.

Switzerland's top 15 countries for sales in 2020

Ranking	Trading partners	CHF mn	Share (%)	Change relative to 2019	
				+/- %	Ranking +/-
1	Germany	40 412	17.9	-8.3	0
2	USA	39 493	17.5	-5.9	0
3	China	14 734	6.5	10.0	▲ +2
4	Italy	12 983	5.8	-7.7	0
5	France	11 829	5.3	-17.4	▼ -2
6	United Kingdom	7 802	3.5	-15.2	0
7	Spain	7 483	3.3	-4.3	▲ +1
8	Japan	6 953	3.1	-13.9	▼ -1
9	Austria	6 152	2.7	6.1	▲ +1
10	Netherlands	6 040	2.7	3.6	▼ -1
11	Singapore	4 857	2.2	-2.1	▲ +1
12	Slovenia	4 823	2.1	47.3	▲ +4
13	Belgium	4 067	1.8	-6.8	0
14	Canada	3 710	1.6	-6.2	0
15	Hong Kong	3 627	1.6	-34.4	▼ -4
Total exports		225 291	100.0	-7.0	

2019 exports by enterprise characteristics³

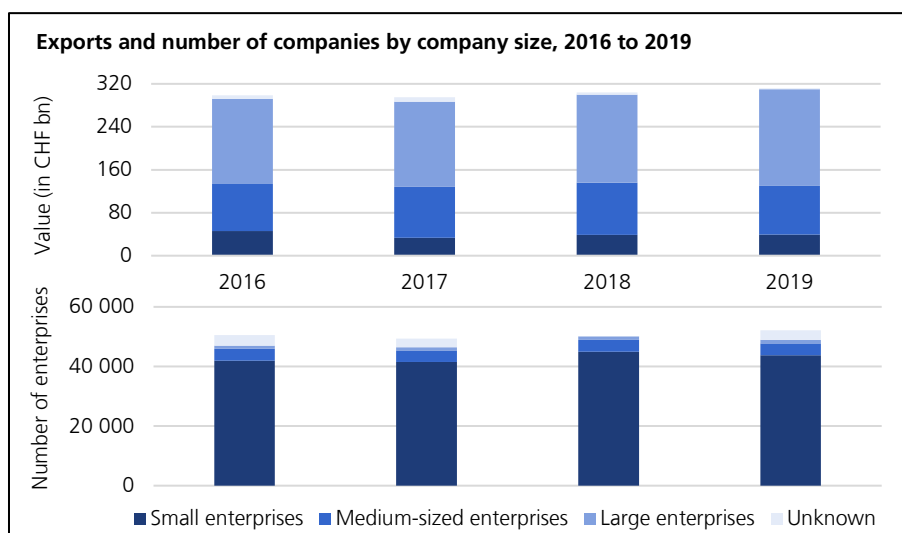
Large companies: exports up 10%

In 2019, the number of exporting companies totalled 52,163 with exports worth CHF 312 bn (+3%). **Large companies** (see box) contributed strongly to the increase in value, rising from CHF 164 bn in 2018 to CHF 180 bn in 2019 (+10%). They also dominated ex-

ports with a 58% share. **Medium-sized enterprises** ranked second with CHF 90 bn (share: 29%; -7% compared to 2018). **Small enterprises** made up the majority of exporting companies (84%), but generated only 13% of exports.

³ This report is based on total trade (Total 2), i.e. including trade in gold, other precious metals, precious stones and gems, and works of art and antiques.

Swiss foreign trade in 2020



Definition of company size

According to the definition of the Federal Statistical Office (FSO), company size is based on the number of employees. The FSO distinguishes between two categories of employment: large companies with at least 250 employees, and small and medium-sized enterprises (SMEs) with fewer than 250 employees. The FSO divides SMEs into sub-

categories: medium-sized enterprises (50 to 249 employees), small enterprises (10 to 49 employees) and micro-enterprises (1 to 9 employees). In this analysis, micro-enterprises are included in small enterprises. Moreover, the size of certain companies is not available. These companies are included in the category "unknown".

Exports of large companies supported by pharmaceutical companies, those of small and medium-sized companies by wholesalers

Among the large companies, those active in the **manufacture of pharmaceutical products** and the **manufacture of computer, electronic and optical products** respectively generated 43% (CHF 78 bn) and 18% (CHF 33 bn) of the exports in the 2019 employment category. **Wholesale trade** and the **manufacture**

of basic metals accounted for almost equal shares of the exports of medium-sized enterprises. The cumulative value of their sales accounted for almost CHF 60 bn and represented two thirds of the employment category's exports. Among small enterprises, **wholesale trade** and **retail trade** together contributed half of the employment category's exports.

Exports by company size and economic sector 2019

Top 5 (NOGA Division)	CHF mn	Share (%)
Large enterprises (≥ 250 employees)		
Manufacture of basic pharmaceutical products and pharmaceutical preparations	78 094	43
Manufacture of computer, electronic and optical products	32 991	18
Financial service activities, except insurance and pension funding	13 453	7
Manufacture of machinery and equipment n.e.c.	9 004	5
Manufacture of basic metals	8 971	5

Swiss foreign trade in 2020

Top 5 (NOGA Division)	Value (in CHF mn)	Share (%)
Medium-sized enterprises (50-249 employees)		
Wholesale trade, except of motor vehicles and motorcycles	30 012	33
Manufacture of basic metals	27 675	31
Manufacture of computer, electronic and optical products	6 115	7
Manufacture of machinery and equipment n.e.c.	5 940	7
Manufacture of fabricated metal products, except machinery and equipment	3 248	4
Small enterprises (0-49 employees)		
Wholesale trade, except of motor vehicles and motorcycles	14 989	38
Retail trade, except of motor vehicles and motorcycles	3 851	10
Manufacture of computer, electronic and optical products	3 179	8
Financial service activities, except insurance and pension funding	2 525	6
Manufacture of machinery and equipment n.e.c.	2 195	6

Medium-sized enterprises: India in first place

European countries occupied an important place in the top 5 sales markets by company size. 30% of the exports of large companies were destined for Germany, the United Kingdom and France. For medium-sized companies, the cumulative share of Germany and the United Kingdom was 24%. The European market proved to be the most

lucrative for small companies: four countries in the top 5 together accounted for 45% of the total. The United States ranked in the top five for all company sizes. China also secured a place in the top 5 for exports by large and medium-sized companies. As an outsider, India ranked first among medium-sized enterprises (share: 17%, manufacture of basic metals).

Exports by enterprise size and destination countries 2019

Top 5	CHF mn	Share (%)
Large enterprises (≥ 250 employees)		
USA	27 348	15
Germany	25 568	14
United Kingdom	17 159	10
China	14 251	8
France	11 250	6
Medium-sized enterprises (50-249 employees)		
India	15 643	17
Germany	12 659	14
USA	12 351	14
United Kingdom	8 606	10
China	6 198	7
Small enterprises (0-49 employees)		
Germany	9 172	23
USA	4 353	11
France	3 598	9
Italy	2 908	7
United Kingdom	2 236	6

Imports

Development by branch at a glance

2020 imports: Most product groups with negative result

After four years of increases, imports fell in 2020. The main reason for the decline was the drop in the second quarter as a result of the pandemic (-17%, seasonally adjusted).

Year on year, imports fell by 11% or CHF 22.8 bn, to CHF 182.3 bn; in real terms they were down 13%. Nearly all product groups were affected: the only increases were registered by **food, beverages and tobacco**, as well as **textiles, clothing and shoes**.

Imports by selected product groups, 2020

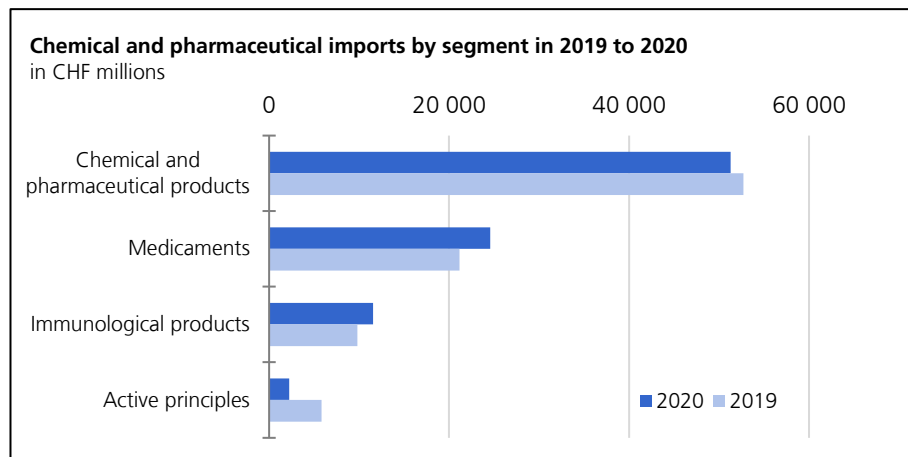
Products	CHF mn	Share (%)	Change relative to previous year (%)		
			nominal	Unit value	real
Total	182 312	100.0	-11.1	2.6	-13.4
Chemical and pharmaceutical products	51 272	28.1	-2.7	12.7	-13.7
Machines and electronics	29 970	16.4	-6.4	-1.0	-5.4
Vehicles	17 409	9.5	-10.7	-0.5	-10.3
Metals	13 000	7.1	-13.0	-5.1	-8.4
Textiles, clothing, shoes	12 350	6.8	3.1	4.2	-1.0
Food, beverages and tobacco	11 140	6.1	3.3	-2.9	6.4
Precision instruments	7 857	4.3	-6.9	-1.5	-5.4
Jewellery	7 571	4.2	-54.3	30.6	-65.0
Energy sources	5 629	3.1	-39.6	-32.6	-10.3
Plastics	4 257	2.3	-4.8	-3.9	-1.0
Paper and graphic products	3 440	1.9	-13.1	-3.6	-9.9
Watches	2 613	1.4	-31.0	-0.3	-30.9

Jewellery falls to 2010 levels

On the import side, too, **chemical and pharmaceutical products** accounted for the lion's share of total trade (28%). Compared to the previous year, however, purchases of this product group dipped by 3%; in real terms, the decline was more pronounced, at 14%. In particular, imports of active principles collapsed (-61%), while deliveries of medicines

and immunological products continued their growth trend (+16% and +18% respectively). **Machines and electronics, vehicles** and **metals** registered decreases in 2020 (-6%, -11% and -13% respectively). The largest decline (-54%, or 9 bn) was in **jewellery imports**. At CHF 7.6 bn, the last time they were this low was in 2010.

Swiss foreign trade in 2020



Food, beverages and tobacco among the six most important branches

Developments in the remaining branches were mixed. Imports of **food, beverages and tobacco** rose by 3%. As a result of this new high (11.1 bn), they are now the sixth-largest branch of imports. Imports of **textiles, clothing and shoes** were also up, by 3%.

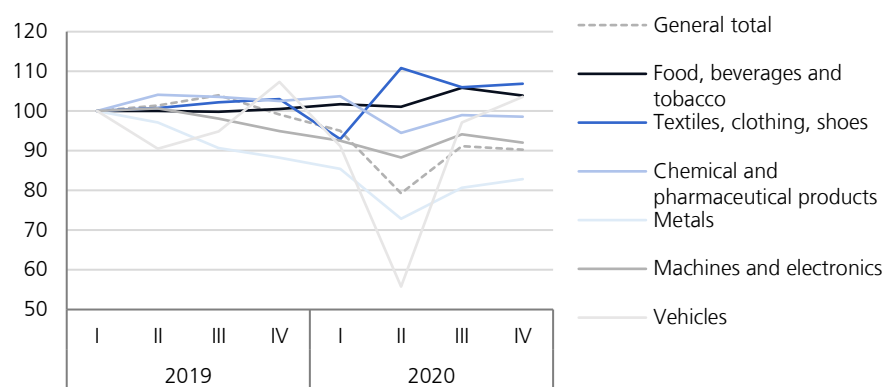
These two product groups were thus something of an exception in 2020. By contrast, imports decreased for **precision instruments** (-7%), **plastics** (-5%) and **paper and graphic products** (-13%). There were also significant declines for **energy sources** (-40%, or -10% in real terms) and **watches** (-31%).

Second quarter: textiles imports increased, while vehicle imports decreased

Developments in imports during the first wave of the COVID-19 pandemic varied according to product group. While the main groups, especially **vehicles** (-39%), recorded a substantial decrease, imports of **textiles, clothing and shoes** (particularly protective face masks) increased by one fifth compared

to the previous quarter. In the third quarter, vehicles registered the largest increase (+74% quarter on quarter). In the fourth quarter, a majority of product groups continued on their growth trend, with the exception of **machines and electronics** and **food, beverages and tobacco** (both of which fell by 2%).

General total and selected product groups: seasonally adjusted development of imports, per quarter, 2019 to 2020
2019 = 100

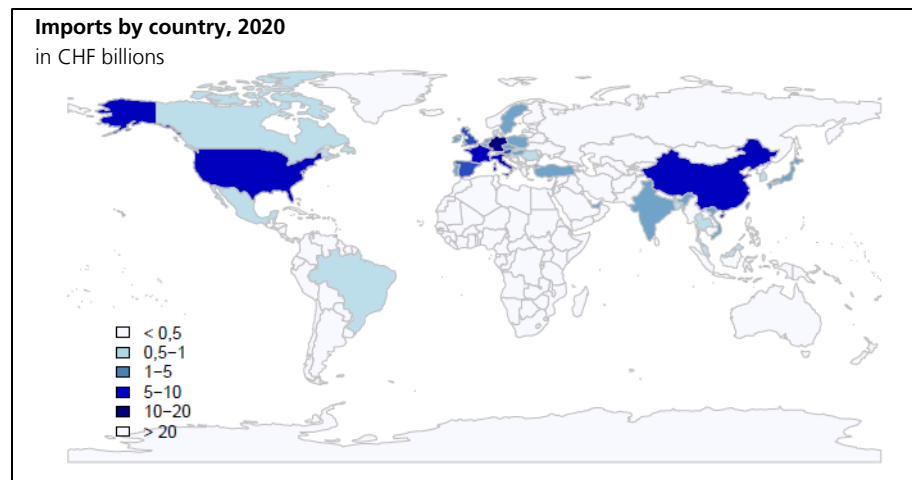


Development by continent and country

Imports down across all continents

The total decrease of CHF 22.8 bn or 11 % concerned all continents in 2020. In terms of value, imports from **Europe** were worst affected, falling by CHF 16.2 bn. The other main markets, **Asia** and **North America**, also recorded substantial drops (down CHF 4 bn

and CHF 2.2 bn respectively). By contrast, in a year shaped by the pandemic, **Africa** registered the largest decrease in percentage terms (-17%). Imports from **Oceania** were also down year on year (-8%), while those from **Central and South America** were unchanged.



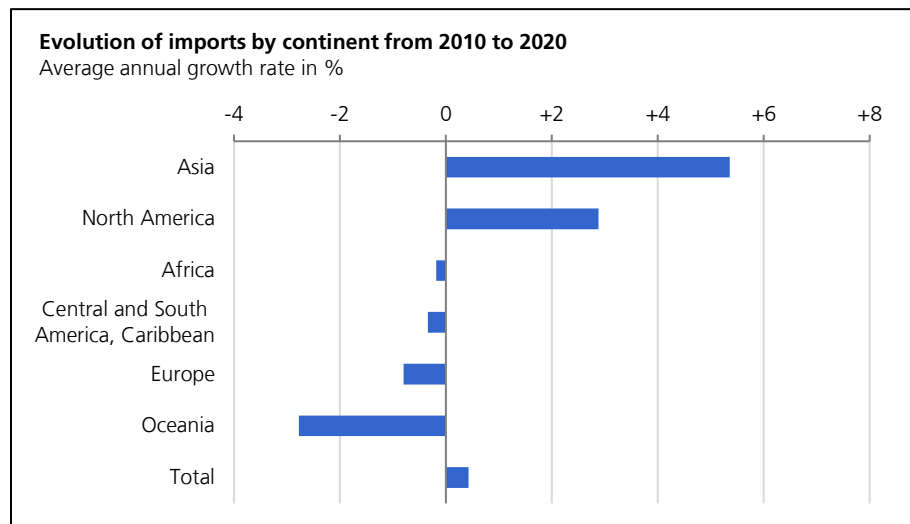
Asia and North America drive total imports

In 2020, the **European** region once again accounted for the lion's share of goods imports, at 70%⁴. Since 2010, however, this share has fallen by a full 10%, and imports from Europe have been on a downward trend (average annual change between 2010 and 2020: -0.8%). By contrast, there were

increases for **Asia** (share: 21%) and **North America** (share: 7%). They are the only continents to show growth in imports since 2010 (annual average: +5.4% and +2.9% respectively), and are thus the main driver of total import growth. Indeed, Asia's share has almost doubled.

⁴Since 2012, the figure for imports in Switzerland's foreign trade statistics has been based on the country of origin rather than the country of production.

Swiss foreign trade in 2020



Only three of the ten main import countries with positive result

With shares of 27% and 9% respectively, **Germany** and **Italy** were the main importers to Switzerland in 2020. However, imports declined by 8% and 10% respectively year on year. For the first time, third place was taken by **China** (share: 9%), thanks to imports rising by 8% – the fourth consecutive increase for the world's second-largest economy. **France** and the **United States** occupied fourth and fifth place, with shares of 7% and 6% respectively. Imports from both countries decreased sharply in 2020 (-15% and -17% respectively). Next on the list were

Austria and **Spain**, both of which were able to increase their imports to Switzerland, with Spain's imports reaching a record level, with a plus of 11%. Only three of the ten main import countries defied the pandemic and imported more to Switzerland in 2020. Also noteworthy among the top ten were the reduced imports from the **United Kingdom** (-46%) and **Ireland** (-39%). Regarding Asia, imports from the **United Arab Emirates** declined (-76%), whereas **Japan** and **Singapore** imported more to Switzerland (+10% and +60% respectively). There was also a marked increase in imports from **Slovenia**, which almost doubled in the year under review.

Swiss foreign trade in 2020

Imports: Switzerland's 15 most important trading partners in 2020

Ranking	Trading partners	CHF mn	Share (%)	Change relative to 2019	
				+/- %	Ranking +/-
1	Germany	49 471	27.1	-8.1	0
2	Italy	16 799	9.2	-10.4	0
3	China	16 096	8.8	8.1	▲ +1
4	France	12 797	7.0	-15.3	▼ -1
5	USA	11 474	6.3	-16.5	0
6	Austria	8 320	4.6	0.2	▲ +1
7	Spain	6 709	3.7	10.7	▲ +3
8	United Kingdom	5 110	2.8	-45.8	▼ -2
9	Netherlands	4 996	2.7	-8.2	▲ +2
10	Ireland	4 575	2.5	-39.3	▼ -1
11	Japan	3 688	2.0	9.9	▲ +2
12	Singapore	3 469	1.9	60.1	▲ +5
13	Belgium	3 017	1.7	-15.6	▼ -1
14	Viet Nam	2 612	1.4	-8.3	0
15	Czech Republic	2 499	1.4	-9.1	0
Total imports		182 312	100.0	-11.1	

2019 imports by enterprise characteristics⁵

SMEs account for nearly 60% of imports

In 2019, 180,071 companies imported goods worth a total of CHF 276 bn (+1% year on year). **Large companies** (see box on p. 20) generated 39% of imports or CHF 109 bn in 2019 (-2% compared to 2018). **Medium-sized enterprises** registered an increase of 7% in imports relative to 2018, to CHF 90 bn (2019 share: 32%). Imports by **small enterprises** (which make up 94% of importing companies) have been on a growth trend since 2017, and accounted for 27% of the value of imports in 2019.

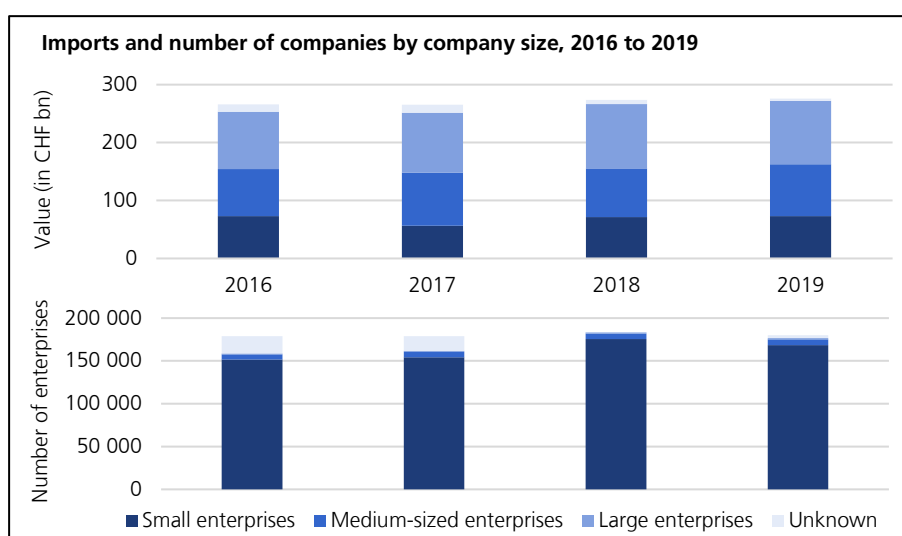
Large companies – pharmaceuticals, medium-sized enterprises – manufacture of basic metals, small enterprises – wholesale trade

Among the large companies, the five most

active import sectors were responsible for 70% of the employment category's imports, with those in the **manufacture of pharmaceutical products** in the top spot. The **manufacture of basic metals** and **wholesale trade** dominated imports by medium-sized enterprises, with a cumulative share of 74%. In the small enterprises segment, **wholesale** and **retail trade** accounted for nearly 60% of imports. It should be noted that the relevant main sector of the employment categories had a value of around CHF 35 bn in 2019.

⁵ This report is based on total trade (Total 2), i.e. including trade in gold, other precious metals, precious stones and gems, and works of art and antiques.

Swiss foreign trade in 2020



Imports by company size and economic sector 2019

Top 5 (NOGA Division)	CHF mn	Share (%)
Large enterprises (≥ 250 employees)		
Manufacture of basic pharmaceutical products and pharmaceutical preparations	35 826	33
Manufacture of computer, electronic and optical products	12 711	12
Manufacture of basic metals	12 242	11
Wholesale trade, except of motor vehicles and motorcycles	8 265	8
Wholesale and retail trade and repair of motor vehicles and motorcycles	6 728	6
Medium-sized enterprises (50-249 employees)		
Manufacture of basic metals	35 271	39
Wholesale trade, except of motor vehicles and motorcycles	31 161	35
Wholesale and retail trade and repair of motor vehicles and motorcycles	3 092	3
Manufacture of computer, electronic and optical products	3 017	3
Manufacture of machinery and equipment n.e.c.	2 096	2
Small enterprises (0-49 employees)		
Wholesale trade, except of motor vehicles and motorcycles	34 182	47
Retail trade, except of motor vehicles and motorcycles	8 396	11
Financial service activities, except insurance and pension funding	7 150	10
Wholesale and retail trade and repair of motor vehicles and motorcycles	4 914	7
Manufacture of fabricated metal products, except machinery and equipment	1 531	2

Small enterprises: half of imports come from four European countries

The bulk of imports by small enterprises (49%) and large companies (47%) was accounted for by the European members of the top 5 (Germany, Italy, France and the United Kingdom). The fifth member for large

companies was the United States, while for small enterprises it was China, which occupied second place. For medium-sized enterprises, Germany, Italy and France contributed 27%, the United Arab Emirates 15% and the United States 7%.

Swiss foreign trade in 2020

Imports by enterprise size and country of origin 2019

Top 5	CHF mn	Share (%)
Large enterprises (≥ 250 employees)		
Germany	24 148	22
Italy	9 878	9
USA	9 423	9
France	8 767	8
United Kingdom	8 089	7
Medium-sized enterprises (50-249 employees)		
Germany	13 892	16
Arab Emirates	13 769	15
USA	5 881	7
Italy	5 171	6
France	4 840	5
Small enterprises (0-49 employees)		
Germany	18 119	25
China	6 749	9
Italy	6 741	9
United Kingdom	6 606	9
France	4 609	6

Focus

Correlation between foreign trade and geographical distance⁶

Introduction

In 2020, neighbouring Germany, France, Italy and Austria accounted for almost 40% of Switzerland's imports and over a quarter of its exports. In the same year, the United States exported a third of its production to Canada and Mexico; in addition, a quarter of its imports came from these two countries⁷. Geographical proximity seems to be a decisive factor for bilateral trade. The debate is ongoing in an increasingly globalised world. Some agree with Friedman's vision of a fully integrated "flat world". Others, however, speak more of regional integration based on empirical findings. This analysis is based on the gravity model applied to international trade. The focus is on Swiss trade and the aim is to test the importance of geographical distance in Swiss trade flows. In particular, the analysis examines trade by product group and estimates the extent to which geographical distance affects trade in goods.

Distance and economic importance: aspects of trade

Switzerland's top 10 trading partners include many European countries, especially neighbouring countries. Within a geographical distance of less than 1,000km, Germany, France, Italy, Austria and the United Kingdom accounted for one third of exports and two fifths of imports in 2020.

The top 10 also includes countries of considerable economic importance, such as the United States and China – despite a distance of over 6,000 km. Geographical distance is therefore not the only factor that determines trade flows between countries; economic size also plays an equally important role. Moreover, geographical distance is only one aspect of "distance", as this is in fact a multidimensional concept. Other types of distance (e.g. cultural distance) can equally influence trade between countries.

⁶ This analysis is based on results of an estimation with the ordinary least squares method (with robust error terms) of the basic gravity model. To improve the results, the model should also include other explanatory variables (e.g. binary variables for common borders, common languages and free trade agreements). In addition, other estimation methods (Poisson) should be used, especially to overcome the problems of heteroskedasticity and zero values of trade with certain countries.

⁷ COMTRADE database, [UN Comtrade | International Trade Statistics Database](#) (May 2021)

Swiss foreign trade in 2020

Top 10 trading partners in 2020 and geographical distance

Exports			Imports		
Trading partners	Share (%)	Geographical distance (km)	Trading partners	Share (%)	Geographical distance (km)
USA	23	6 272	Germany	19	504
Germany	15	504	Italy	8	693
China	5	8 084	USA	7	6 272
United Kingdom	5	749	China	6	8 084
France	5	436	France	6	436
Italy	5	693	United Kingdom	6	749
India	4	6 249	Hong Kong	4	9 409
Austria	3	685	United Arab Emirates	3	4 831
Spain	3	1 153	Austria	3	685
Japan	2	9 681	Thailand	3	9 134

Applying the gravity model to international trade

This analysis is based on the gravity model applied to international trade. According to this model, trade between countries depends on their geographical distance and the respective size of their economies. Consequently, the model assumes that the greater the economic importance and the shorter the distance, the more two countries tend to trade. Formally, the model can be written as follows:

$$exp_{ij} = A \cdot \frac{y_i^{a_1} y_j^{a_2}}{d_{ij}^{a_3}}$$

$$imp_{ij} = A \cdot \frac{y_i^{a_1} y_j^{a_2}}{d_{ij}^{a_3}}$$

where exp_{ij}/imp_{ij} is Switzerland's level of exports/imports with country j ; y_i is Switzerland's GDP; y_j is the GDP of country

j ; d_{ij} is the geographical distance between Switzerland and country j ; A is a constant.

According to this model, a positive relationship is expected between trade flows and the size of the economies (a_1, a_2 positive) and a negative relationship between trade flows and geographical distance (a_3 negative).

The log-linear form of this model is used to estimate the impact of each variable using the ordinary least squares (OLS) method. This is done with error terms robust to heteroskedasticity. The estimation of the coefficients a_1, a_2 and a_3 enables the effect of the variables size (GDP) and distance on exports/imports to be determined, as well as their level of significance. The interpretation of the coefficients is equivalent to partial elasticity: for example, a 1% increase in geographical distance increases/decreases flows by $a_3\%$.

Description of the data

The data used for the model estimation is described below. It covers the period 2010 to 2020 and is longitudinal (or panel) data

where multiple observations exist over the period under review for the same trading partner.

Variable	Description	Source
$exp_{ij,t}$	Swiss exports by country j (in CHF) for year t – <i>the general total includes gold in bars and other precious metals, coins, precious stones and gems, as well as works of art and antiques</i>	

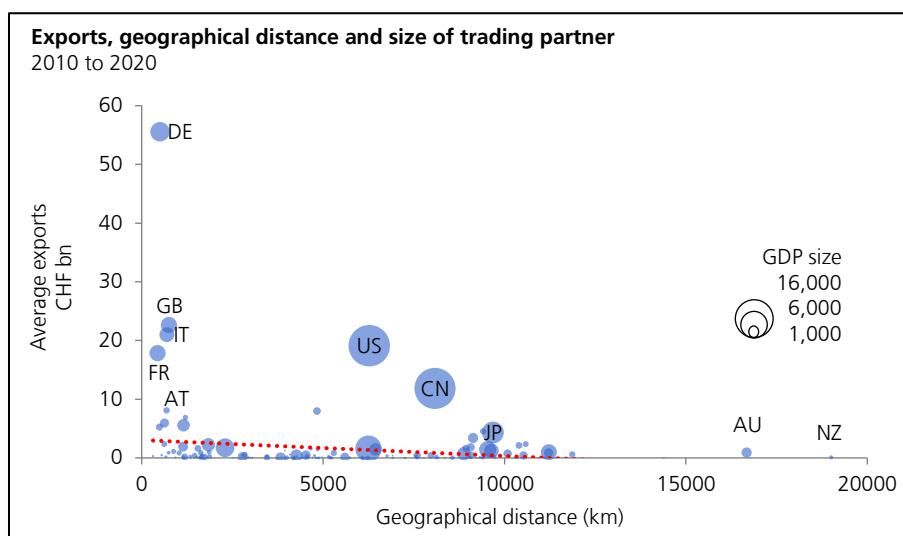
Swiss foreign trade in 2020

Variable	Description	Source
$imp_{ij,t}$	Swiss imports by country j (in CHF) for year t – <i>the general total includes gold in bars and other precious metals, coins, precious stones and gems, as well as works of art and antiques</i>	
$y_{i,t}$	GDP of Switzerland (\$PPP, converted into CHF, average annual conversion rate) for year t	World Bank (as of 25 May 2021)
$y_{j,t}$	GDP of country j (\$PPP, converted into CHF, average annual conversion rate) for year t	World Bank (as of 25 May 2021)
d_{ij}	Geographical distance between Switzerland and country j (based on main cities and in terms of population)	CEPII

Geographical distance: a barrier to trade

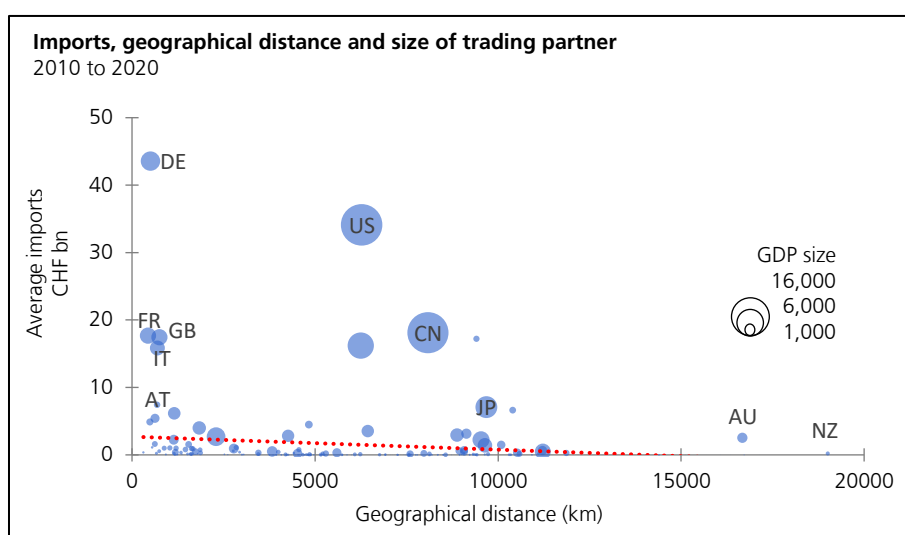
As assumed in the gravity model, geographical distance negatively affected trade in the period 2010 to 2020. A 1% increase in distance leads to a 0.8%⁸ decrease in imports and exports. Trade depends not only on geographical distance, but also on the size of the trading partner. The model estimation shows a disproportionately positive and significant relationship between economic size

and trade (import: +1.3 and export: +1.2). In other words, if the size of the economy grows by 1%, imports increase by 1.3% and exports by 1.2%. Despite the great distance between Switzerland and the USA and China, trade flows with both countries were substantial in the period between 2010 and 2020. This illustrates that the economic size of a country (measured by GDP) makes trade attractive.



⁸ Statistically significant result at 99%.

Swiss foreign trade in 2020



Variation of trade flows in % for a 1-percent variation of distance/size (selected product groups)

Products	Exports		Imports	
	Distance	Size	Distance	Size
Forestry and agricultural products, fisheries	-1.1	1.3	-0.6	1.1
Energy sources	-1.9	1.2	-2.0	1.4
Textiles, clothing, shoes	-1.3	1.2	-1.3	1.3
Paper and graphic products	-1.2	1.3	-2.0	1.4
Leather, rubber, plastics	-1.2	1.2	-1.8	1.4
Chemical and pharmaceutical products	-0.9	1.4	-1.7	1.6
Stones and earth	-1.1	1.1	-1.9	1.4
Metals	-1.0	1.2	-2.1	1.5
Machines and electronics	-0.7	1.2	-1.7	1.5
Vehicles	-1.4	0.9	-1.8	1.4
Precision instruments	-0.7	1.3	-1.2	1.4
Watches	-0.5	1.0	-0.5	1.0
Jewellery	-0.5	1.1	-0.6	1.5
Precious metals and gemstones	-0.7	1.2	0.1*	1.1
Works of art and antiques	-0.7	0.7	-0.9	1.0

Note: coefficients statistically significant at the 99% confidence level

*Statistically not significant

Imports of precious metals are not dependent on distance

The majority of the product groups in the top 3 include countries located within a short distance. Even if the volumes are small, energy sources (85%) and textiles (79%) are mainly exported to neighbouring countries (Italy, Germany and France). The exceptions, with destinations more than 6,000 km away, are watches (three) and jewellery (two). The results of the model estimates by branch also conclude that there is a significant negative

correlation between exports and geographical distance, but that the influence on the respective branches of goods varies. Distance affects energy sources the most (-1.9), while watches and jewellery are the least affected (-0.5).

On the import side, goods in some branches, such as textiles, jewellery and precious metals, originated mainly from more distant countries. Thanks to the model's estimates by branch, the negative relationship between imports and geographical distance is

Swiss foreign trade in 2020

verified and significant, with the exception of precious metals. For these, the estimated coefficient is positive but not significant: geographical distance has no influence on imports of precious metals. For the other branches, the coefficient varies between -0.5 (watches) and -2.1 (metals).

The economic size of a trading partner always has a positive and significant influence on bilateral trade, regardless of the branch. For exports, the estimated coefficient varies between 0.7 (works of art) and 1.4 (chemical and pharmaceutical products). On the import side, economic size influences the majority of branches disproportionately (coefficients between 1 and 1.6).

Top 3 trading partners in 2020 (selected product groups) and geographical distance

Exports			Imports		
Trading partners	Share (%)	Geographical distance (km)	Trading partners	Share (%)	Geographical distance (km)
Forestry and agricultural products, fisheries					
Germany	16	504	Germany	21	504
USA	15	6 272	Italy	15	693
France	11	436	France	11	436
Energy source					
Italy	48	693	Germany	36	504
Germany	25	504	France	21	436
France	12	436	Netherlands	8	628
Textiles, clothing, shoes					
Germany	50	504	China	32	8 084
Italy	16	693	Italy	11	693
France	4	436	Germany	9	504
Paper and graphic products					
Germany	35	504	Germany	43	504
France	9	436	France	10	436
Italy	6	693	Austria	10	685
Leather, rubber, plastics					
Germany	36	504	Germany	36	504
Italy	9	693	Italy	14	693
USA	7	6 272	China	9	8 084
Chemical and pharmaceutical products					
USA	22	6 272	Germany	26	504
Germany	15	504	USA	9	6 272
Italy	6	693	Italy	9	693
Stones and earth					
Germany	25	504	Germany	40	504
France	12	436	Italy	18	693
USA	11	6 272	France	11	436
Metals					
Germany	33	504	Germany	42	504
USA	10	6 272	Italy	12	693
Italy	6	693	Austria	7	685

Swiss foreign trade in 2020

Exports			Imports		
Trading partners	Share (%)	Geographical distance (km)	Trading partners	Share (%)	Geographical distance (km)
Machines and electronics					
Germany	24	504	Germany	28	504
USA	12	6 272	China	21	8 084
China	8	8 084	Italy	7	693
Vehicles					
Germany	25	504	Germany	35	504
United Kingdom	13	749	USA	8	6 272
USA	12	6 272	Netherlands	6	436
Precision instruments					
USA	22	6 272	Germany	30	504
Germany	20	504	USA	21	6 272
Netherlands	10	628	Netherlands	7	628
Watches					
China	14	8 084	China	17	8 084
USA	12	6 272	France	16	436
Hong Kong	10	9 409	Hong Kong	9	9 409
Jewellery					
France	17	436	United Arab Emirates	22	4 831
China	13	8 084	France	21	436
USA	12	6 272	Hong Kong	11	9 409
Precious metals and gemstones					
USA	40	6 272	United Kingdom	11	749
India	13	6 249	Hong Kong	11	9 409
United Kingdom	11	749	USA	9	6 272
Works of art and antiques					
Germany	23	504	France	25	436
Netherlands	20	628	USA	22	6 272
USA	17	6 272	Germany	12	504

Free trade agreements to reduce distance

This analysis shows that geographical distance and economic size play an important role in Switzerland's foreign trade. Physical distance has a disproportionately negative impact on trade, while economic size disproportionately increases trade. The analysis confirms the intuitive view of some economists that countries tend to trade more intensively with neighbouring countries. Nevertheless, this depends on the type of product. Some natural resources (precious metals, for example) are only available in a limited number of countries. Hence, distance

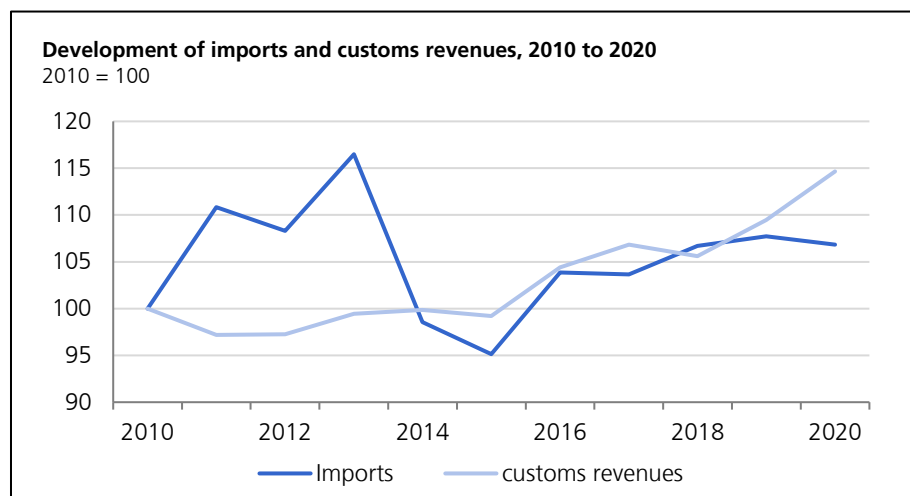
has no influence on imports of these types of products. For most types of products, geographical distance restricts trade due to higher costs. In order to reduce these costs and other trade barriers and to improve relations with strategic partners, Switzerland has negotiated numerous free trade agreements that facilitate the flow of goods, in particular by cutting tariffs. Switzerland is currently negotiating agreements with a number of fast-growing Asian economies such as India, Viet Nam and Malaysia.

Development of customs revenues between 2010 and 2020⁹

Increase in customs duties and the tariff burden over ten years

Products imported into Switzerland are subject to varying levels of customs duties. Since 2010, the **customs duties** levied have increased by 14.6% to CHF 1.3 bn (2020), while imports have only increased by 6.8%. The **tariff burden** (the average customs duties levied on imports per CHF 100) has risen

from CHF 0.44 in 2010 to CHF 0.48 in 2020. This increase can be explained not only by changes in the import structure (basket of products), but also by changes to the origin of the products, with different preferences depending on the free trade agreement (FTA).



Almost 60% of customs revenues come from the agricultural sector

The tariff burden on imports depends on the type of products, i. e. agricultural or industrial (see definition). **Agricultural products**, which are subject to a higher tariff burden than industrial products, registered a burden almost 30 times higher than industrial products (CHF 5.90 versus CHF 0.21 per CHF 100 of imports in 2020). Despite their small share of total imports (5%), agricultural products generated 57% of the customs duties levied in 2020, which corresponded to CHF 745.7

mn. **Industrial products** accounted for the remaining 43% (CHF 559.8 mn). From 2010 to 2020, customs revenues on this product group rose disproportionately to imports, resulting in a 5% increase in the tariff burden (agricultural products: +1.3%).

Among industrial products, **vehicles** showed the most significant change in terms of tariff burden, rising from CHF 0.19 in 2010 to CHF 0.34 in 2020. **Paper, paper products and graphic products** and **metals** also saw a significant increase in their burden.

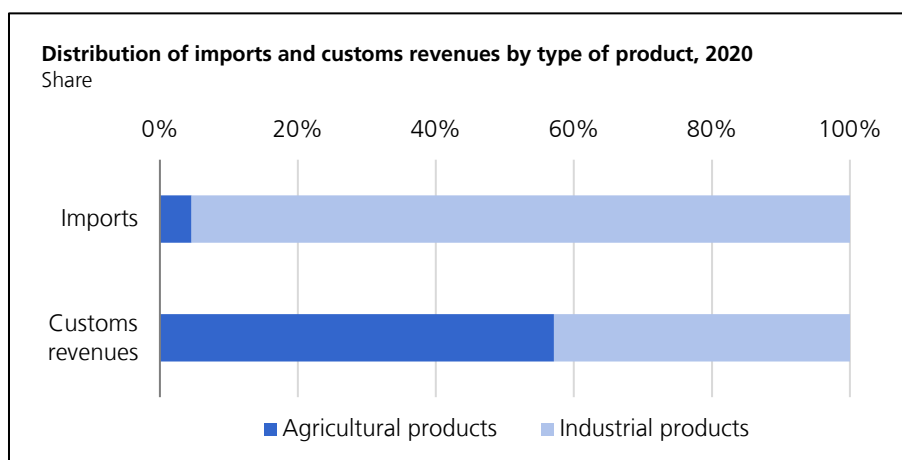
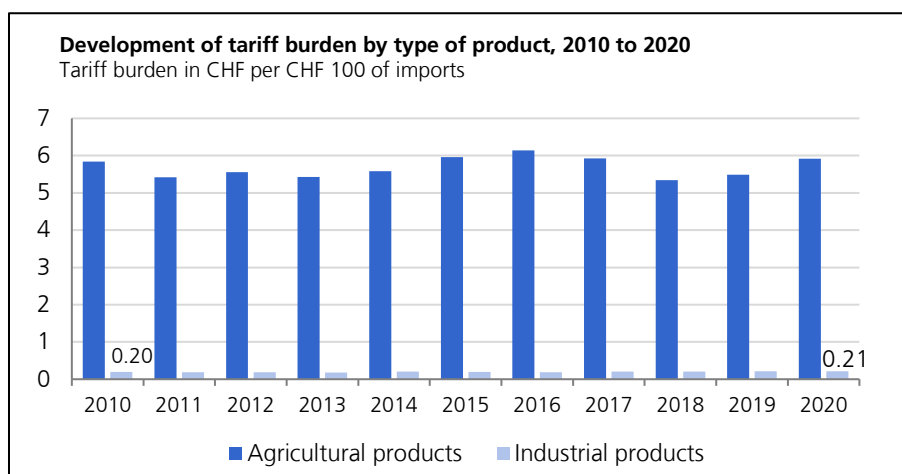
⁹ The analysis is based on the general total, i.e. including gold bars and other precious metals, coins, precious stones and gems, as well as works of art and antiques. Data for 2010 and 2011 also include gold and silver bars as well as coins, as officially included since 2012.

Definition of agricultural and industrial products

The World Trade Organisation (WTO) defined agriculture in the [Agreement on Agriculture](#) (Annex 1: Product coverage). Chapters 1 to 24 (with the exception of fish) of the Harmonized System (HS) are included, as well as some products in Chapters 25 to 97. This

definition is internationally accepted and is used in this in-depth analysis.

Nevertheless, other definitions exist depending on the context of the analysis. For example, a simplified classification defines agricultural products as those in Chapters 1 to 24 of the HS and industrial goods as those in Chapters 25 to 97.



Textile sector: tariff burden 12 times the average for industrial products

In terms of value, 53% of imports of **agricultural products** were subject to customs duties in 2020, while 47% were exempt. The top 5 most heavily taxed products were meat products with a duty of CHF 20.70 per CHF 100 of imports, fats and oils (CHF 18.10), cereals (CHF 17.70), meat (CHF 14.10) and cereal-based products, baked and pasta products (CHF 10).

In the case of **industrial products**, customs duties were levied on 16% of imports and 84% were imported duty-free. Half of these levied duties came from the textiles, clothing and shoes sector. The tariff burden for this sector was CHF 2.40 per CHF 100 of imports, which was 12 times the average for industrial products in 2020.

Swiss foreign trade in 2020

Top 5 products with the highest tariff burden by product type, 2020

Products	Value (CHF mn)	Customs duties (CHF mn)	Customs duties in CHF per 100 CHF imported
Agricultural products	12 599	746	5.9
Preparations of meat, etc.	153	32	20.7
Fats and oils	364	66	18.1
Cereals	265	47	17.7
Meat	635	90	14.1
Flour preparations, pastry	874	87	10.0
Industrial products	261 168	560	0.2
Textiles, clothing, shoes	12 332	293	2.4
Miscellaneous products such as musical instruments, home furnishings, toys, sports equipment, etc.	5 723	33	0.6
Leather, rubber, plastics	6 591	30	0.5
Vehicles	17 409	59	0.3
Paper and graphic products	3 440	10	0.3

Customs revenue losses increase by 7% between 2010 and 2020

Free trade agreements (FTAs) reduce tariffs and thus facilitate trade between countries. Switzerland has signed numerous FTAs, including one with the European Union (EU) – its main trading partner – which accounted for half of Switzerland's imports in 2020. The transition from a normal to a reduced (or even zero) rate thanks to FTAs leads to tariff savings that are more or less significant.

These correspond to the difference between the customs revenue at the normal rate (theoretical) and the revenue at a reduced (or zero) rate resulting from the FTAs for a given product. Customs revenue losses amounted to CHF 2.4 billion in 2010 and to over CHF 2.5 billion in 2020, of which 83% was due to the agreement with the EU. This means that customs revenue losses have increased by 6.8% since 2010, due mainly to the bilateral agreement with China in 2014.

Customs revenue losses by FTA, 2020

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