SWITZERLAND

TRADE SUMMARY

The U.S. goods trade surplus with Switzerland was $39 million in 2011, down $1.5 billion from 2010. U.S. goods exports in 2011 were $24.5 billion, up 18.2 percent from the previous year. Corresponding U.S. imports from Switzerland were $24.4 billion, up 27.6 percent. Switzerland is currently the 16th largest export market for U.S. goods.

U.S. exports of private commercial services (*i.e.*, excluding military and government) to Switzerland were $20.3 billion in 2010 (latest data available), and U.S. imports were $19.7 billion. Sales of services in Switzerland by majority U.S.-owned affiliates were $55.9 billion in 2009 (latest data available), while sales of services in the United States by majority Switzerland-owned firms were $46.1 billion.

The stock of U.S. foreign direct investment (FDI) in Switzerland was $143.6 billion in 2010 (latest data available), down from $149.8 billion in 2009. U.S. FDI in Switzerland is led by the nonbank holding companies, manufacturing, and wholesale trade sectors.

IMPORT POLICIES

Switzerland, along with Norway, Iceland, and Liechtenstein, is a member of the European Free Trade Association (EFTA). However unlike other EFTA members, Switzerland does not participate in the European Union (EU) single market through the European Economic Area (EEA) accord. According to the WTO, Switzerland's simple average applied tariff is 27.2 percent for agricultural goods and 1.9 percent for non-agricultural goods.

Agricultural Products

Access for U.S. agricultural products is restricted by high tariffs on certain products, preferential tariff rates for other countries, and government regulation. Switzerland's tariff schedule is comprised only of specific (non-*ad valorem*) duties. Imports of nearly all agricultural products, particularly those that compete with Swiss products, are subject to seasonal import duties, quotas, and import licensing. Agricultural products that are not produced in Switzerland, such as tropical fruit and nuts, tend to have lower tariffs.

Switzerland has a strict regulatory regime for agricultural biotechnology products. In order for biotechnology food or animal feed products to be imported and sold on the Swiss market, they must undergo a lengthy approval process. In addition, labeling is required for products containing biotechnology ingredients or derived from such ingredients. Recently, Switzerland further tightened labeling rules so that even so-called "second-generation" products derived from a biotechnology derivative (such as corn syrup produced from starch made from biotechnology corn) must also be labeled. The Swiss rules on approval and labeling roughly parallel those of the EU.

GOVERNMENT PROCUREMENT

Switzerland is a signatory to the WTO Agreement on Government Procurement (GPA), which covers both cantonal and federal procurement. However, since cantons are allowed to implement the GPA independent from federal intervention, disparities in procedures may be found among the cantons, which may hamper participation by foreign firms.

In contrast to cantonal and communal practice, federal authorities are not required to inform unsuccessful bidders of the selected tender or reasons for the award.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Switzerland generally maintains high standards of intellectual property rights (IPR) protection. U.S. copyright holders, however, have expressed concerns about the subsequent interpretation by prosecutors and judges of a verdict of the Swiss Supreme Court in 2010 prohibiting the use of IP addresses to identify copyright infringers, leaving them, in practice, unable to defend their intellectual property adequately in Switzerland, particularly as it relates to illegal, commercial-scale uploading of copyrighted material.

Switzerland was an active participant in the Anti-Counterfeiting Trade Agreement (ACTA) negotiations and signed the ACTA in October 2011. The ACTA establishes an international framework that will assist Parties in their efforts to effectively combat the infringement of intellectual property rights, in particular the proliferation of counterfeiting and piracy, which undermines legitimate trade and the sustainable development of the world economy.

SERVICES BARRIERS

Telecommunications

Swisscom, a former government monopoly still owned largely by the state, appears not to have fully complied with the Law of Telecommunications, which took effect in 2007 and was designed to improve telecommunications competition in Switzerland. The Swiss Federal Communications Commission stated in December 2010 that 8.9 percent of all broadband connections (including DSL and CATV) were unbundled and 12.3 percent of the DSL connections were unbundled. In addition, in March 2011, Swisscom had unbundled 270,000 subscriber lines, up from 255,000 in December 2010.

Swisscom's competitors complain that the price charged by Swisscom to use its fiber network is too expensive, despite legislation requiring that wholesale broadband access be offered to competitors at cost-oriented prices to allow competitors time to invest in their own competing facilities. On December 8, 2011, the Swiss Federal Communications Commission reduced (retroactive to all of 2011) the price for unbundled lines from CHF16.60 ($18.12) to CHF15.50 ($16.92). Although this is an improvement, it is still four francs to five francs above the European average. The regulator also reduced the rates for interconnection and collocation. The regulator also announced that beginning in 2013, it will include new-generation technologies, such as optical fiber, as a basis for calculating the cost-based wholesale access rate.

Insurance

The manager of a foreign-owned branch must be resident in Switzerland and the majority of the Board of Directors of the Swiss subsidiary must have citizenship in an EU or EFTA country. Public monopolies exist for fire and natural damage insurance in 19 cantons and for the insurance of workplace accidents in certain industries.