



# What the customs hammer means for the Swiss economy

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## At a glance

- Uncertainty about future tariffs is dampening global sales of Swiss products.
- The tariff increases in the US affect 100,000 jobs in export-dependent industries.
- Structural change leads to increased production in target markets.

Switzerland earns 2 out of every 5 francs abroad. So without a flourishing export industry, Switzerland would be as poor as a church mouse. Switzerland is a small but extremely successful export nation. We are one of the world's 20 largest exporting countries. So what do Trump's tariff policy and the 39 percent mean for Switzerland?

- **Firstly**, uncertainty continues to cling uncomfortably to every economic decision made by a company. What does the future hold? What will change tomorrow? For how long will the current tariffs in the USA apply? The great uncertainty is dampening the global economy and thus sales and demand for Swiss products and services in the world markets, including outside the USA, in Europe, Latin America and Asia.
- **Secondly**, Switzerland is currently in a weakened position. If a 39 percent tariff is imposed in the USA, many companies will lose their US business or have to drastically reduce it. The economic damage depends crucially on how long these unjustified tariffs remain in force or whether the medicines that have been excluded so far are included. According to our estimates, around 100,000 jobs in Switzerland are directly affected by the US tariffs. The watchmaking and machinery industries, manufacturers of precision instruments and certain food producers (especially chocolate and cheese) are particularly exposed. These sectors are heavily dependent on the US market. Smaller companies in particular face major challenges if US sales are lost. They cannot simply relocate production abroad. If the tariffs remain in place in the long term, some of these directly affected jobs would be cut, but a large proportion could probably be retained through restructuring and realignment.

- **Thirdly** the fragmentation of global markets reinforces the tendency to manufacture products where there is demand. This means producing in China for the Chinese market, in Europe for the European market and in the USA for the US market. The model - production in Switzerland and worldwide export - is becoming less and less the rule and more and more the exception. It pays off where Swiss Made plays a decisive role. This applies to the watch industry, for example. As long as the framework conditions in Switzerland are good and access to important export markets such as the EU or Japan is guaranteed, and emerging markets such as Mercosur or India are also included in the future, Switzerland will be able to survive as a production location. But: "As long as the framework conditions in Switzerland are good" means that they must be improved in key areas in order to compensate for the deterioration in US business.

The customs hammer must wake political Switzerland from its slumber: We must take care of Switzerland as a business location and do everything we can to strengthen Switzerland's attractiveness as a business location. This is not a matter of course. Wake-up!



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