



Report on the free trade agreement company survey

Report on the results of the company survey on the
use of free trade agreements by Swiss exporters

3 November 2022



Executive summary

Swiss exporters make active use of free trade agreements to save on tariffs. This entails certain expenses. Those were the findings of a survey of companies conducted by the State Secretariat for Economic Affairs.

Swiss importers could save up to 400 million Swiss francs in tariffs every year if they made greater use of free trade agreements (FTAs).¹ An import-side survey conducted by the State Secretariat for Economic Affairs (SECO) in spring 2021 also highlighted that many importers lack information about how FTAs are applied.²

In a further survey, carried out from November 2021 to the end of January 2022, SECO asked Swiss *exporters* how they use the 30-plus FTAs that Switzerland currently has in place. This company survey shows that exporting companies attach great importance to FTAs and make active use of them.

35 free trade agreements at present

In addition to the European Free Trade Association (EFTA) convention and the free trade agreement with the European Union (EU), Switzerland currently has a network of 33 [free trade agreements](#) with 43 partners. A central element of FTAs is the reciprocal granting of preferential tariffs – i.e. a complete or partial elimination of customs duties in favour of the contracting party. These lower preferential duties mean that companies can benefit from tariff savings when importing and exporting goods.

To qualify to use an FTA, the company's products must meet the rules of preferential origin laid down in the agreement concerned. In other words, the product must have been manufactured to a significant extent in the exporting country. For goods to be given preferential customs clearance upon import to the partner country, they must be accompanied by the proof of preferential origin provided for in the corresponding FTA.³

Majority use FTAs when exporting

A total of 418 businesses responded to the company survey on the export-side use of free trade agreements. The great majority (94%) of the companies surveyed apply free trade agreements when exporting goods. With an average of 4.35 points on a scale of one (not important at all) to five (very important), the companies confirmed the importance of free trade agreements to their operations.

Exporters mainly use FTAs because their international customers demand proof of preferential origin for their goods, and this proof then enables companies to apply the relevant agreement. Improved competitiveness is another important reason for using FTAs, because tariff savings allow companies to offer their products at lower prices on foreign markets. Companies named the free trade agreements with the EU (316), EFTA states (242), China (198), the United Kingdom (191), Japan (169) and South Korea (165) as the most important.

Expense associated with the use of FTAs

There is a degree of expense associated with using free trade agreements, however. Companies mentioned preferential origin requirements (260 respondents), having to obtain preliminary documents (240), obtaining information on free trade agreements (192), and training personnel to make the best use of FTAs (189) as expense items.

Of course, there are also cases in which companies decide for themselves not to use free trade agreements, or are not able to use them. Unsurprisingly, one of the reasons for not using FTAs is that products do not comply with the rules of origin, so no proof of origin may be issued. This was cited by 105

¹ See the [FTA Monitor](#) 2020 at [seco.admin.ch](#).

² See Michèle Glauser; Lukas Hauck; Yan Monnard (2021). [Freihandelsabkommen: Importeure zahlen zu viel Zoll](#) ('Free trade agreements: importers pay too much in tariffs', in German and French). *Die Volkswirtschaft*, 26 October.

³ For more information on rules of preferential origin, please see [Preferential origin](#) (at [seco.admin.ch](#)) and [Free trade agreements](#) (at [bazg.admin.ch](#))

companies. Other grounds were that products could be imported duty-free to the destination country, without applying an FTA (79), or that the tariff savings from using the free trade agreement were too small (55). Sometimes, the internal administrative burden is simply too great (55), products are not covered by the FTA (38), or companies lack the knowledge to apply FTAs (30).

Here, exporting companies want greater support to make it easier to apply free trade agreements. First and foremost they would like a tool that shows the requirements of preferential origin, and the possible tariff savings in Swiss francs. Similar wishes were expressed in the first company survey of Swiss importers.

Federal Council remit

For a number of years now SECO has analysed the extent to which economic actors make use of free trade agreements.⁴ Published annually since 2020, the [FTA Monitor](#) contains the principal key figures in this regard. The company surveys systematically capture the specific problems that companies encounter in practice with the use of free trade agreements.

Alongside the FTA Monitor, this company survey provides important input for SECO, indicating for example where there are obstacles to the use of free trade agreements, and how their use could be simplified. This is in line with the remit from the Federal Council to examine whether – and if so, how – the use of FTAs could be simplified and improved. As part of the general outlook on plans to boost Switzerland as a business location (*Stärkung des Wirtschaftsstandorts Schweiz*), in February 2022 the Federal Council tasked the Federal Department of Economic Affairs, Education and Research (EAER) with improving the economic operating conditions for the use of FTAs.⁵ Based on the related analysis⁶ and the two company surveys, SECO will make specific proposals to the Federal Council on how companies can more easily use Switzerland's dense network of free trade agreements.

⁴ See [Use of free trade agreements](#) at seco.admin.ch.

⁵ Please refer to the press release (in German, French and Italian) on the [Federal Council's plans to boost Switzerland as a business location, Bern, 16 February 2022](#).

⁶ See also Stefan Legge; Piotr Lukaszuk; Michèle Glauser; Lukas Hauck (2021). [Schweizer Unternehmen nutzen Freihandelsabkommen](#) ('Swiss companies use free trade agreements', in German and French). *Die Volkswirtschaft*, 23 April.

Contents

| | | |
|---|---|----|
| 1 | Background to the company survey on the use of free trade agreements by exporters | 5 |
| 2 | Structure of the company survey on the use of free trade agreements by exporters | 6 |
| 3 | Results concerning the use of free trade agreements when exporting | 7 |
| 4 | Results concerning the general questions on free trade agreements | 12 |
| 5 | Results concerning information about free trade agreements | 17 |
| 6 | Results concerning rules of preferential origin | 20 |
| 7 | Results concerning preferential customs clearance | 29 |
| 8 | Results concerning general information about the companies surveyed | 37 |
| 9 | Looking ahead | 41 |

1 Background to the company survey on the use of free trade agreements by exporters

In addition to the EFTA convention and the free trade agreement (FTA) with the European Union (EU), Switzerland currently has a network of 33 free trade agreements with 43 partners. For a number of years now the State Secretariat for Economic Affairs (SECO) has analysed the use of the 35 free trade agreements that Switzerland has concluded in past decades. An overview of previous work on the use of FTAs can be found on the SECO website under [Use of free trade agreements \(admin.ch\)](#).

Swiss companies importing and exporting goods save billions of Swiss francs in tariffs each year thanks to free trade agreements. However, alongside these realised tariff savings there are further savings of several hundred million francs that go unrealised year after year. The question, then, is why companies decide in favour of or against using FTAs, and the associated tariff savings.

Free trade agreements provide for import tariffs to be reduced or eliminated entirely. Companies do not benefit automatically from these tariff reductions, however. They must ensure that, for each imported shipment, they fulfil the conditions for the use of FTAs, in particular the rules of origin, and that they apply for preferential customs clearance in accordance with the FTA. If no proof of origin is supplied or no application for preferential clearance made, companies pay the regular tariff rate despite there being an FTA in place. The unrealised tariff savings referred to above indicate that, to some extent, this is what is actually happening.

To find out why FTAs are not being used to the full, SECO conducted two surveys among Swiss companies. The aim was to gain a better understanding of how Switzerland's FTAs are being used by businesses, and how their application can be simplified further. The first survey, which focused on importers, was carried out in May 2021. Its findings appeared in the SECO-published political magazine *Die Volkswirtschaft*.⁷

The second company survey on the use of FTAs by Swiss exporters was conducted between November 2021 and January 2022. To mark the launch of the survey on 9 November 2021 SECO organised an information event for interested trade associations and businesses. These associations were then asked, along with chambers of commerce, to forward the survey to their members. The survey was also published on the SECO website. It was targeted at Swiss companies exporting goods of all types, and conducted in German and French using the [LimeSurvey](#) online tool.

⁷ [Freihandelsabkommen: Importeure zahlen zu viel Zoll – Die Volkswirtschaft](#) ('Free trade agreements: importers pay too much in tariffs', in German and French).

2 Structure of the company survey on the use of free trade agreements by exporters

The survey questionnaire was structured as follows:



Most of the questions were put to all companies, with further questions asked depending on the answers chosen. Multiple answers could be given for certain questions, and companies were permitted to omit questions if they wished. The number of answers to each question therefore varies.

Multiple choice was the principal question format used. For some questions companies were also given the opportunity to supplement their answers with further qualitative information.

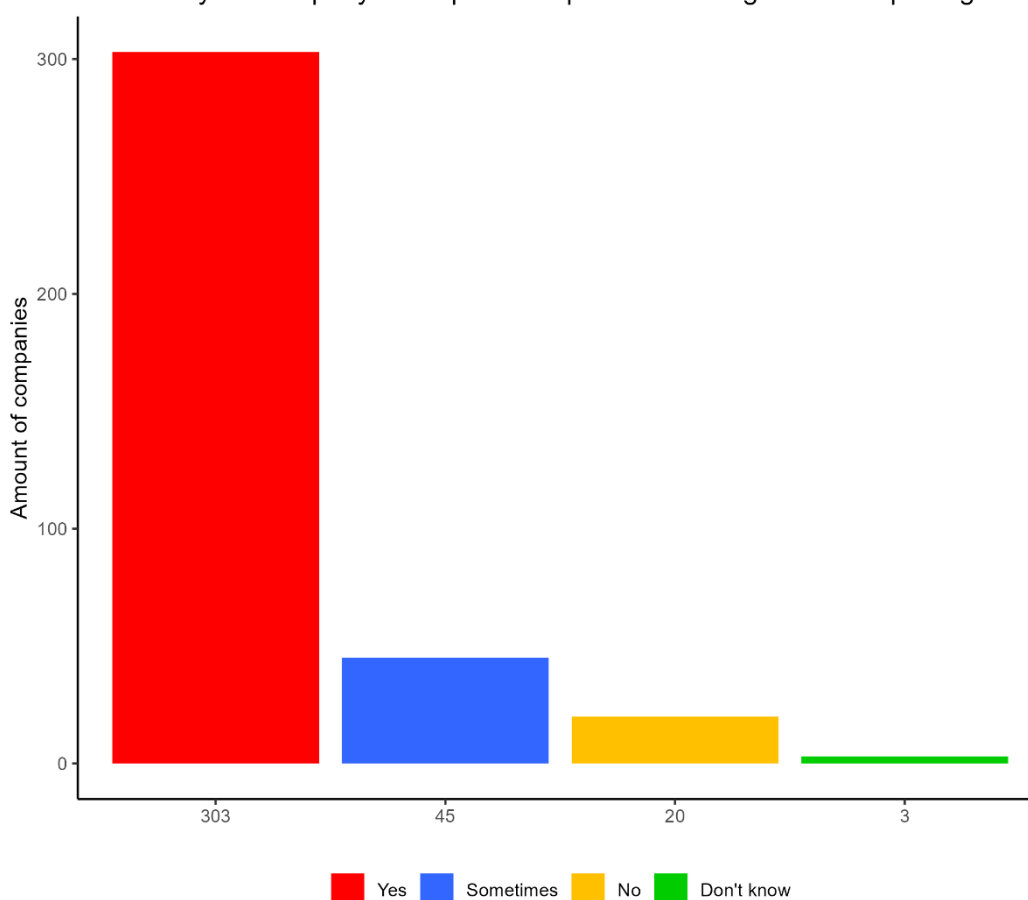
This report presents the results of the company survey according to the structure given above.

3 Results concerning the use of free trade agreements when exporting

Do companies use free trade agreements when exporting goods? Do they issue proofs of preferential origin for their exports?

A total of 418 businesses responded to the company survey on the use of free trade agreements (FTAs). Of these, 379 export goods to a country with which Switzerland has signed an FTA.⁸ The great majority of these companies use FTAs when exporting goods and/or issue proofs of preferential origin for those exports. The use of FTAs when exporting was confirmed by 303 companies. Of the remainder, 45 sometimes use FTAs, 20 do not use them, and three stated that they did not know.

Does your company use free trade agreements when exporting goods? Meaning, does your company issue proofs of preferential origin when exporting?

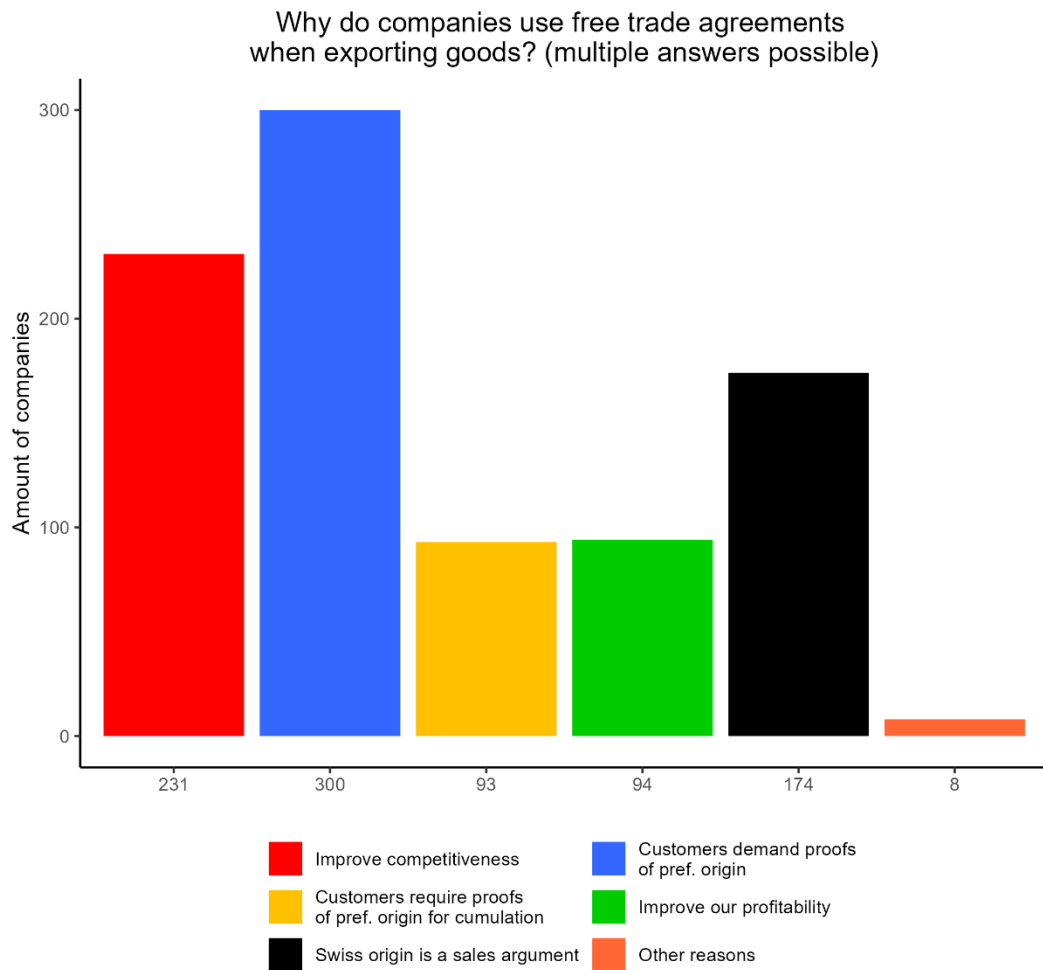


Info box: Companies can use free trade agreements if their products comply with the **rules of preferential origin** under the FTA. This means that a product must have been manufactured to a significant extent in the exporting country to benefit from preferential tariff exemptions or reductions in the partner country. For example, if a company produces machines in Switzerland, they can only be imported to China under the FTA, and enjoy preferential tariff treatment, if a sufficiently large part of the value added (50%) has been created in Switzerland. For goods to be given preferential customs clearance (tariff-exempt or subject to a reduced tariff) upon import to an FTA partner country, they must be accompanied by the **proof of preferential origin** provided for in the corresponding free trade agreement. Further information on the use of free trade agreements can be found on the SECO website: [Use of free trade agreements \(admin.ch\)](#), [Free trade agreements \(admin.ch\)](#) and [Free trade agreements, origin \(admin.ch\)](#)

⁸ Overview of Switzerland's free trade partners: [Free trade partners of Switzerland \(admin.ch\)](#)

Why do companies use free trade agreements when exporting goods?

This question was aimed at the 348 companies that (sometimes) use FTAs for their exports. According to 300 companies, the main reason for using FTAs is that their customers demand proof of preferential origin. Remember that this is required to benefit from preferential tariffs (see info box). Of the total, 231 companies stated that they use FTAs to improve the competitiveness of their products on foreign markets. 'Swiss origin is a sales argument' was selected by 174 companies. The other multiple choice answers were an improvement in the company's profitability (chosen by 94) and customers requiring proof of preferential origin for cumulation purposes (93). Eight companies responded with 'other reasons', which would include lower costs for deliveries to their own international branches, for example.



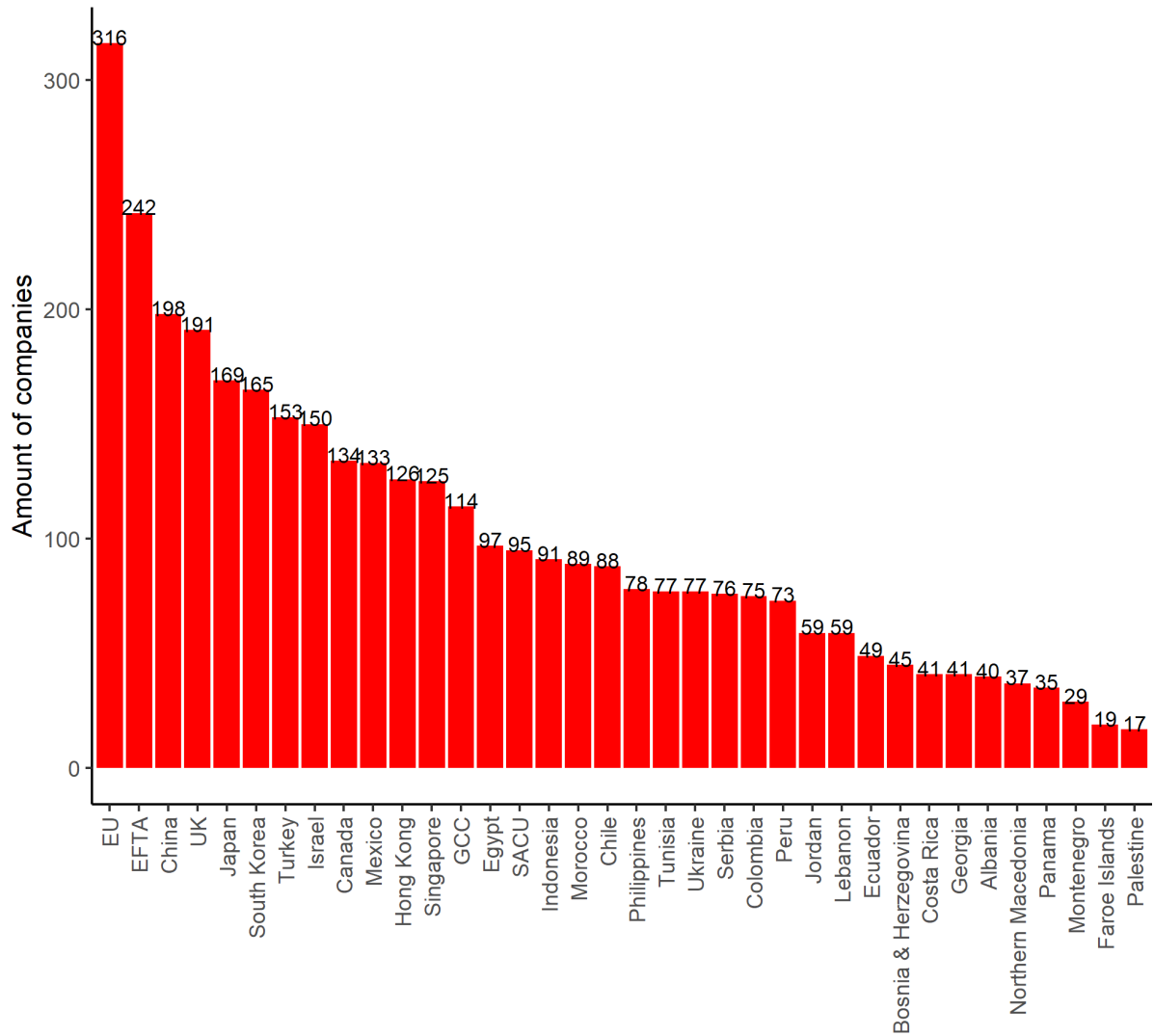
Info box: Companies can use free trade agreements if their products comply with the rules of preferential origin under the FTA. For goods to be given preferential customs clearance (tariff-exempt or subject to a reduced tariff) upon import to an FTA partner country, they must be accompanied by the proof of origin provided for in the corresponding free trade agreement.

The system of Pan-Euro-Mediterranean (PEM) cumulation of origin allows for diagonal cumulation between the EU, EFTA states, Turkey and other parties to the PEM Convention (Egypt, Algeria, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, Georgia, the Republic of Moldova, Ukraine and the Faroe Islands). It is based on a network of free trade agreements with origin protocols that contain identical rules of origin. For more information, please refer to [Rules of origin of the revised PEM Convention \(admin.ch\)](#)

Which free trade agreements do companies use?

This question was aimed at the 348 companies that (sometimes) use FTAs for their exports. The agreement with the EU was cited by far the most often (316), followed by the EFTA convention (242) and the FTAs with China (198), the UK (191), Japan (169), South Korea (165), Turkey (153), Israel (150), Canada (134) and Mexico (133).

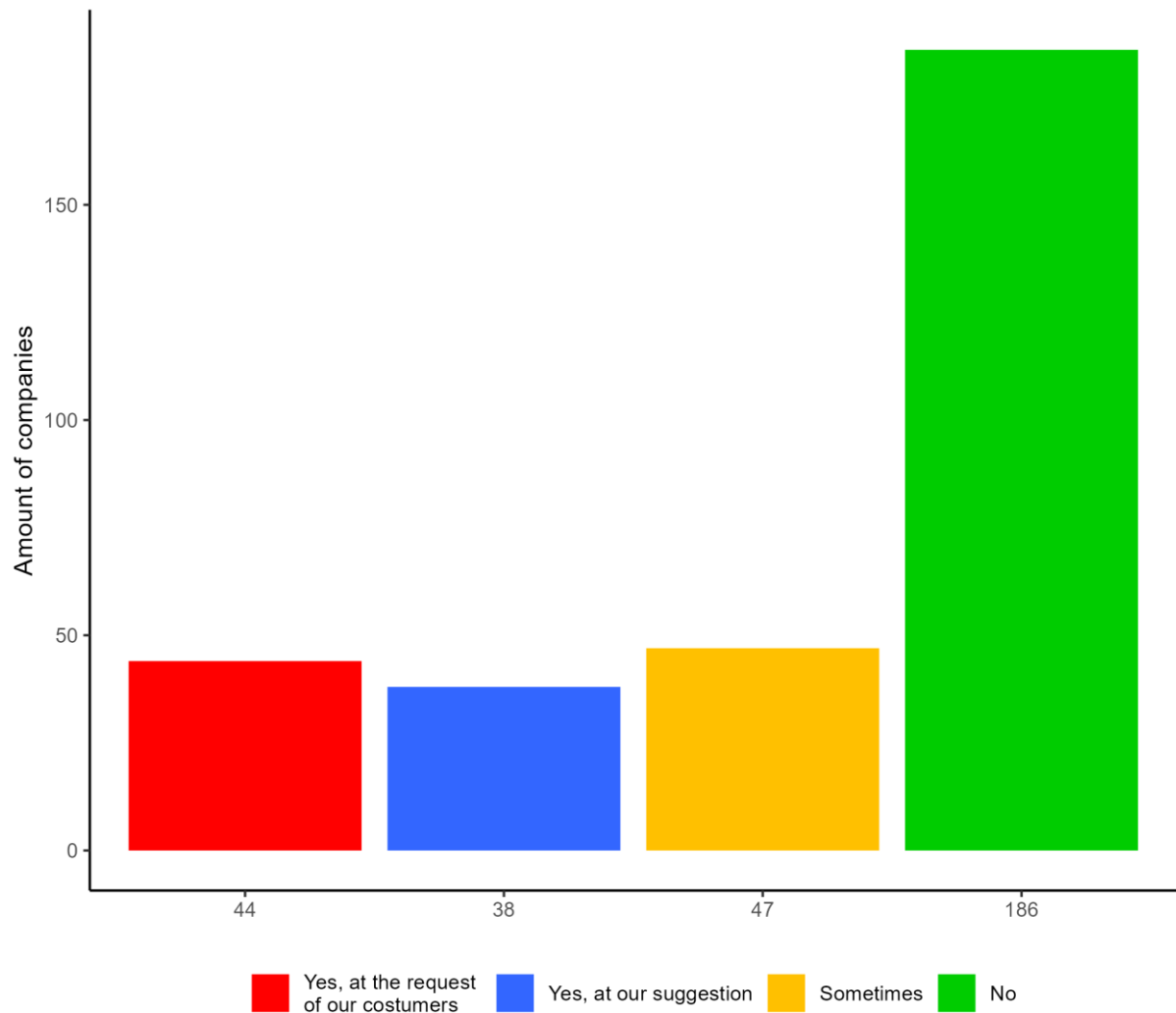
Which free trade agreements do the companies use? (multiple answers possible)



Is the use of free trade agreements governed by a contract between companies and their customers, so that they must provide proof of preferential origin?

Most of the companies (186) that answered this question do not have contracts with their customers that govern the use of FTAs or the provision of proof of preferential origin. Contractual arrangements are generally in place for 82 respondents. These were at the request of the customer in 44 cases, and on the suggestion of the company itself in 38 cases. Contracts are sometimes concluded by 47 companies.

Is the use of free trade agreement governed by a contract with your customer so that you must provide proof of preferential origin?



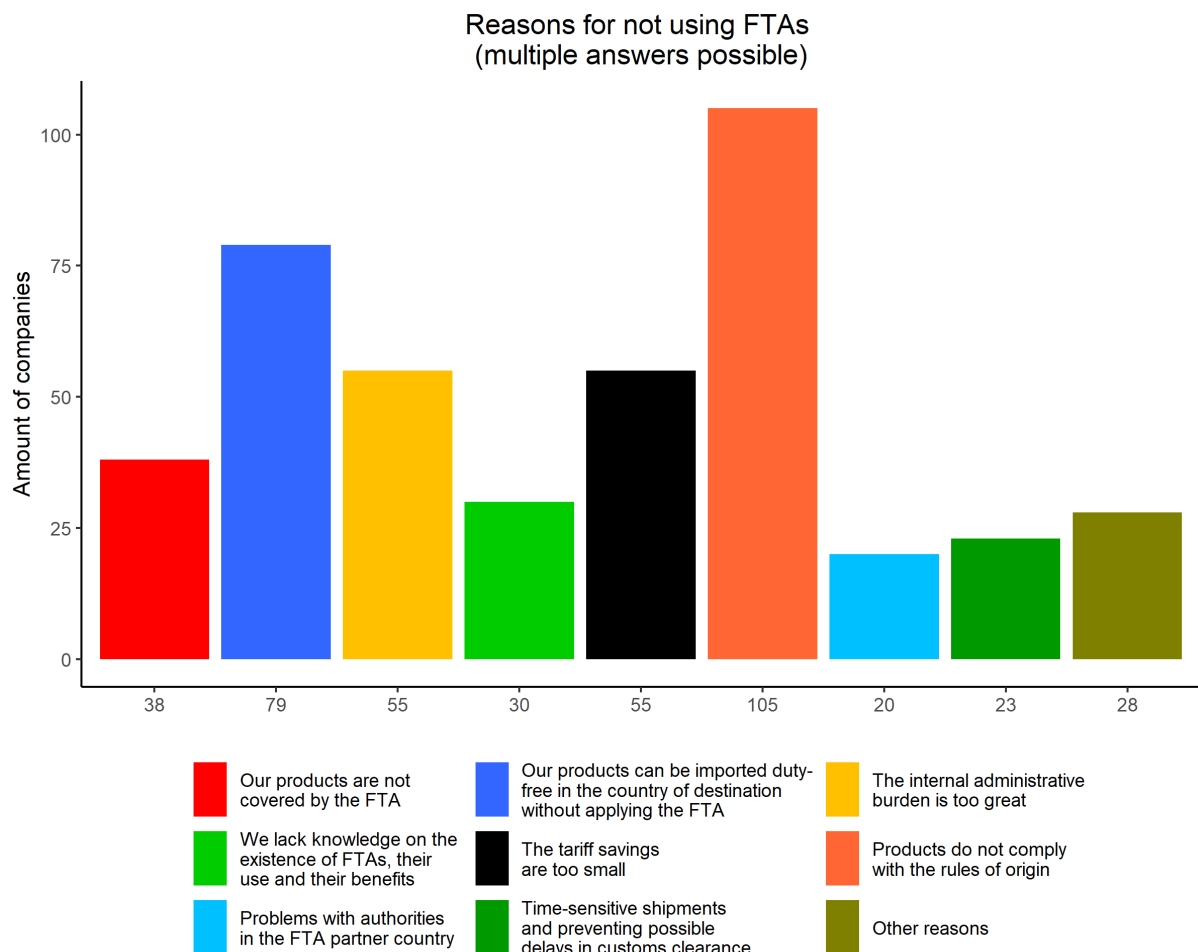
Info box: Companies can use free trade agreements if their products comply with the rules of preferential origin under the FTA. For goods to be given preferential customs clearance (tariff-exempt or subject to a reduced tariff) upon import to an FTA partner country, they must be accompanied by the proof of origin provided for in the corresponding free trade agreement. Companies may enter into contracts that require the exporter to provide proof of preferential origin to use the free trade agreement.

Why do companies (sometimes) not use free trade agreements?

A company may decide not to make use of free trade agreements for a variety of reasons. This question was put to all companies, whether or not they (sometimes) use FTAs.

The main reasons that businesses (sometimes) do not use FTAs are the following: products do not comply with the rules of origin (105), products can be imported duty-free in the country of destination without applying the FTA (79), the internal administrative burden is too great (55), the tariffs savings are too small (55) and products are not covered by the FTA (38).

Thirty companies lack knowledge on the existence of FTAs, their use and their benefits. Reasons cited less often were time-sensitive shipments and preventing possible delays in customs clearance (23) and problems with authorities in the FTA partner country (20). Other reasons were given by 28 companies. These mainly concerned problems applying the rules of origin, such as difficulties obtaining proof of origin from suppliers, and uncertainty applying the rules of origin and issuing proofs of origin. Problems applying the FTA with China were also reported.

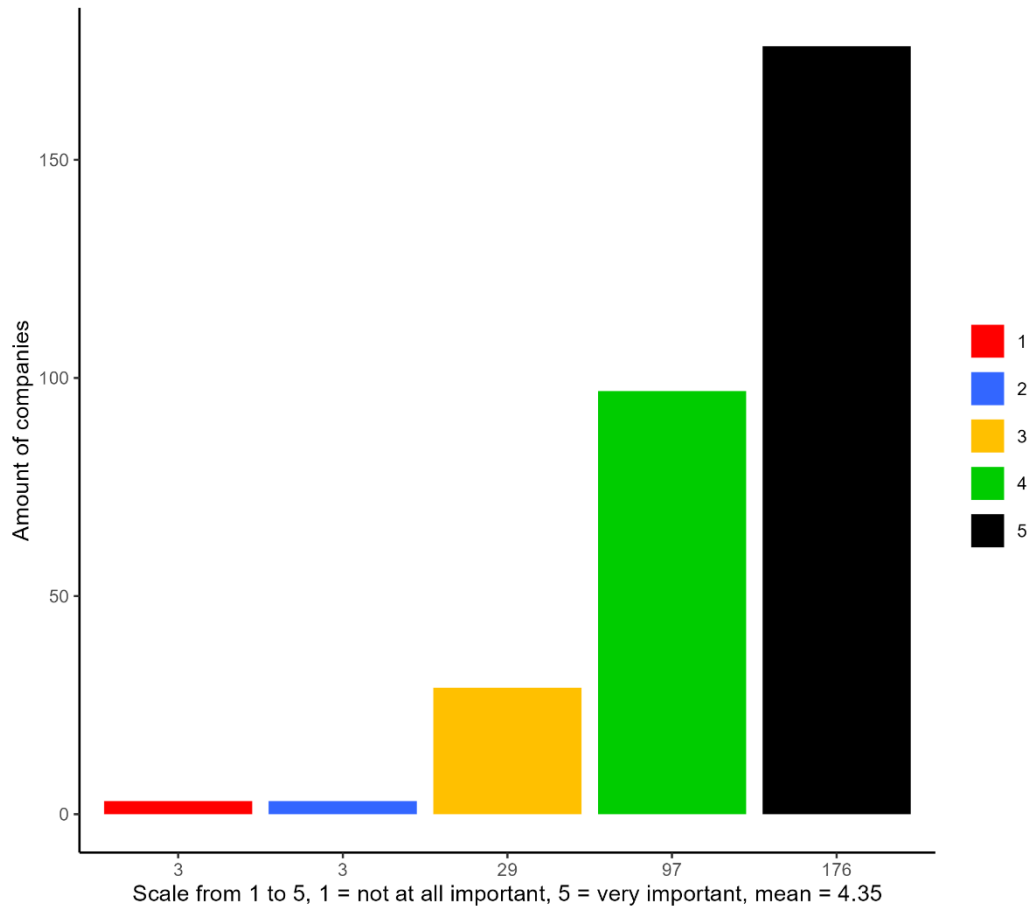


4 Results concerning the general questions on free trade agreements

How important is the use of free trade agreements for companies, and for their customers in the destination country?

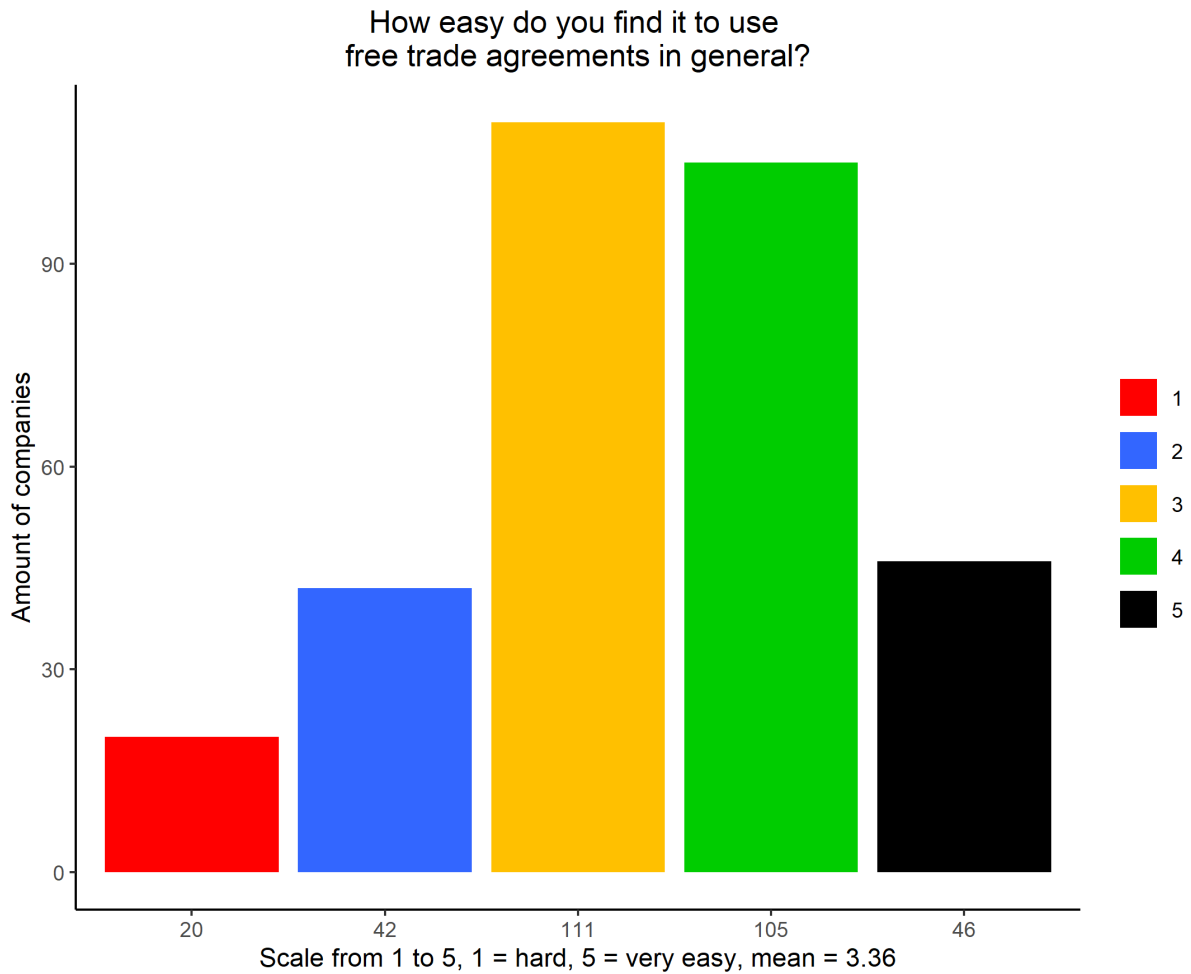
The majority – 176 companies in total – believe that the use of FTAs is very important for companies and/or their customers in the destination country. A further 97 companies believe that they are important, and 29 that they are neither important nor unimportant. For a comparatively tiny proportion of a total of six companies, the use of FTAs in this context is not important (3), or not important at all (3) either for them or for their customers abroad. The weighted average comes to 4.35, indicating that, overall, companies place the use of FTA for themselves and their customers in the destination country somewhere between important and very important.

How important is the use of free trade agreements for your company, respectively for your customers in the destination country?



How easy do companies find it to use free trade agreements?

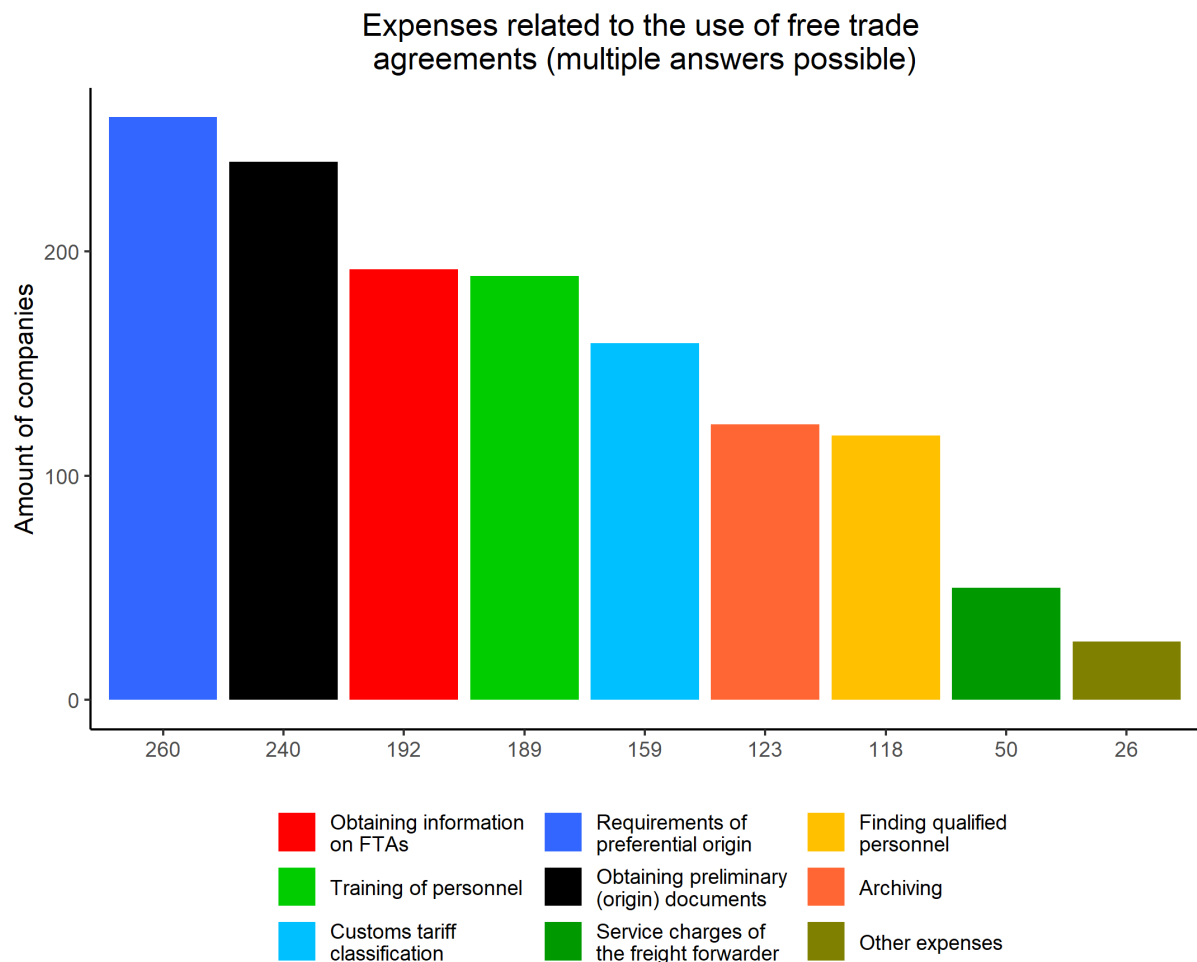
When asked how easy they find it to use free trade agreements in general, most companies (111) gave a score of three, meaning that it is neither very hard nor very easy. 'Very easy' was the answer given by 46 companies, while 20 find using FTAs very hard. Use was rated easy by 105 companies, and hard by 42. At 3.36 the weighted average came very close to the median value. In other words, on average companies rate the use of free trade agreements neither as very hard nor as very easy, with a modest inclination towards easy.



What expenses do companies incur related to the use of free trade agreements?

On the question of where companies incur expenses in connection with the use of FTAs, the four most common answers were the requirements of preferential origin (260), obtaining preliminary documents (240), obtaining information on FTAs (192) and the training of personnel so that the best possible use can be made of FTAs (189). At 159 mentions, customs tariff classification, i.e. the correct procedure for applying tariffs to goods, was also a significant factor. Companies also gave archiving (123) and finding qualified personnel (118) as expense items in association with the use of FTAs. However, only 50 companies regarded the payment of service charges to the freight forwarder as an FTA-related expense.

'Other expenses' was selected by 26 companies. Costs frequently mentioned in connection with FTA use include the IT systems companies use, such as those for automation and the management of master data, the implementation of an IT system specifically for FTA-related purposes, and the system modifications required to calculate origin. The application of rules of origin overall – and especially the different rules under individual FTAs – was also identified as an expense. Certifications from chambers of commerce and legalisations required by customers were additional factors.

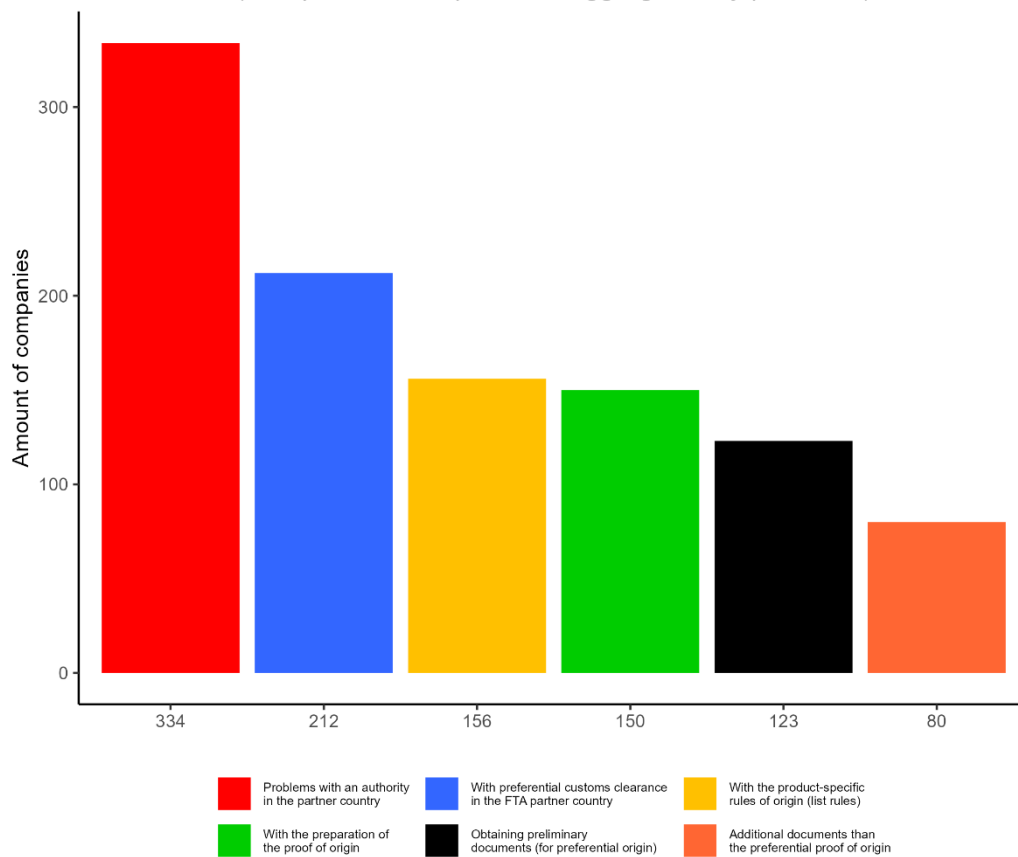


Have companies encountered problems in the (possible) application of a specific free trade agreement?

Companies were asked about problems with the (possible) application of a specific free trade agreement with the aid of a matrix. For each of Switzerland's FTAs, companies were able to select from six different problems, or simply choose 'no problem'.

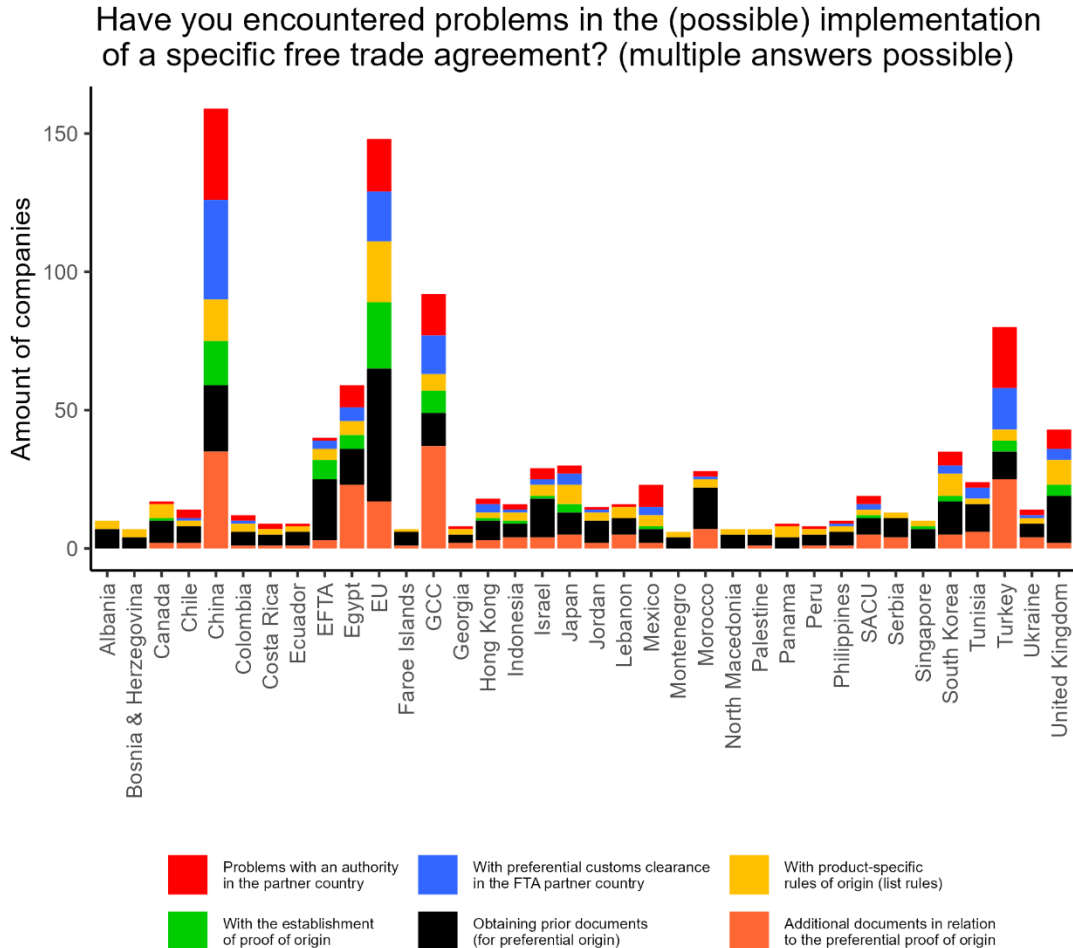
The following problems with application were chosen across all FTAs: problems with an authority in the partner country (334), problems with preferential customs clearance in the FTA partner country (212), problems with product-specific rules of origin (list rules) (156), problems preparing the proof of origin (150), problems obtaining preliminary documents (for preferential origin) (123) and problems in connection with the requirement to submit documents in addition to the proof of preferential origin (80).

Did you have any problems with the (possible) application of a specific free trade agreement?
(multiple answers possible, aggregated by problems)



Info box: Rules of origin (list rules) are a key element of FTAs. They are intended to ensure that the benefits of FTAs are limited to those goods that are manufactured to a significant extent in the FTA partner countries in question.

Broken down by individual FTA, the chart below shows what type of problems were reported for each. At 159, the most problems were mentioned in connection with the Sino-Swiss FTA. Next come the FTA with the EU, with 148 reports, and that with the GCC, with 92. These are followed by the agreements with Turkey (80), Egypt (59) and the UK (43).



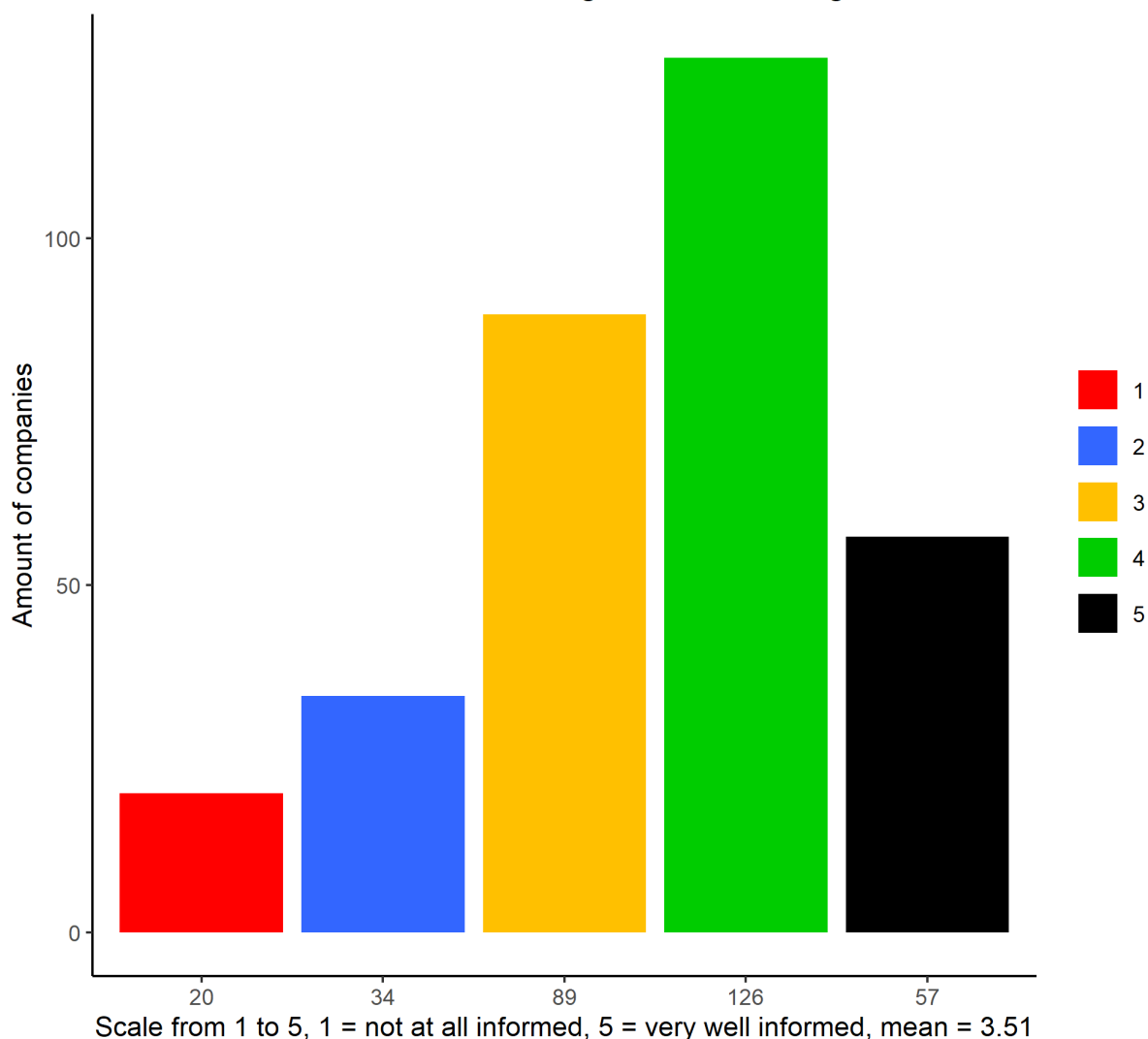
When asked 'In the past, have you encountered further problems with the implementation of a specific free trade agreement, other than those mentioned so far?', over 70 companies reported such problems. These were primarily related to the application of rules of origin, as well as the FTAs with China and the GCC. There was criticism from a number of companies that the new PEM rules (and the associated transition between the old and new regulations) make practical implementation much more costly. The complexity of rules of origin in general, the application of rules on direct shipments, and the issue of duplicates were presented as further problems. Where China is concerned, companies stated that their proofs of origin were not accepted by the authorities and that they must meet additional requirements. Several companies criticised the GCC for not accepting their declarations of origin and continuing to require them to supply EUR1 customs documents.

5 Results concerning information about free trade agreements

How well informed do companies feel about the conditions that must be met in order to take advantage of free trade agreements?

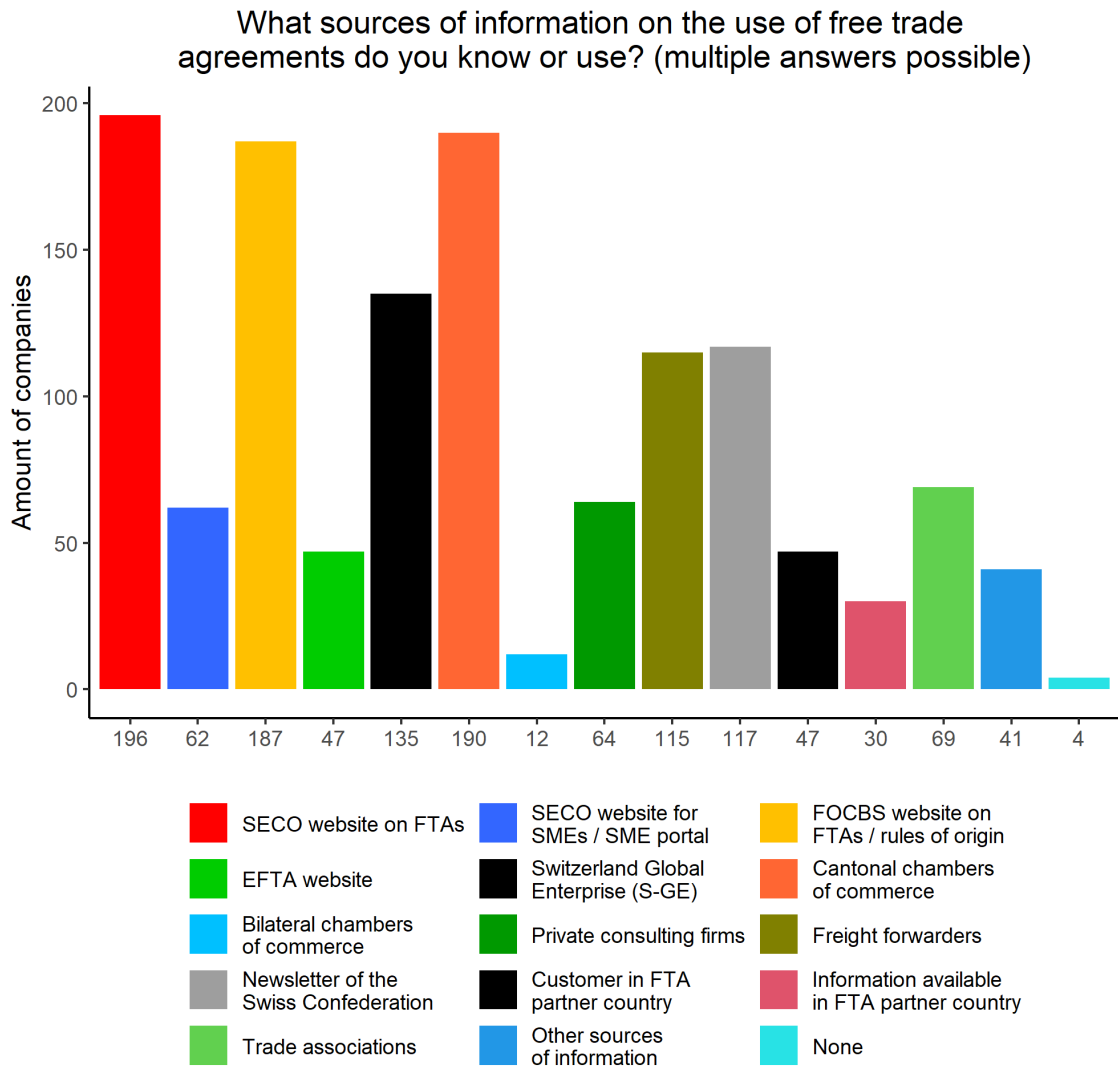
The highest number of companies (126) gave a score of four (well informed) in response to the question about how well informed companies feel about the conditions that must be met to take advantage of FTAs. In second place was a score of three, which means neither not at all informed nor very well informed. It was chosen by 89 companies. The further rankings were 'very well informed' (57), 'not well informed' (34) and 'not at all informed' (20). The weighted average comes to 3.51, which means that, overall, companies feel somewhere between neutral and well informed about the conditions that must be met to use FTAs.

How well informed do you feel about the conditions that must be met in order to take advantage of free trade agreements?



What sources of information on the use of free trade agreements do companies know or use?

The major sources of information for companies on the use of FTAs are the SECO website on FTAs (196), cantonal chambers of commerce (190) and the Federal Office for Customs and Border Security (FOCBS) website on FTAs and rules of origin (187). Further important information channels are Switzerland Global Enterprise (S-GE) (135), the newsletter of the Swiss Confederation (117) and freight forwarders (115). Trade associations (69), private consulting firms (64), the EFTA website (47) and customers in partner countries (47) are all moderately important. The 'Other sources of information' option was selected by 41 respondents, followed by information available in the FTA partner country (30), bilateral chambers of commerce (12) and the 'none' option (4).



When asked what further sources of information on the use of free trade agreements they knew or used, companies mentioned: the Swiss working tariff tool TARES, the internet in general (unspecified sources, certain websites such as German customs (*Zoll*), articles on particular issues and news), suppliers, training seminars, membership of a professional roundtable on customs matters, discussions with colleagues in the industry, newsletters from consulting firms, continuing education programmes, dialogue groups, dedicated training, and daily newspapers.

Desired offers of support for the use of free trade agreements

The two forms of support that companies want most are a tool that shows whether the requirements of preferential origin are met, and a further tool that shows the benefits of FTAs and calculates the possible tariff savings in Swiss francs. A chatbot that answers questions on FTAs and other topics interactively was regarded as the least important support tool. Please refer to the table below for an overview of all desired offers of support.

| Desired offers of support for the use of free trade agreements | Mean value |
|--|------------|
| A tool that shows whether the requirements of preferential origin are met | 4.08 |
| A tool that shows the benefits of FTAs, i.e. calculates the possible tariff savings in CHF | 3.71 |
| Online courses on the application of FTAs | 3.58 |
| A hotline for questions about FTAs | 3.49 |
| A new information portal on the use of FTAs | 3.29 |
| Improving the existing range of information (SECO, BAZG, Switzerland Global Enterprise (S-GE), etc.) | 3.22 |
| Expansion of specialised advisory services (S-GE, chambers of commerce, federal agencies, etc.) | 3.11 |
| Frequently Asked Questions and Answers (FAQ) about FTAs | 2.97 |
| A chatbot that answers questions interactively | 2.68 |

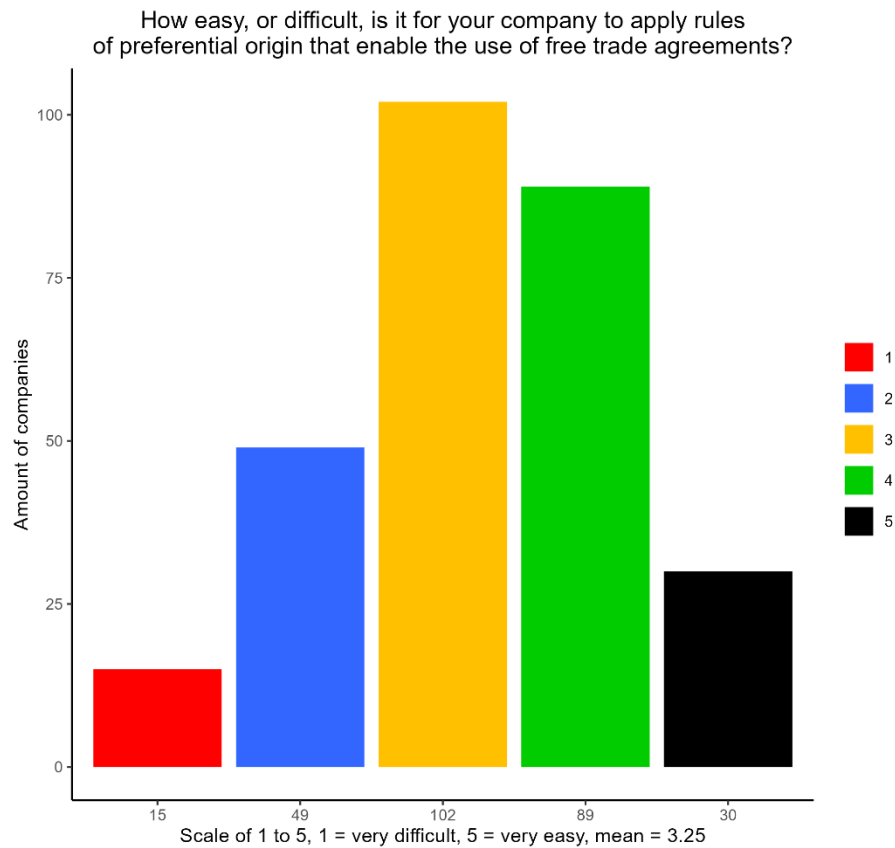
Scale from 1 to 5, 1 = not very important, 5 = very important

The companies surveyed were able to state what other forms of support with the use of FTAs they would like. A total of 61 took this opportunity, and four wishes crystallised clearly from their responses: improvements to the information that is already available, better training, support for suppliers and customers, and simpler and more harmonised processes for FTA use.

6 Results concerning rules of preferential origin

How easy, or difficult, is it for companies to apply the rules of preferential origin that enable the use of free trade agreements?

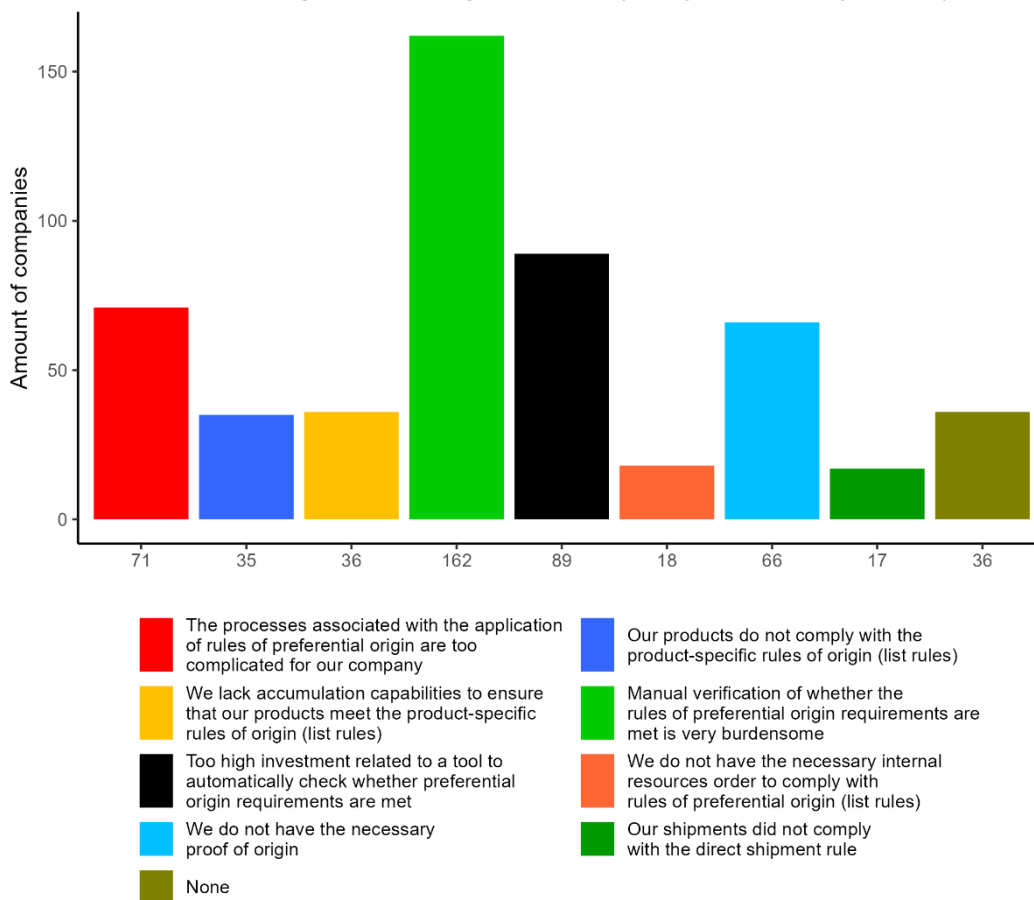
A score of three was given most often (102) when companies were asked about the difficulty of applying rules of preferential origin. It means that they find them neither difficult nor easy. A score of four (relatively easy) was given by 89 companies, while 49 find applying the rules relatively difficult, 30 very easy, and 15 very difficult. This results in a weighted average of 3.25, indicating that companies tend to find themselves between neutral and easy with regard to the ease or difficulty of applying the rules of preferential origin that allow them to use FTAs.



What general challenges do companies face with rules of preferential origin when using free trade agreements?

By far the greatest challenge for companies is the manual verification of whether or not the preferential origin requirements are met (162 companies). The next is that investment in a tool to automatically check that preferential origin requirements are met is too high (89 companies). The processes associated with the application of rules of preferential origin are too complicated for 71 companies, while 66 have difficulty with obtaining preliminary proof of origin documentation. Further challenges are the lack of accumulation capabilities to ensure that products meet product-specific rules of origin (list rules) (36), products not complying with list rules (35), a lack of the necessary internal resources to comply with preferential origin rules (18), and shipments not complying with the direct shipment rules (17).

What general challenges do you face with rules of preferential origin when using free trade agreements? (multiple answers possible)



Additional challenges in connection with rules of preferential origin were cited by 25 companies. The main reasons are the changes to PEM rules, suppliers lacking the knowledge to issue proofs of origin correctly, and the complexity, effort and cost involved in applying FTAs. Suppliers of input materials are not sufficiently familiar with the necessary processes. The information they provide is incomplete, making it more cumbersome for exporters to satisfy the preferential origin rules. Correct customs tariff classification, and the variety of different provisions on origin, conditions, requirements and exceptions in individual FTAs were all cited as challenges by the companies participating in the survey.

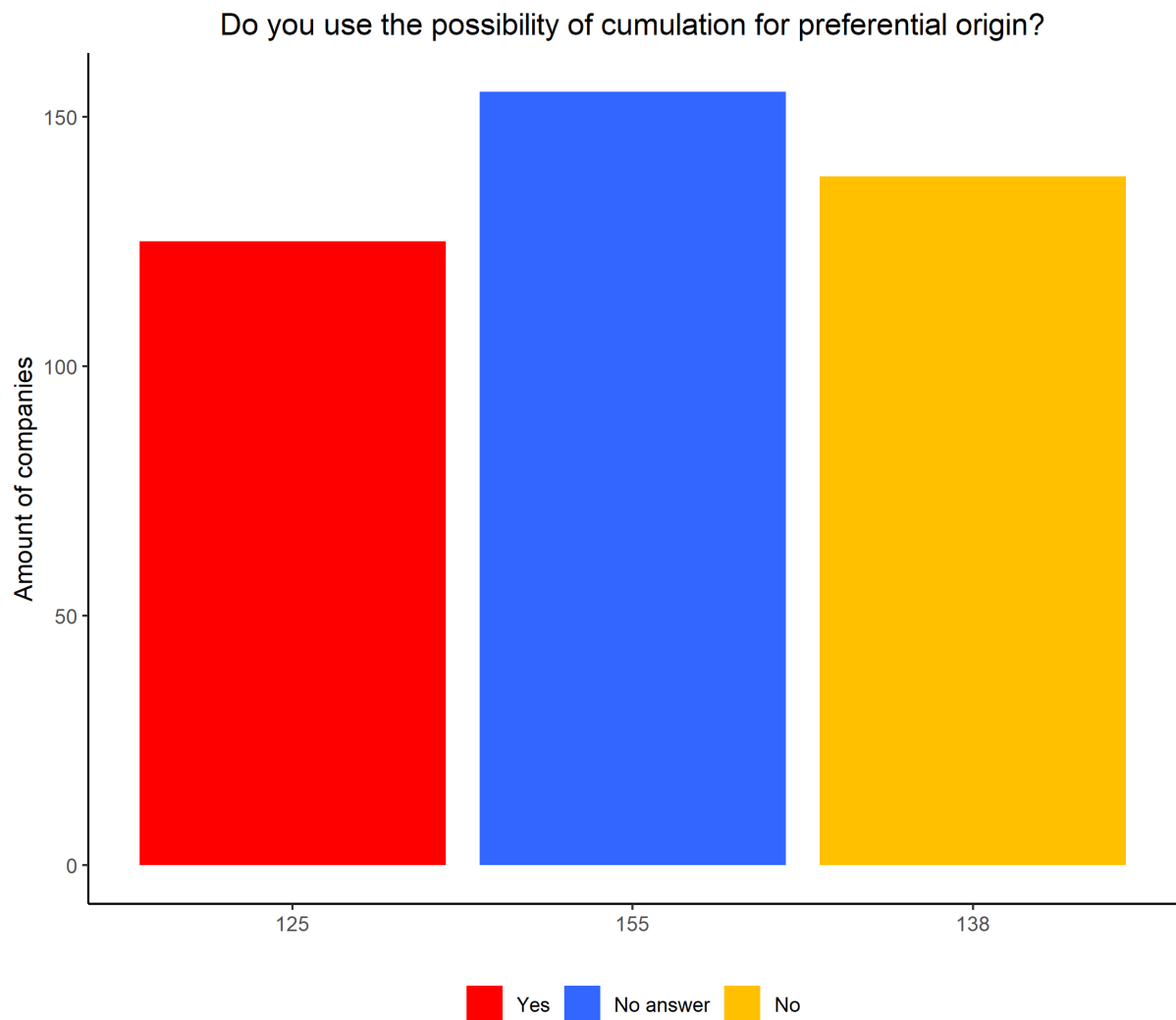
Info box: Cumulation is a deviation from the principle that goods must be manufactured to a significant degree in the exporting country, or be sufficiently processed there to qualify as originating products.

Cumulation makes it possible for goods from a free trade partner to be treated in the same way as those originating in the exporting country. Further information can be found here: [Cumulation in free trade agreements \(PDF\)](#)

The direct shipment rules contained in certain free trade agreements provide that goods that are to benefit from lower tariffs or tariff exemptions under that FTA must be shipped directly from the exporting country to the destination country. The goods may be trans-shipped only under the supervision of the customs authorities, and may not clear customs in any state other than the FTA partner country.

Do companies use the possibility of cumulation for preferential origin?

Of the sample as a whole, 125 companies stated that they use the option of cumulation in connection with the rules of preferential origin, while 138 said that they do not.



Info box: Cumulation is a deviation from the principle that goods must be manufactured to a significant degree in the exporting country, or be sufficiently processed there to qualify as originating products. Cumulation makes it possible for goods from a free trade partner to be treated in the same way as those originating in the exporting country. Further information can be found here: [Cumulation in free trade agreements \(PDF\)](#)

How important are the following accumulation opportunities for companies, or how important would they be?

Companies regard the existing diagonal cumulation facility within the framework of the PEM zone, including the EU, to be the most important. Its mean score is 3.29 on a scale of one (not very important) to five (very important). This is followed by the partial facility for diagonal cumulation that exists between Switzerland, the UK and the EU, for which the mean score is 3.24. Companies view these two types of cumulation as relatively important overall. Existing bilateral cumulation with free trade partners outside the PEM zone (mean score of 3.02) and regional cumulation with the EU and joint FTA partners outside the PEM zone (a facility that does not yet exist) (mean score of 3.00) take places three and four. Companies take a neutral view of these two, as neither important nor unimportant. The final cumulation option, regional cumulation with the UK and joint FTA partners outside the PEM zone (which also does not yet exist) attracts a mean score of 2.73 and is therefore seen as relatively unimportant.

| Importance of accumulation opportunities for the companies | Mean value |
|--|-------------------|
| Diagonal cumulation within the framework of the PEM zone including EU (exists) | 3.29 |
| Diagonal cumulation CH-UK-EU (partially exists) | 3.24 |
| Bilateral cumulation with FTA partners outside the PEM-Zone (exists) | 3.02 |
| Regional cumulation with the EU and joint FTAs Partners outside the PEM zone (does not yet exist) | 3.00 |
| Regional cumulation with the United Kingdom and Joint FTA partners outside the PEM zone (does not yet exist) | 2.73 |

Scale from 1 to 5, 1 = not very important, 5 = very important

Info box: Bilateral cumulation makes it possible for imported input materials to be treated as equivalent to inputs of Swiss origin if they originate in the FTA partner country to which the finished product is exported.

Diagonal cumulation makes it possible to use input materials originating in different free trade parties, provided that all parties taking part in the process have free trade agreements with each other that apply the same rules of origin.

The **system of Pan-Euro-Mediterranean (PEM)** cumulation allows for diagonal cumulation between the EU, EFTA states, Turkey and other parties to the PEM Convention (Egypt, Algeria, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, Georgia, the Republic of Moldova, Ukraine and the Faroe Islands). It is based on a network of preferential trade agreements with origin protocols that contain identical rules of origin. For more information, please refer to [Rules of origin of the revised PEM Convention \(admin.ch\)](#)

Regional cumulation might create a cumulation region made up of several common free trade partners. It would enable inputs originating from the cumulation region to be regarded as originating products under the terms of the FTA between the contracting parties. One example might be a cumulation region made up of Switzerland, the EU and Japan. Here, Swiss and EU inputs would be given preferential treatment, regardless of whether they were traded under the JEFTA (Japan-EU Free Trade Agreement) or the bilateral CH-JP FTAs. The tariff concessions granted to each other by the FTA partners concerned remain unchanged. However, unlike diagonal cumulation, regional cumulation would not necessarily require all the FTAs for the region to apply the same rules of origin.

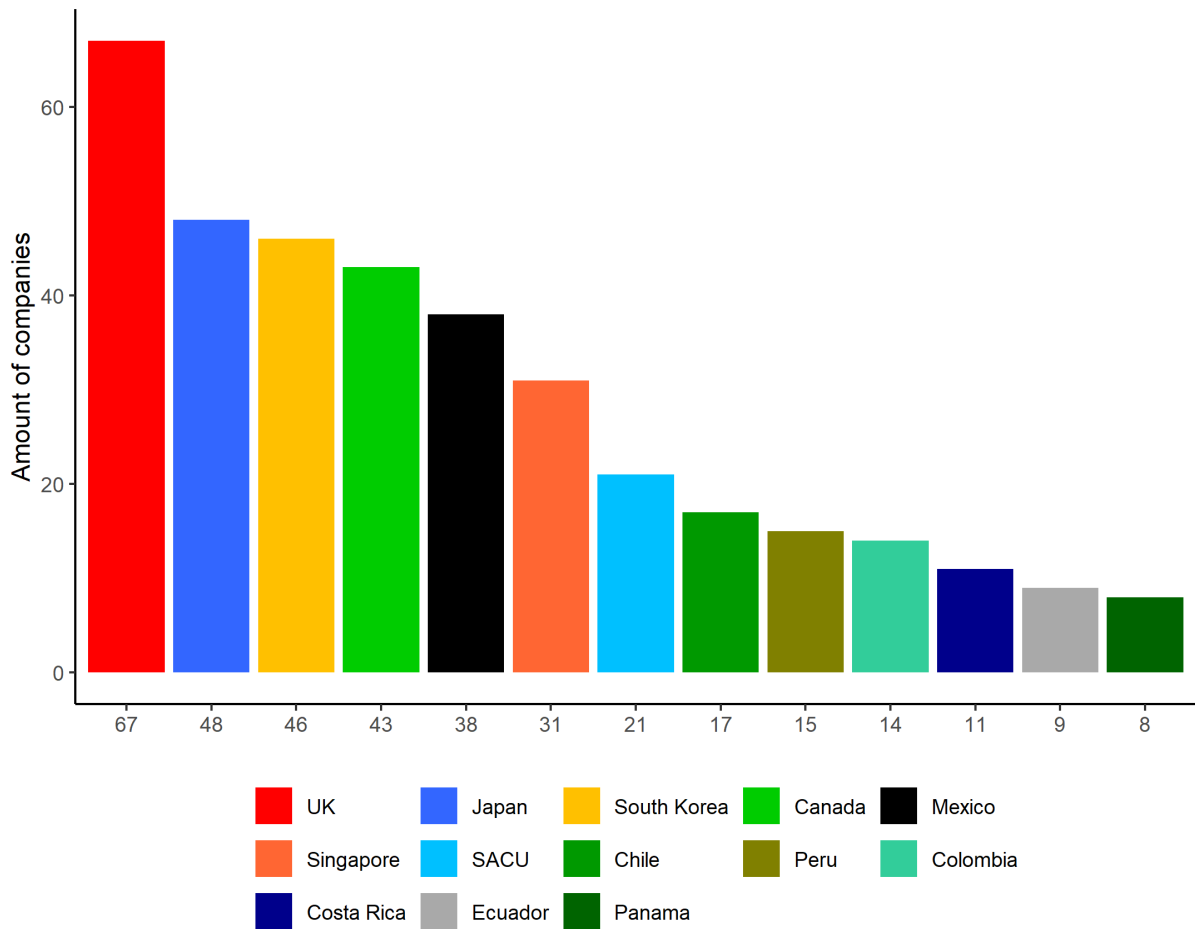
Further information can be found here: [Cumulation in free trade agreements \(PDF\)](#)

With which countries would companies like to be able to apply regional cumulation with the EU and common free trade agreement partners outside the PEM zone?

This additional question was put to those companies that selected 'Regional cumulation with the EU and joint FTA partners outside the PEM zone (not yet existing)'.

The United Kingdom was chosen by 67 companies, followed by Japan (48), South Korea (46), Canada (43), Mexico (38), Singapore (31), the Southern African Customs Union (21) and Chile (17). Peru was given by 17 companies, Colombia by 14, Costa Rica by 11, Ecuador by 9 and Panama by 8.

With which countries would you like to be able to apply regional cumulation with the EU and common free trade agreement partners outside the PEM area?

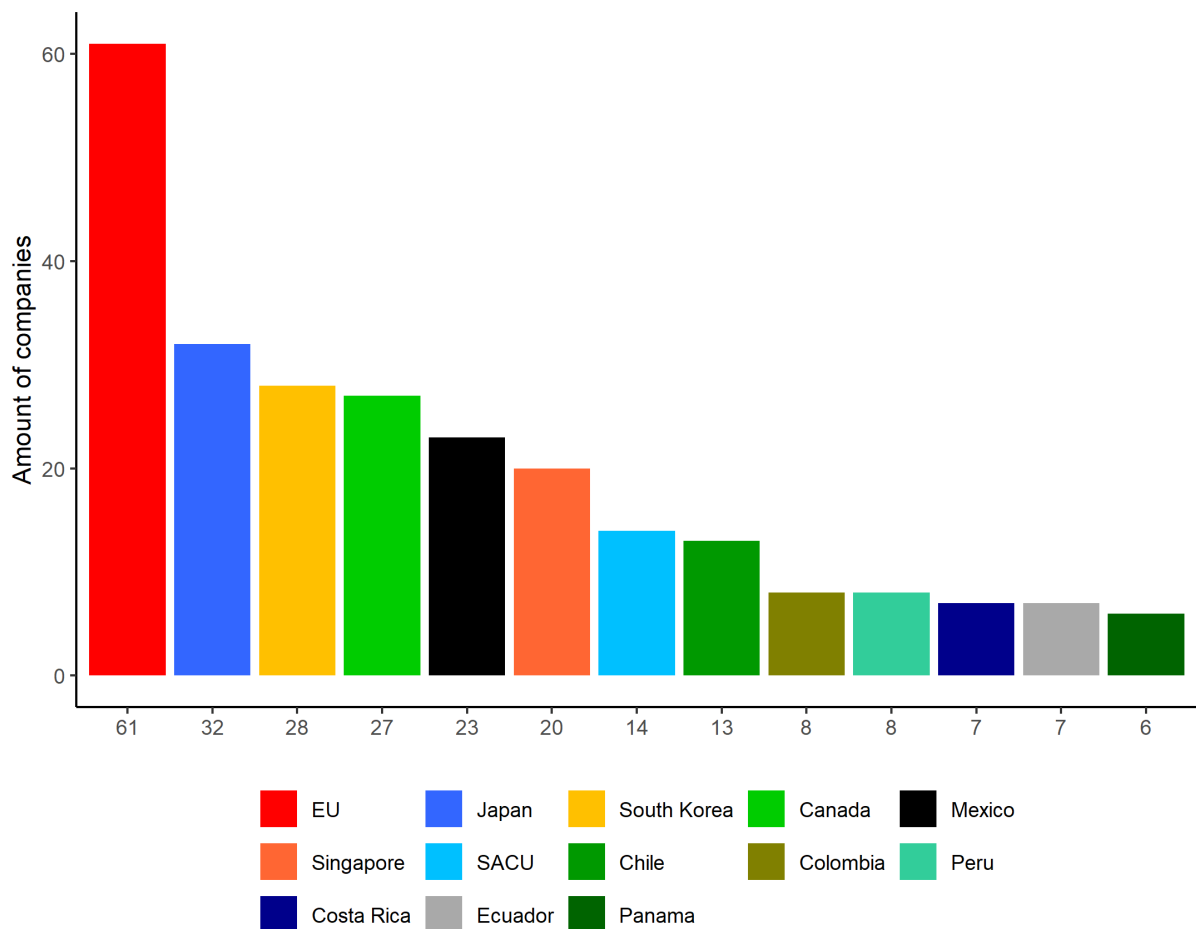


With which countries would companies like to be able to apply regional cumulation with the UK and common free trade agreement partners outside the PEM area?

This additional question was put to those companies that selected 'Regional cumulation with the United Kingdom and joint FTA partners outside the PEM zone (not yet existing)'.

In response to the question of the countries with which companies would like to apply cumulation in this context, 61 selected the European Union, followed by Japan (32), South Korea (28), Canada (27), Mexico (23), Singapore (20), the Southern African Customs Union (14) and Chile (13). Colombia and Peru were stated by 8 companies each, Costa Rica and Ecuador by 7 each, and Panama by 6.

With which countries would you like to be able to apply regional cumulation with the UK and common free trade agreements with partners outside the EMP area?



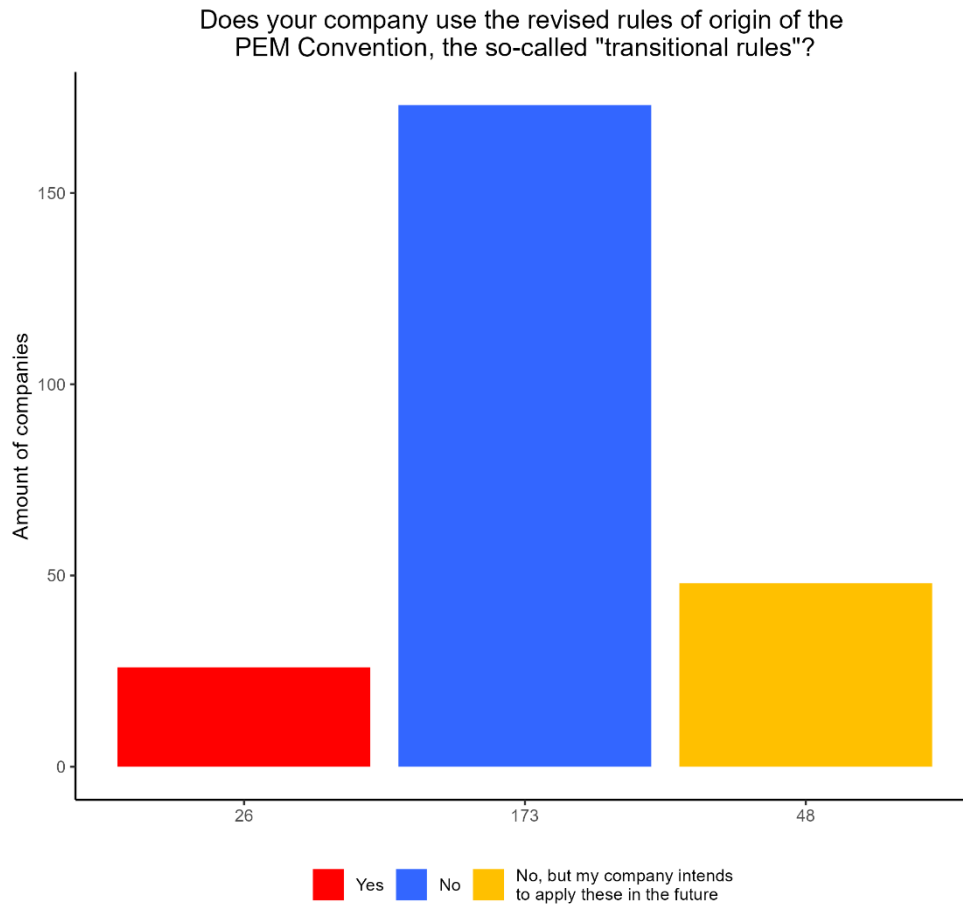
What improvements would companies like to see in connection with rules of preferential origin in free trade agreements, so that they are able to apply FTAs to their exports more easily in future?

This question was asked in relation to four specific areas: cumulation options, list rules, proofs of origin and preliminary documents, and other aspects of rules of origin. The following table summarises the companies' most frequent answers.

| | |
|---|---|
| Cumulation options | <ul style="list-style-type: none"> • Tool to calculate preference for the cumulation matrix • Training: courses, online manual • Permeable PEM rules • Simplification and harmonisation • Expanded cumulation options (outside the PEM zone) • Diagonal UK-EU-CH cumulation |
| Product-specific list rules | <ul style="list-style-type: none"> • Simplification and harmonisation of list rules • Tool / training • Online database containing all rules |
| Proofs of origin and preliminary documents | <ul style="list-style-type: none"> • Simplification and harmonisation of proofs of origin (standard requirements) • Digitalisation (electronic documents, no paper originals required) • Introduction of long-term international suppliers' declarations • Tool / training |
| Other aspects of rules of origin | <ul style="list-style-type: none"> • Simplification and harmonisation • Better training offers, online manual • Abolition of direct shipment and duty drawback rules |

Do companies use the revised rules of origin of the PEM Convention, known as the 'transitional rules'?

The clear majority of companies answered 'no' to this question. Only 26 stated that they apply the transitional rules, and 48 companies left this question unanswered.

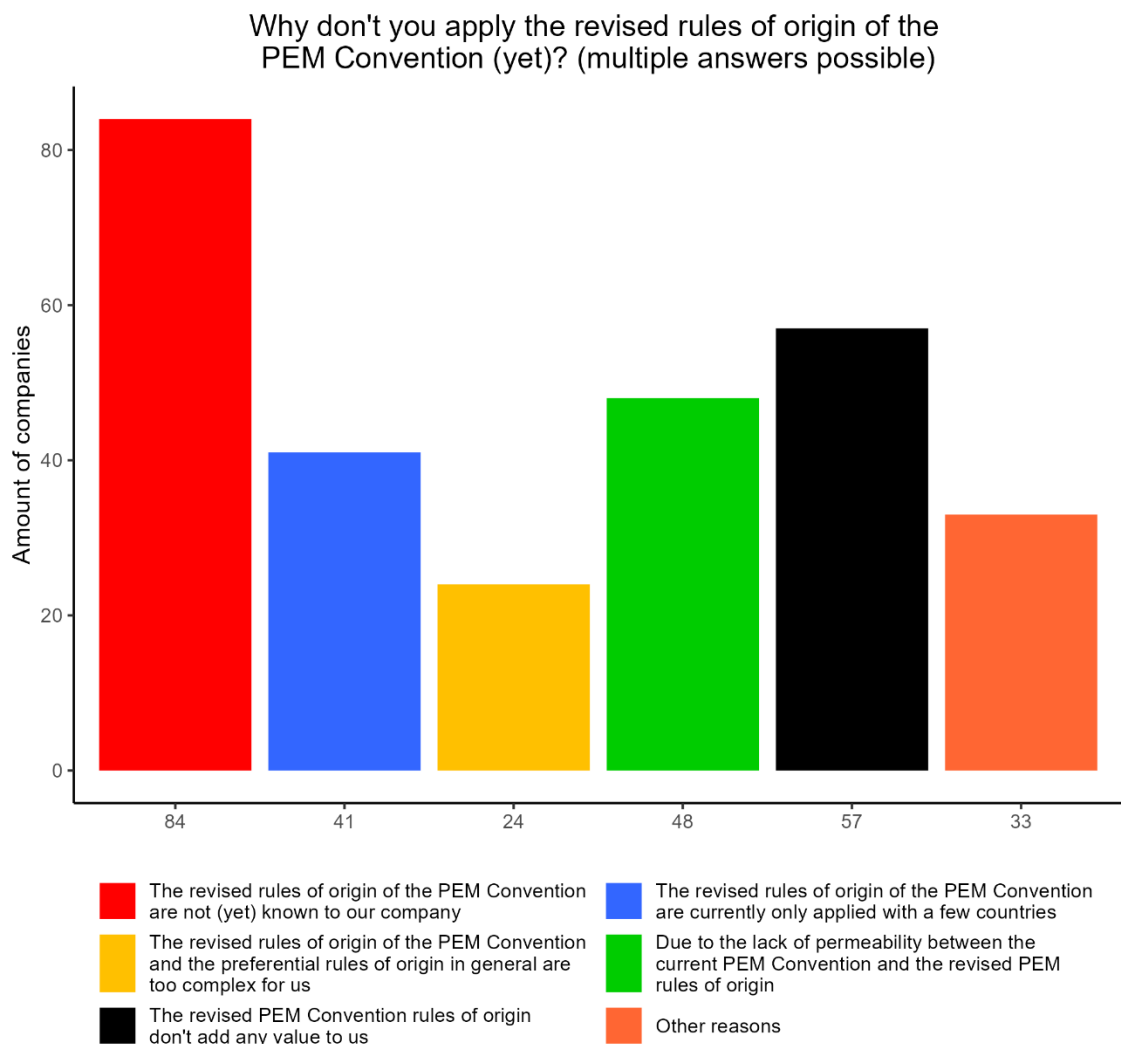


Info box: The revised rules of origin that apply under the Pan-Euro-Mediterranean Convention (PEM Convention), known as the transitional rules, have been introduced gradually in the PEM zone since 1 September 2021. For more information, please refer to [Rules of origin of the revised PEM Convention \(admin.ch\)](#).

Why do companies not (yet) apply the revised rules of origin of the PEM Convention (transitional rules)?

Of the companies responding, 84 stated that they do not apply the transitional rules because they do not know them. A further reason for not applying them is the lack of value added by the rules (58). The lack of permeability between the current PEM Convention and the transitional rules is also stated as an obstacle (48). The transitional rules being applied only with a few countries at present is the reason that 41 companies do not use them. The complexity of the transitional rules and rules of preferential origin in general were cited by 24 companies as additional grounds not to apply them.

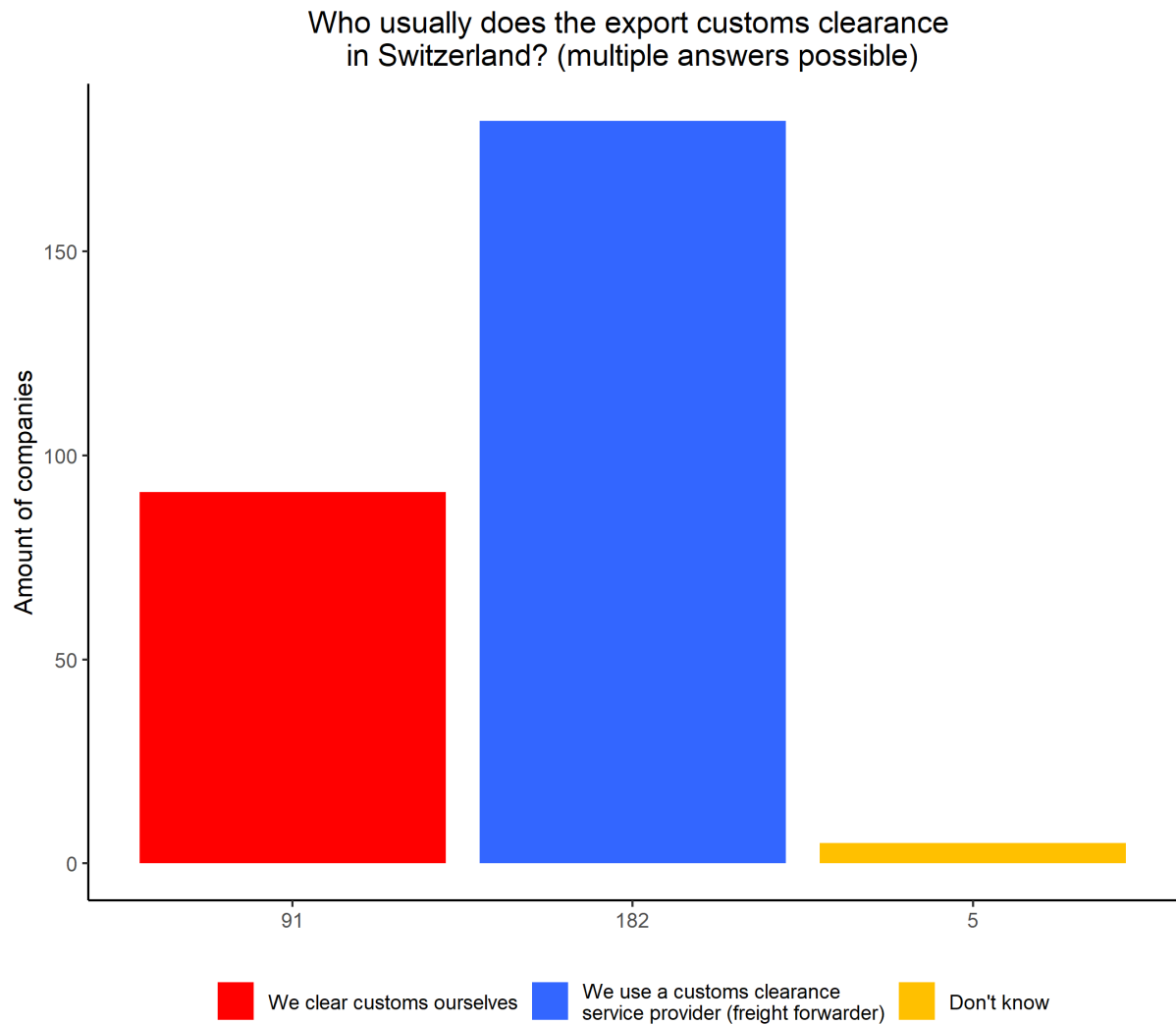
Other reasons that companies do not (yet) apply the transitional rules are excessively high costs for implementing both old and new PEM rules in parallel (including personnel expenses), the need to modify IT systems for origin calculations, and the lack of capacity to separate production for countries which are and are not subject to the new PEM Convention.



7 Results concerning preferential customs clearance

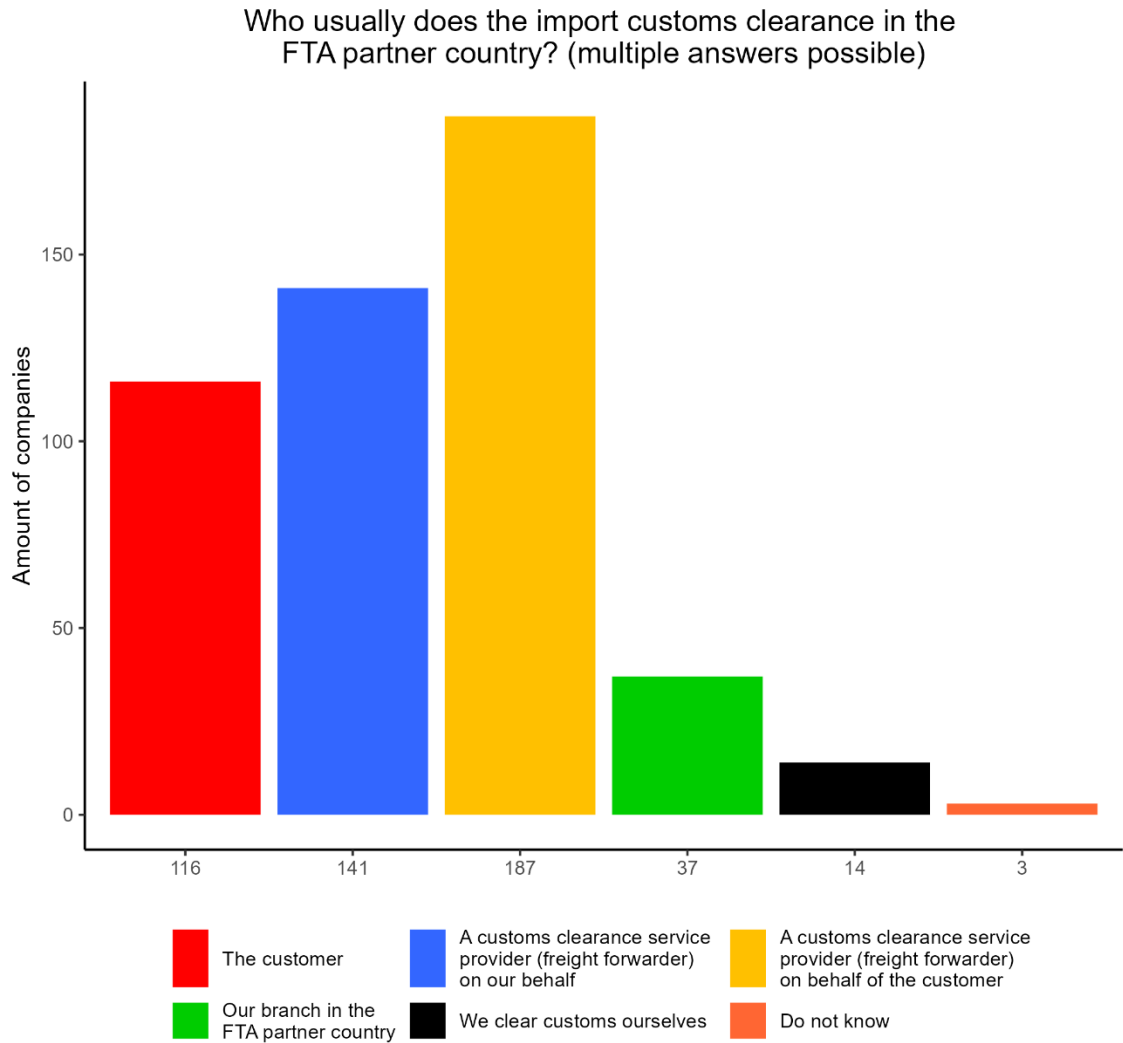
Who usually does the export customs clearance in Switzerland?

In response to the question of who generally handles export customs clearance in Switzerland, the great majority of companies (182) stated that they use a customs clearance service provider (freight forwarder). Of the remainder, 91 companies clear customs themselves, while five stated that they did not know.



**Who usually does the import customs clearance in the free trade agreement partner country?
(multiple answers possible)**

For 187 companies, import customs clearance in the FTA partner country is handled by a dedicated service provider on behalf of the customer, while 141 companies have a customs clearance service provider working on their own behalf. The customer takes care of customs clearance for 116 companies, and seven companies have entrusted the task to their subsidiary in the FTA partner country. Just 14 companies clear customs themselves, and three stated that they did not know who was responsible.



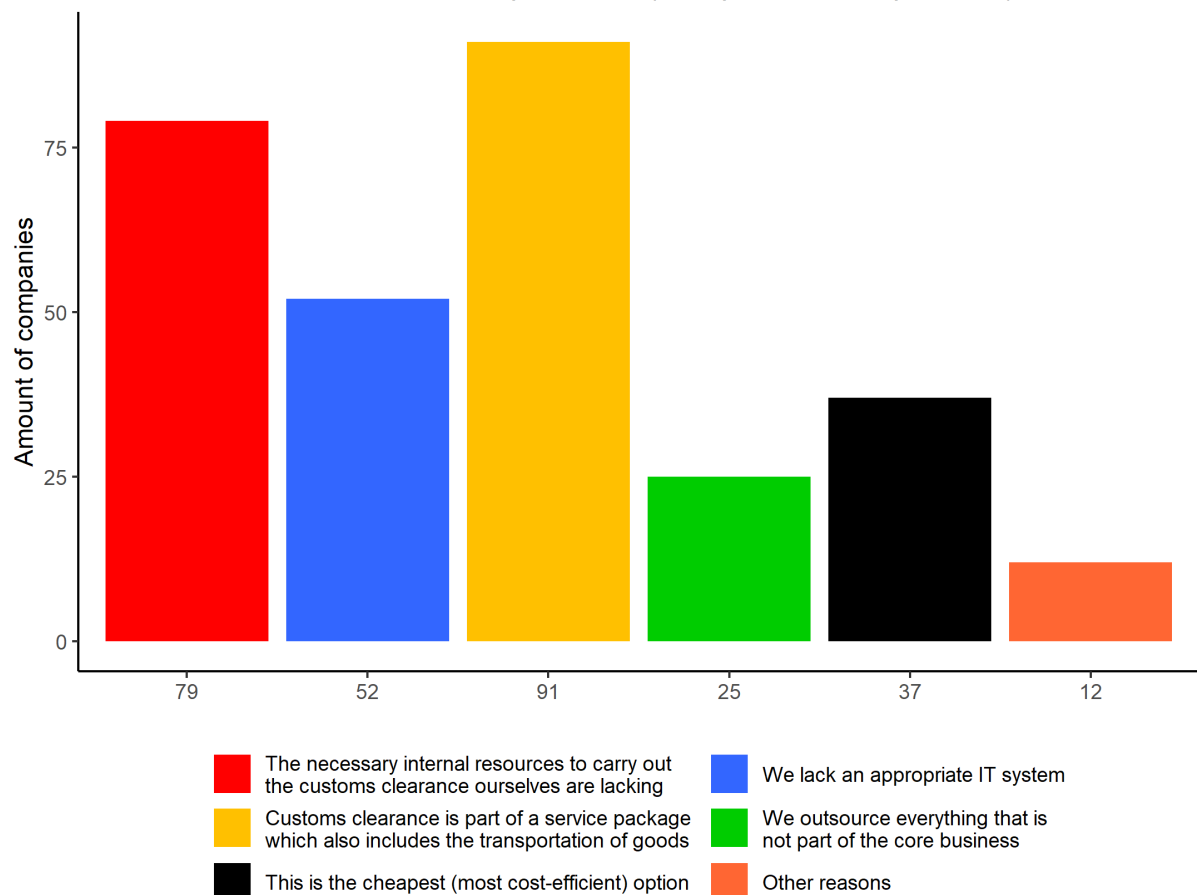
Why do companies work with customs clearance service providers?

This additional question was put to the 141 companies that use a customs clearance service provider (freight forwarder) working on their own behalf to handle customs clearance in the FTA partner country.

When asked why they work with such a service provider, 91 answered that customs clearance is part of a service package which also includes the transportation of goods. In 79 cases companies do not have the necessary internal resources to carry out customs clearance themselves. At 52 companies there is no appropriate IT system to carry out customs clearance internally. For 37, a freight forwarder is the cheapest (most cost-efficient) option, and 25 have a forwarder handle clearance because they outsource everything that is not part of the core business.

Other reasons were given by 12 companies. Examples include a lack of expertise and not having the necessary specialist country-specific capabilities that freight forwarders do, or the excessive cost and effort involved in familiarising themselves with the customs import formalities for each individual country. A lack of (specialist) personnel is a further factor. In addition, companies work with freight forwarders because it is easy, and because they can benefit from the forwarders' experience with regard to risk. The forwarders' processes are also so routine that it would be too costly in comparison for the companies to handle customs clearance themselves.

You have indicated that import customs clearance is not performed by your company, but by customs clearance service provider (forwarder) on your behalf. Why does your company cooperate with a customs clearance service provider? (multiple answers possible)

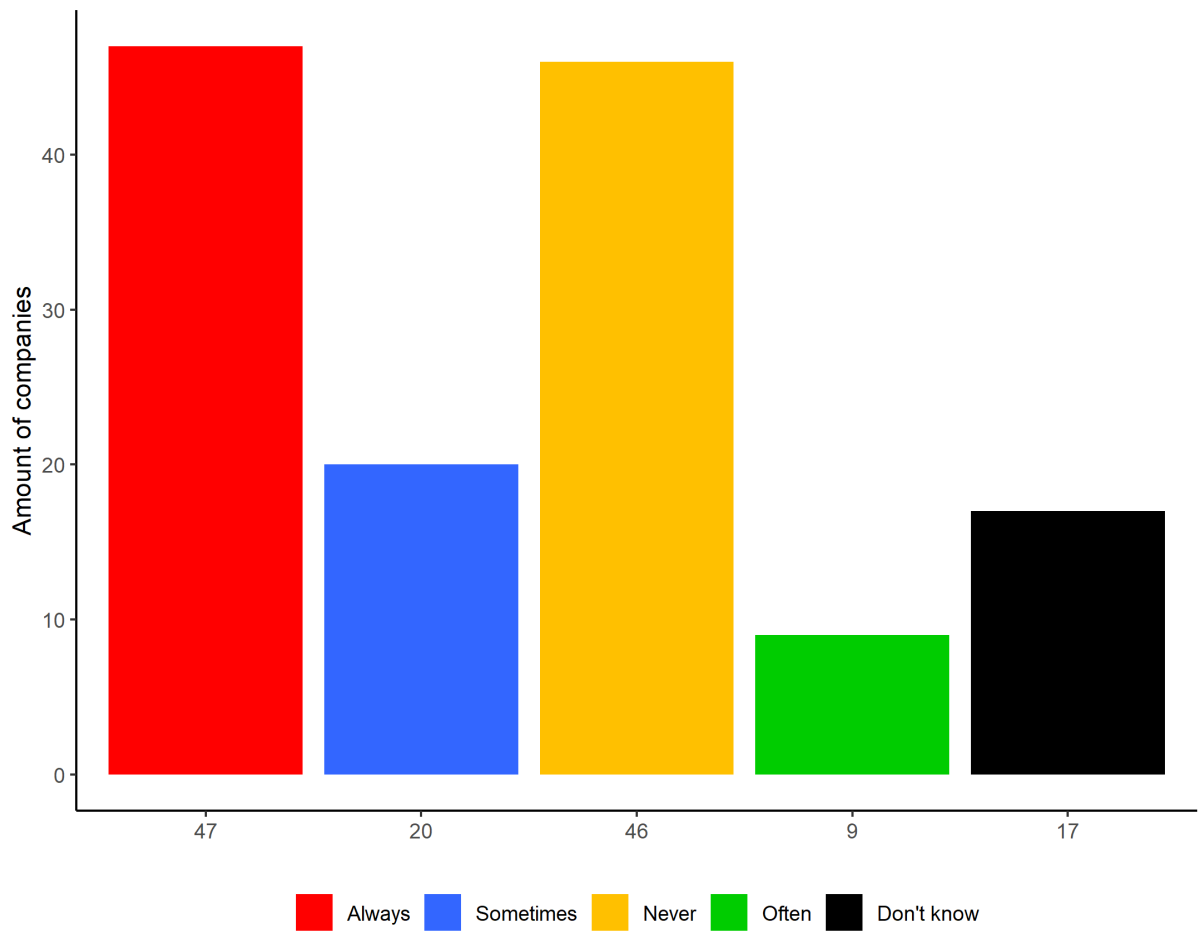


Do companies contractually agree with their customs clearance service providers (freight forwarders) that they must use free trade agreements when clearing shipments?

This additional question was put to the 141 companies that use a customs clearance service provider (freight forwarder) working on their own behalf to handle customs clearance in the FTA partner country.

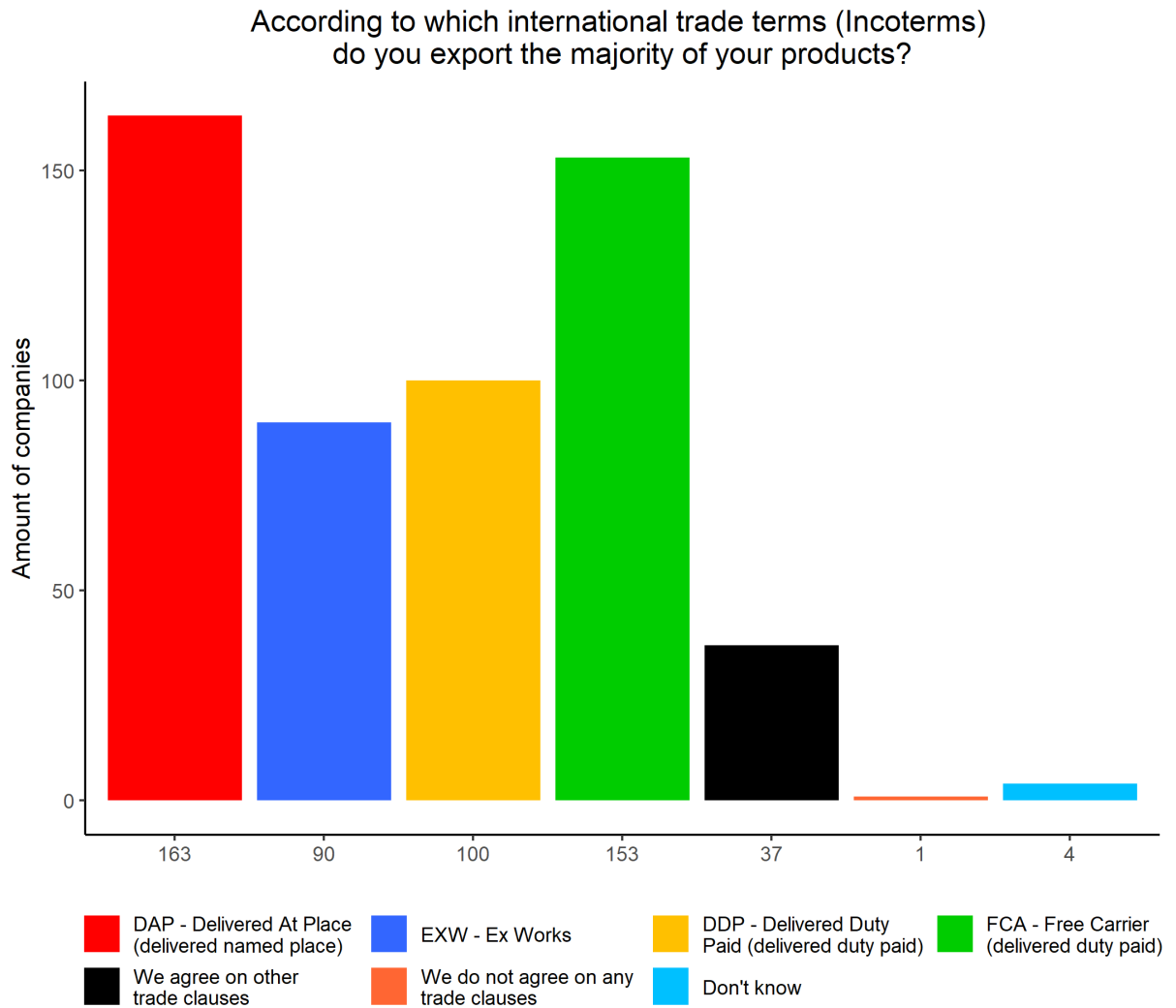
In 47 cases companies always enter into contractual agreements with their service providers that they must always use FTAs when clearing shipments. Among the remainder, 46 never do so, 20 sometimes, and nine often, while 17 stated that they do not know.

Do you contractually agree with your customs clearance service provider (freight forwarder) that they must use free trade agreements when clearing shipments?



According to which international trade terms (Incoterms) do companies export the majority of their products?

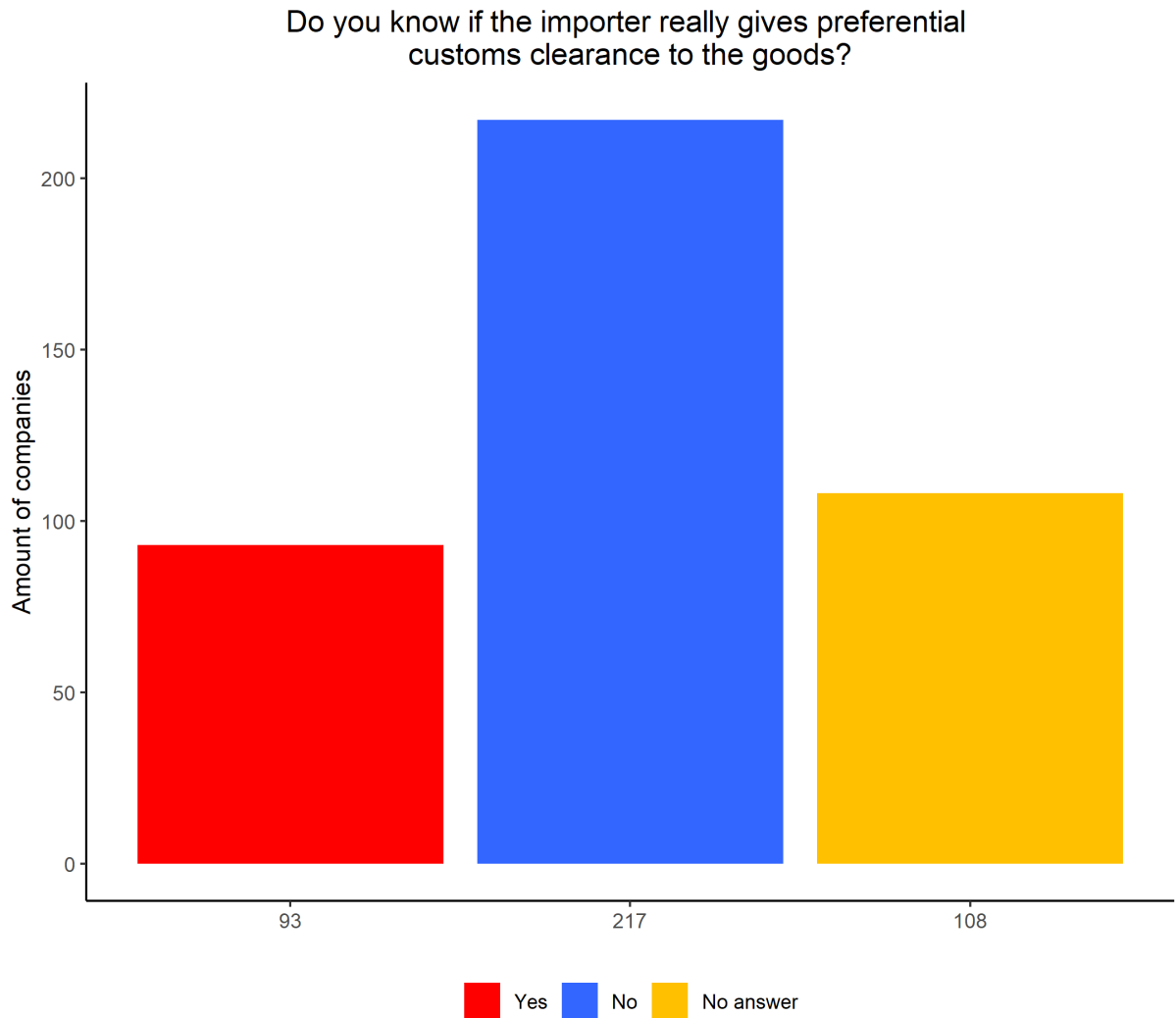
When asked under which international trade terms (Incoterms) companies export the majority of their projects, 163 chose the 'DAP – Delivered At Place' option. A further 153 companies opted for 'FCA – Free Carrier', and 100 companies export on 'DDP – Delivered Duty Paid' terms. At 90 companies the choice is 'EXW – Ex Works', while 37 companies agree on other trade terms, four do not know, and one company does not agree on any trade terms.



Info box: Incoterms are a set of globally applicable rules for international goods trading. They set the delivery terms for international transactions, because they govern the rights and obligations of buyer and seller in connection with the delivery of a good.

Do companies know if the importer really gives preferential customs clearance to the goods?

In response to the question of whether companies know if the importer really gives preferential customs clearance to their goods, 217 companies checked the 'No' box. In 93 cases companies were confident that the importer gave their goods preferential clearance, and 108 companies left the question unanswered.

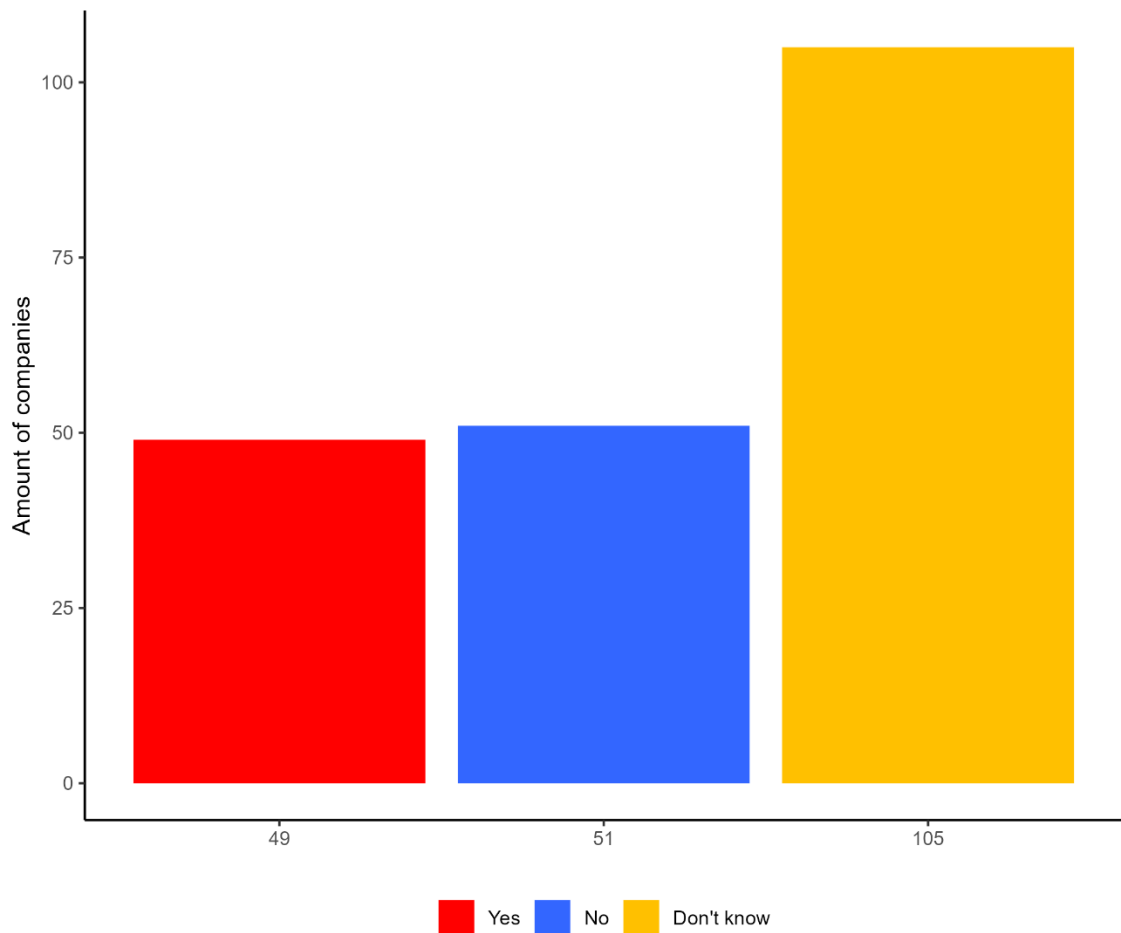


Are there cases in which, despite proof of preferential origin, companies' goods do not benefit from preferential tariffs under the free trade agreement when imported into the FTA partner country?

This additional question was put to the 93 companies which know that the importer really gives preferential customs clearance to their goods.

Of this number, 49 companies confirmed that there are, indeed, cases in which goods are not granted preferential tariffs under the FTA when imported into the FTA partner country, despite having proof of preferential origin. A further 51 companies answered 'no' to this question, while 105 stated that they do not know.

Are there cases in which, despite proof of preferential origin, your goods do not benefit from preferential tariffs under the FTA when imported into the FTA partner country?

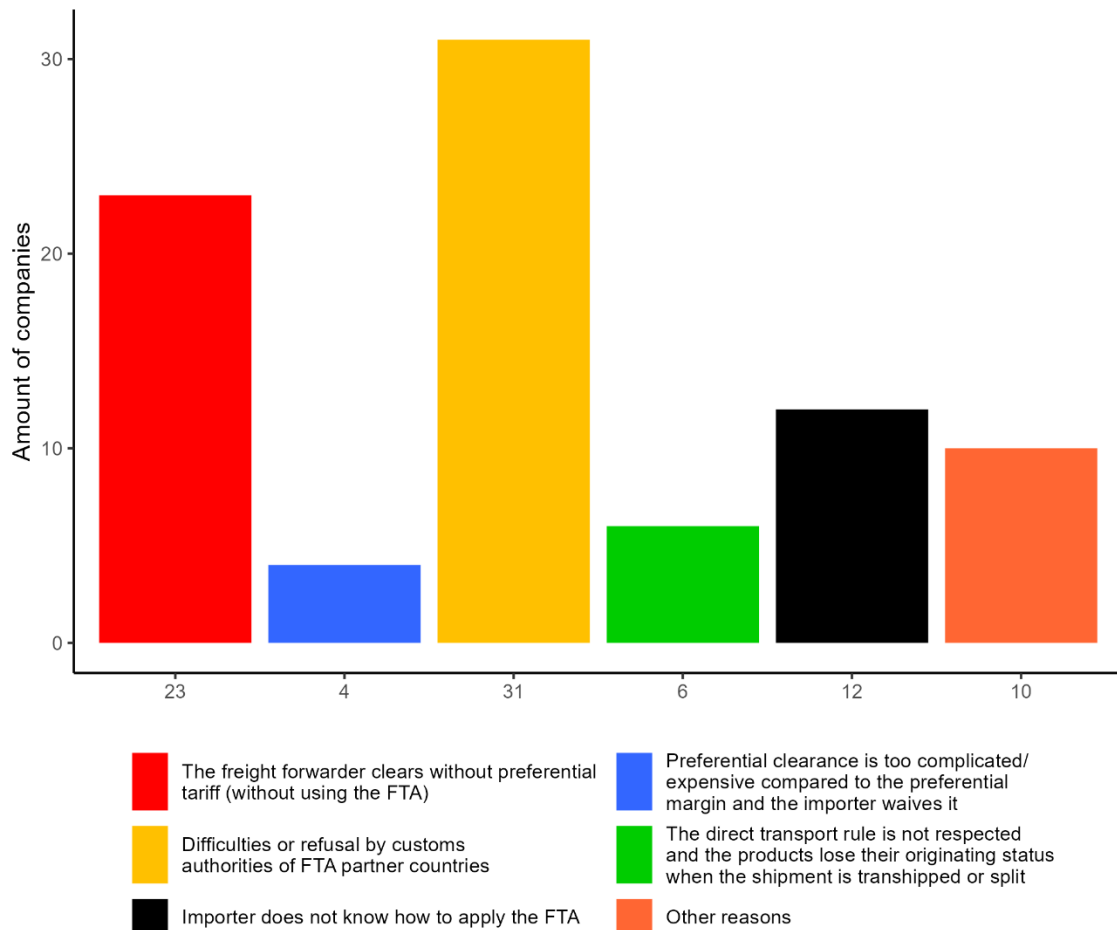


Why do companies' goods not benefit from preferential tariffs under the free trade agreement when imported into the FTA partner country, despite proof of origin?

This additional question was put to the 49 companies that confirmed that there are cases in which their goods are not granted preferential tariffs under the FTA when imported into the FTA partner country, despite having proof of preferential origin.

In response, 31 companies stated that the customs authorities of FTA partner countries cause difficulties. At 23 companies the freight forwarder clears customs without applying the preferential tariff, in other words without using the FTA. In 12 cases the importer does not know how to apply the FTA. Six companies do not respect the direct transport (shipment) rule, and four state that the importer waives preferential clearance because it is too expensive in relation to the gain in margin. Ten companies gave 'other reasons', stating the same factors as they answered with regard to the non-use of FTAs, i.e. products are already duty-free, or do not comply with the rules of origin (and the direct shipment rules in particular), or that additional documents are required.

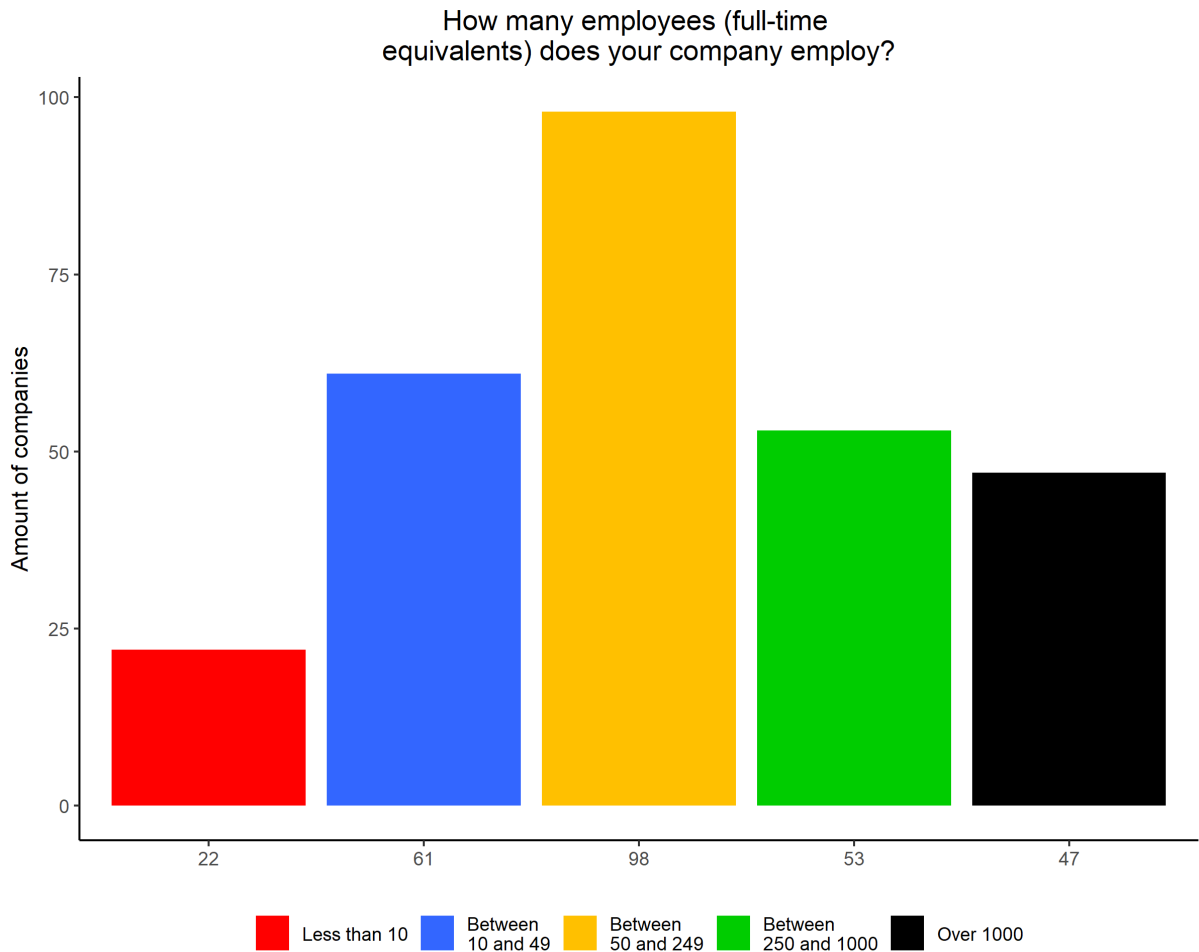
Why do your goods not benefit from preferential tariffs under the FTA when imported into the FTA partner country despite proof of origin?
(multiple answers possible)



8 Results concerning general information about the companies surveyed

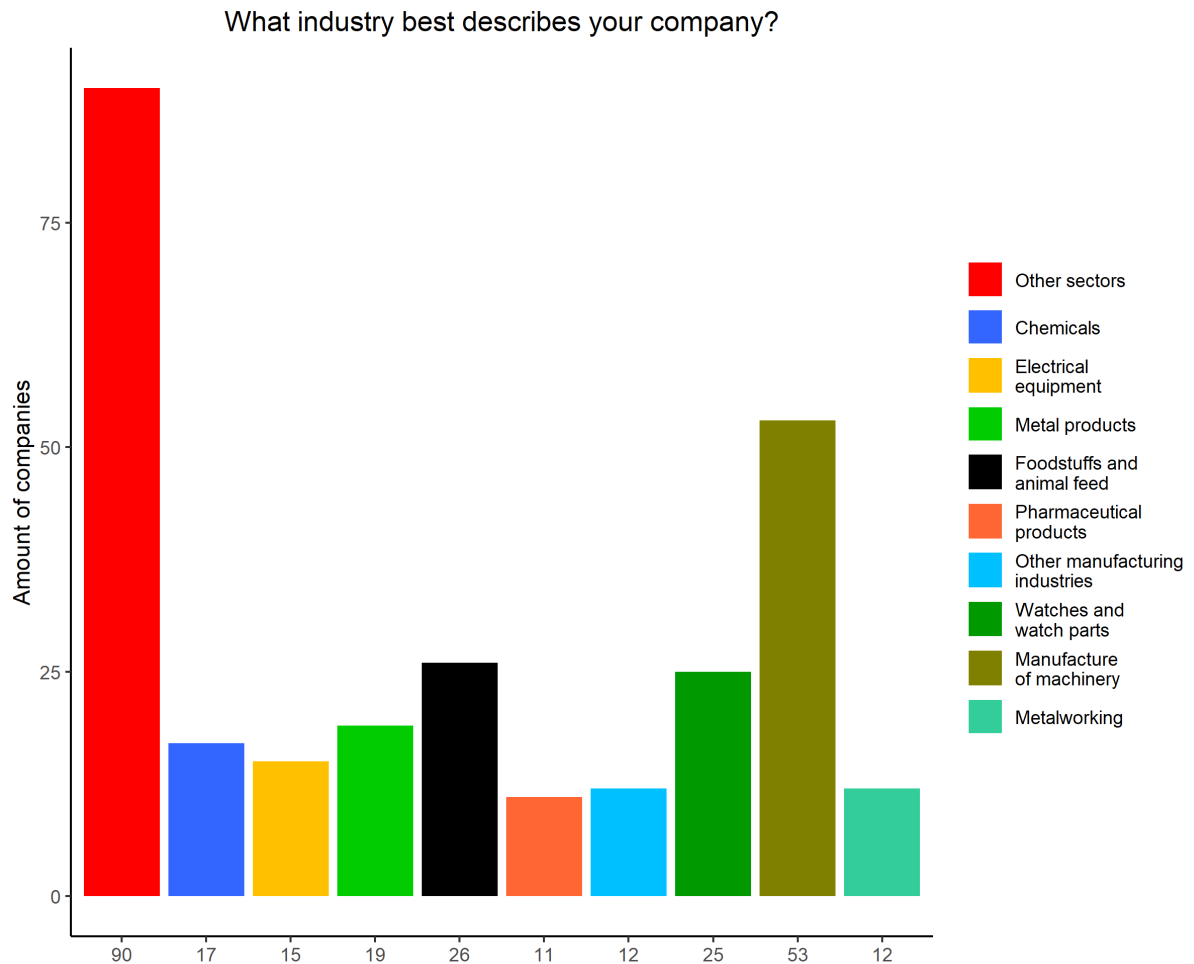
A total of 418 companies from various sectors responded to the survey. The four charts that follow show general information about these companies: employee numbers, industry, turnover and exports.

How many employees (full-time equivalents) does your company employ?



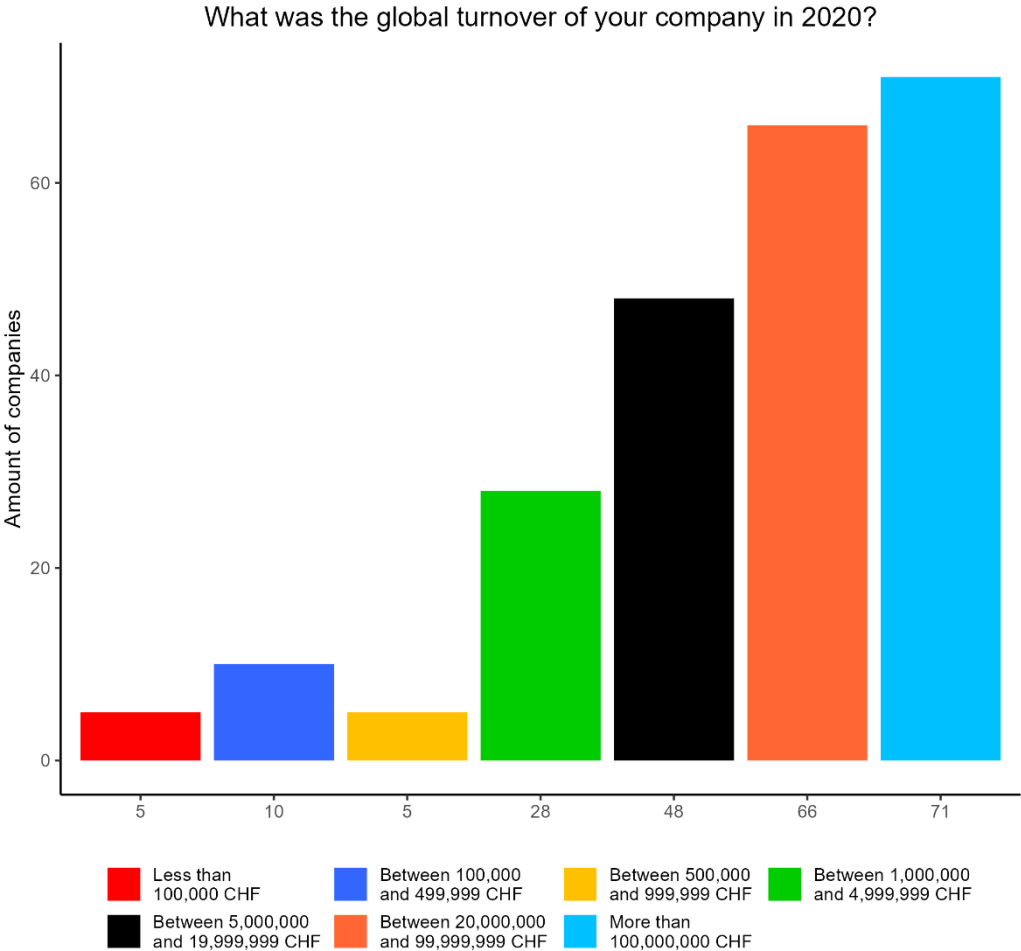
Which industry best describes your company?

The 'other sectors' category covers the manufacture of beverages, tobacco products, textiles, and leather and related products, printing, the manufacture of rubber and plastic products, glass and glass products, and ceramics, the processing of non-metallic mineral products (rock and earth), the manufacture of motor vehicles and parts, the manufacture of other vehicles, including rail and air transport, furniture manufacturing, the repair and installation of machinery and equipment, the wholesale trade (excluding motor vehicles) and retailing (excluding motor vehicles).

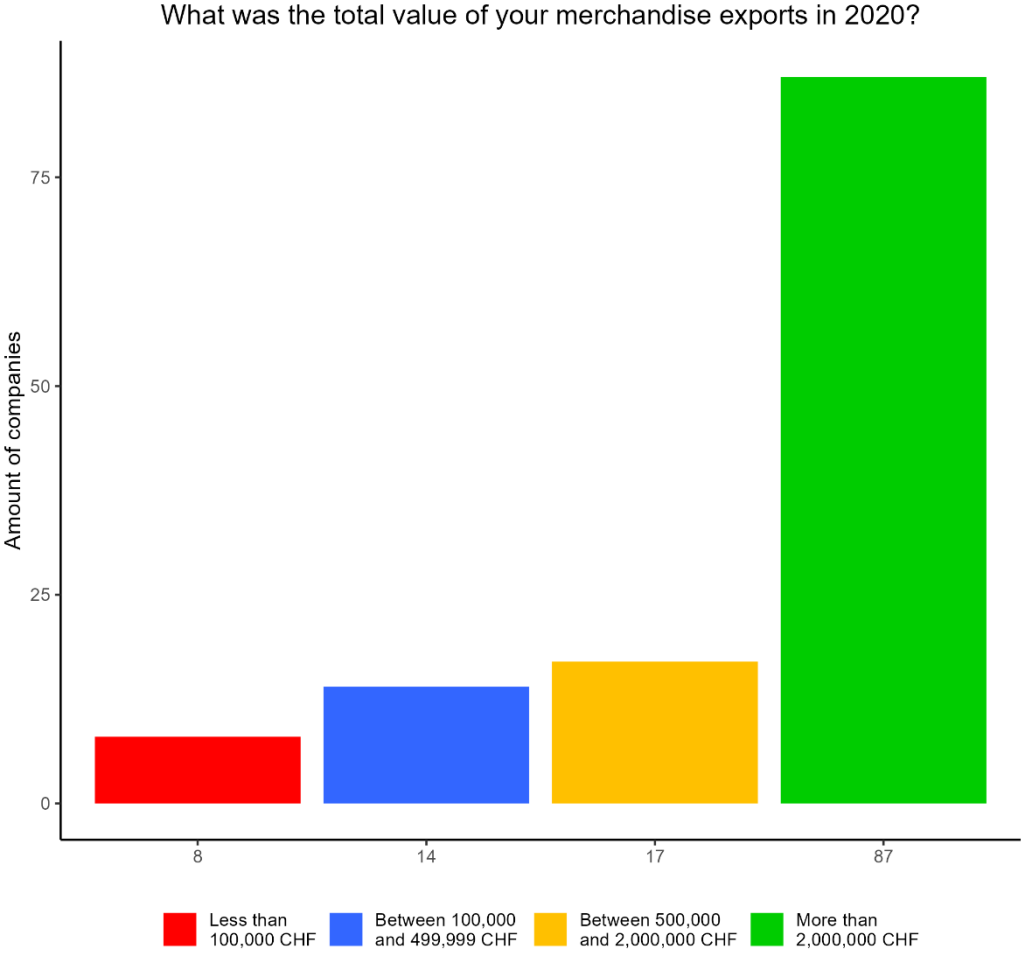


Info box: Categories are drawn from the General Classification of Economic Activities (NOGA). Please refer to [NOGA Codes](#) | [KUBB - Coding Tool for Classifications \(admin.ch\)](#) categories C and G.

What was the global turnover of your company in 2020?



What was the total value of your merchandise exports in 2020?



9 Looking ahead

The Federal Council plans to improve economic operating conditions to boost the medium-term growth of Switzerland as a business location. Work in 2022 has focused on 12 projects. The Federal Council introduced these in its overview of the outlook for stronger business in Switzerland (*Stärkung des Wirtschaftsstandorts Schweiz – Gesamtschau des Bundesrates*)⁹ that was published on 16 February 2022. The overview sets out how the Federal Council intends to counter the challenges facing the Swiss economy. As part of this overall outlook, the Federal Department of Economic Affairs, Education and Research (EAER) was tasked with examining whether – and if so, how – the use of FTAs could be simplified and improved, and to report back to the Federal Council by the end of 2022.

Based on the findings of the company survey and in line with its remit from the Federal Council, SECO has commissioned an external study to analyse in detail existing and potential information and support from the federal government to ensure that better use is made of FTAs. Work is also being conducted in parallel to investigate what economic actors actually need from the information and support with the use of FTAs that they have said they would like. These needs will then be compared with existing services and specific recommendations derived for how information and support can be improved to facilitate the use of FTAs.

⁹ Please refer to the press release (in German, French and Italian) [on the Federal Council's plans to boost Switzerland as a business location, Bern, 16 February 2022.](#)