



Free Trade Agreement (FTA) between Switzerland and China

Factsheet on the Chapter on Trade in Services

The provisions on trade in services are based on the GATS¹ by its definitions and relevant rules being used (in particular four modes of supply², market access, national treatment, exemptions), or adapted to the bilateral context or being specified more precisely (e.g. most favoured nation (MFN), domestic regulation, payments and transfers). The rules of the agreement apply to all measures on central, regional and local government levels that affect trade in services, as well as those measures of non-governmental entities in the exercise of delegated powers by those governments. The general obligations of the agreement apply to all service sectors with the exception of services which are supplied by governmental authorities in the exercise of governmental powers (*i.e.* on a non-commercial basis and not in competition with other service suppliers). As in the GATS, traffic rights in air transport are not covered by the FTA. There are plans for a dialogue on traditional Chinese medicine (TCM) within the framework of which the aim will be to strengthen cooperation.

Compared to GATS, legal certainty is strengthened through more precise horizontal rules on transparency and authorisation procedures, amongst others. Sector-specific provisions on financial services set out in more detail, amongst other things, rules applicable for prudential measures (these must be appropriate and shall not discriminate against foreign suppliers in favour of domestic ones) and include specific transparency and provision of information on financial regulation. The provisions relating to the supply of services by natural persons limit the categories of persons covered by the FTA (intra-corporate transfers of executives and specialists, highly qualified suppliers of fixed-term contract services as well as salespersons and business visitors) and specify certain frame conditions for procedures concerning work and temporary stay permits (particularly as regards transparency, deadlines and obligations to provide information). Measures governing access to the labour market or permanent residency remain unaffected by the FTA.

As in the GATS, the specific commitments regarding market access and national treatment are inscribed in positive lists. Compared with the GATS, China's commitments cover additional sectors and contain improvements in areas such as environmental services (waste water treatment, cleaning services of exhausted gases and noise abatement services), financial services (in particular in securities), air transport services (aircraft maintenance and repair, ground-handling), logistics services (customs clearance services) and for suppliers of fixed-term contract services (in particular installers and maintainers of machines, architects and engineers). Switzerland is improving its commitments with regard to private educational services (Chinese languages in particular), financial services (e.g. cross-border aircraft liability insurance, issues of securities in Swiss francs), air transport services (ground handling, airport management), as well as through additional activities by highly qualified suppliers of fixed-term services contract (in particular installers and maintainers of machines, engineers and management consultants). As in the GATS, in various sectors (e.g. audio-visual and cultural services, licensed transport services, cantonal buildings insurance, public education and health services) Switzerland does not take any obligations or takes limited commitments. In addition, as in the GATS, both sides reserve the right to take exemptions from the MFN, (Switzerland e.g. for various areas in which bilateral agreements exist with the EU). A revision clause provides for a two-yearly review of the lists of commitments with regard to further liberalisation of trade in services.

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¹ General Agreement on Trade in Services of the World Trade Organization, WTO

² (1) cross-border services supply; (2) consumption abroad; (3) commercial presence abroad; (4) services supply by natural persons deployed abroad