SWITZERLAND

TRADE SUMMARY

The U.S. goods trade surplus with Switzerland was $1.5 billion in 2009, down $2.8 billion from 2008. U.S. goods exports in 2009 were $17.5 billion, down 20.5 percent from the previous year. Corresponding U.S. imports from Switzerland were $16.0 billion, down 9.8 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 $17.2 billion in 2008 (latest data available), and U.S. imports were $14.8 billion. Sales of services in Switzerland by majority U.S.-owned affiliates were $54.3 billion in 2007 (latest data available), while sales of services in the United States by majority Switzerland-owned firms were $49.9 billion.

The stock of U.S. foreign direct investment (FDI) in Switzerland was $123.4 billion in 2008 (latest data available), up from $97.9 billion in 2007. U.S. FDI in Switzerland is led by the nonbank holding companies and wholesale trade sectors.

IMPORT POLICIES

Agricultural Products

The U.S. share of the Swiss agricultural import market was only 2.4 percent in 2008. 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. While the average *ad valorem* equivalent applied tariff in Switzerland for nonagricultural products is 2.1 percent, the *ad valorem* equivalent average applied tariff on imports of agricultural products is 44 percent.

Imports of nearly all agriculture products, particularly those that compete with Swiss products, are subject to seasonal import duties and quotas. Agricultural products which are not produced in Switzerland, such as tropical fruit and nuts, tend to have lower tariffs.

GOVERNMENT PROCUREMENT

Switzerland is a signatory to the WTO Agreement on Government Procurement (GPA), which covers both cantonal and federal procurement. Cantonal and communal governments carry out many of the public projects; as a result, the value of their procurement is two to three times that of the federal government. At the cantonal and local levels, a 1995 law provides for nondiscriminatory access to government 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. Under the federal law on public procurement, tender procedures apply where the value of the procurement exceeds SFr. 248,950 ($248,950), whereas GPA obligations apply to procurement above $203,000. According to a 2002 revised ordinance on public procurement, all private or state-owned companies (*e.g.*, utilities, transportation, communications, defense, and construction) that submit tenders in government procurement must make their bids public where the contract exceeds SFr. 250,000 ($250,000).

In 2010, an amendment to the Swiss procurement law will enter into force, in which Switzerland unilaterally at both the federal and cantonal levels will implement revisions to the WTO GPA which have been provisionally developed but not finalized.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Switzerland generally maintains high standards of intellectual property rights (IPR) protection. However, U.S. industry has expressed some concerns regarding Switzerland's revised copyright legislation implementing the World Intellectual Property Organization (WIPO) Copyright Treaty and Performances and Phonograms Treaty, including concerns over broad exceptions for use of multimedia content. The United States will continue to monitor the implementation and effect of this legislation.

SERVICES BARRIERS

Telecommunications

The Swiss government amended the Telecommunications Act following an investigation by the Competition Commission and the Federal Communications Commission against Swisscom (the former state monopoly, which is still 55.2 percent government-owned). The grounds for the amendments were Swisscom's failure to unbundle the local loop completely and to provide leased lines at cost-oriented prices to competitors. The legal amendment, which entered into force on April 1, 2007, gives the regulator explicit authority to force Swisscom to unbundle its local loop, sets a minimum transmission rate of 600 kbit/s downstream and provides a maximum price limit, thereby addressing a flaw cited in earlier court rulings. However, according to the OECD 2009 Communication Outlook, only 8 percent of the network accommodates unbundling. The amendment also requires that wholesale broadband access be offered to Swisscom competitors at cost-oriented prices for four years in order to provide competitors time to invest in their own competing facilities, after which all operators are expected to provide the broadband investment themselves. However, Swisscom competitors still complain the price charged by Swisscom to use its fiber network is too expensive.

Audiovisual Services

Switzerland has no limitations on the amount of non-Swiss or non-European origin programming that can be broadcast, but film distributors and cinema companies must maintain, through self-regulatory solutions, an "appropriate diversity" (not currently defined) in the products offered within a region. The government may levy a nominal development tax on movie theater tickets if the Swiss government determines the appropriate geographical diversity is not being met.

Under the supervision of the Federal Institute of Intellectual Property and the Copyright Commission, five separate Swiss collecting societies receive royalties on the sale or reproduction of artworks as well as multimedia devices. Revenues received by the collecting societies increased from SFr. 119 million ($119 million) in 1994 to a current SFr. 209 million ($209 million). A portion of these revenues are used to finance measures that support Swiss culture.

Insurance

Foreign insurers attempting to do business in Switzerland are required to establish a subsidiary or a branch and cannot sell their entire product line cross-border or through a representative office. Foreign insurers operating in Switzerland are limited to those types of insurance for which they are licensed in their home countries. The manager of the foreign-owned branch must be resident in Switzerland and the majority of the board of directors of the Swiss subsidiary must have citizenship in the EU or the European Free Trade Association. Public monopolies exist for fire and natural damage insurance in 19 cantons and for the insurance of workplace accidents in certain industries. Private insurance firms must establish a fund in the amount of 20 percent to 50 percent of the minimum capital requirement to be available to cover potential losses.