International Market Access

Free Trade Agreement with China Modernized: More Market Opportunities for Swiss Companies

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At a glance

- The modernization of the free trade agreement with China strengthens access to Switzerland's third-largest trading partner.
- 99.8 percent of current Swiss exports will have duty-free access to the Chinese market in the future.
- The agreement improves the competitiveness of the export sector and reduces unilateral dependencies in times of geopolitical uncertainty.

The 2014 free trade agreement with China has become outdated. It is therefore all the more gratifying that Switzerland and China were able to successfully complete the planned modernization after five rounds of negotiations. This is a significant achievement for Switzerland as a business location. In a world marked by increasing trade conflicts and geopolitical tensions, Switzerland is thereby strengthening its access to one of its most important export markets. China is Switzerland's third-largest trading partner after the EU and the U.S.

Greater Competitiveness in the Chinese Market

The agreement brings concrete improvements for Swiss companies. While nearly all Chinese imports already enter Switzerland duty-free, only about half of Swiss exports have benefited from comparable access to the Chinese market until now. Under the modernized agreement, 99.8 percent of current Swiss exports will be able to be exported to China duty-free in the future. This will strengthen the competitiveness of the Swiss export sector.

For Switzerland, as a small and open economy, good access to global markets is crucial. Half of our prosperity is earned abroad. About two million jobs depend directly or indirectly on exports. Open markets enable companies to offer their products worldwide, take advantage of economies of scale, and invest in innovation. Ultimately, everyone benefits from this: employees, consumers, and the government through high tax revenues.

The agreement is particularly important for export-oriented industries such as pharmaceuticals, mechanical engineering, medical technology, precision instruments, watches, and high-end consumer goods. In these sectors, Swiss companies compete daily with suppliers from around the world. The Chinese market is also highly competitive. In this challenging environment, the elimination of tariffs and administrative barriers improves the competitiveness of the Swiss export sector.

The modernization also goes beyond traditional tariff reduction. The agreement includes improvements to rules of origin, trade facilitation, trade in services, digital trade, and access for investment. In addition, the provisions on environmental issues and labor rights are being expanded and strengthened. In this way, the agreement takes into account the requirements of modern economic relations.

Diversification Strengthens Switzerland as a Business Hub

The Swiss economy needs broad-based trade relations with all major export markets. Diversification reduces one-sided dependencies. The conclusion of the negotiations is therefore a positive sign. The modernized agreement improves the framework conditions for Swiss companies, strengthens Switzerland's international competitiveness as a business location, and opens up additional market opportunities for the Swiss export sector.

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