International Market Access

Free Trade as ***a Key Asset in Uncertain Times***

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At a glance

- Uncertainty for Swiss companies in the U.S. market persists.
- The need to diversify sales markets and reduce dependencies is more urgent than ever.
- The rapid implementation of the free trade agreements with Mercosur and Malaysia must be a priority so that Swiss companies can benefit from these two emerging, economically significant regions.

Last week, the U.S. published the results of its Section 301 investigation into allegedly insufficient measures against forced labor. Since that announcement, Swiss imports into the U.S. have been subject to a new 12.5 percent additional tariff. At the same time, another Section 301 investigation is underway regarding structural overcapacity in industrial sectors. This investigation targets 16 economies, including Switzerland, the EU, China, Japan, South Korea, India, and several Southeast Asian countries. The investigation is examining whether government practices or policies lead to structural industrial overcapacity that burdens or restricts U.S. trade.

Uncertainty remains the biggest source of stress

This further study illustrates the uncertainties facing the Swiss economy. For companies, this uncertainty makes strategic planning considerably more difficult. As long as it remains unclear whether—and in what form—additional trade policy measures will be implemented, costs, supply chains, and investment decisions will remain difficult to predict. Companies that are heavily dependent on the U.S. market or integrated into international value chains are particularly vulnerable. Because Switzerland earns every other franc abroad, this dependence is substantial.

Diversification is more important than ever

A broader international presence increases the resilience of Swiss companies to trade policy shocks. Companies with access to multiple sales and procurement markets can adapt more flexibly to changes in tariffs, regulations, or supply chains. For an open economy like Switzerland in particular, this ability to act is crucial for mitigating economic risks and capitalizing on new opportunities early on.

Diversification is therefore not just a matter of additional growth opportunities, but also of risk management: If market access deteriorates, as is currently the case with the U.S., companies can turn to alternative markets. A broad network of free trade agreements therefore strengthens the security of supply and the strategic flexibility of Switzerland's export-oriented economy.

Switzerland Must Not Squander Its Advantages

With free trade agreements with Mercosur and Malaysia, Switzerland would hold significant advantages. They create more reliable framework conditions and facilitate access for Swiss products and services to two economically significant regions, which together comprise over 300 million people and an economic output of approximately 3.5 trillion U.S. dollars.

In doing so, they not only strengthen individual export sectors but also reinforce Switzerland's position as a competitive and well-connected business location. Especially given the current U.S. tariff policy and the ongoing uncertainty surrounding further trade policy measures, the swift implementation of these agreements is now more important than ever. It would be a mistake to put such agreements on the back burner. People often forget that in Switzerland, one in every two jobs depends directly or indirectly on exports. Anyone who blocks free trade agreements also jeopardizes jobs and prosperity in our country. The right response to growing uncertainty is not to wait and see, but to act: quickly approve and implement the Mercosur and Malaysia agreements. Only in this way can Switzerland play to its strengths and strengthen its economic capacity to act.

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