

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Committee on Trade and Development  
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## PART IV CONSULTATIONS: BACKGROUND INFORMATION

### Switzerland

#### Note by the Secretariat

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<sup>1</sup>Being issued as an addendum to this document.

Introduction

1. At their Thirty-Eighth Ministerial Session in November 1982, the CONTRACTING PARTIES, with a view to improving the review and surveillance procedures in regard to the implementation of Part IV, decided that:

- (a) "the Committee on Trade and Development, bearing in mind particularly the special responsibility of the developed contracting parties in this regard, shall adopt a programme of consultations with contracting parties individually or collectively, as appropriate, to examine how individual contracting parties have responded to the requirements of Part IV;
- (b) "each such consultation shall be based on information supplied by the contracting party or parties in question and additional factual material prepared by the secretariat;
- (c) "the Committee on Trade and Development shall also examine other aspects of existing procedures for reviewing the implementation of Part IV and for dealing with problems relating to the application of its provisions, and prepare guidelines for their improvement."

2. At its Forty-Ninth Session, in March 1983, the Committee on Trade and Development agreed that the Part IV consultations should be carried out in the Committee itself. It also agreed that discussions, in the course of the consultations, could be organized under the following general points:

- (a) overall review of developments in a country's trade flows and factors affecting such trade;
- (b) examination of how a country's economic and trade policies have responded to the objectives and principles contained in Article XXXVI;
- (c) examination of how trade policy measures have responded to the commitments of the countries concerned under Article XXXVII;
- (d) consideration of any matters relating to joint action under Article XXXVIII.

3. In regard to the question of documentation for the consultations, the Committee agreed that the consulting country (or group of countries) would be invited to submit a paper containing information relevant to the points mentioned above, and that the secretariat would prepare a factual background paper covering developments in trade and trade policy in relation to the country or group of countries being consulted.

4. At the Fifty-Fourth Session of the Committee on Trade and Development, and the Fortieth Session of the CONTRACTING PARTIES, held in November 1984, it was agreed that the programme of consultations on the implementation of Part IV would be continued during 1985. It was noted that four countries (namely Canada, Switzerland, Australia and New Zealand) had agreed in principle to consult during 1985.

5. The present document contains factual background material covering developments in trade and trade policy in regard to Switzerland. The material has for the most part been drawn from available official and GATT documentation. It is not intended to be exhaustive.

6. While every effort has been made, including consultation with the delegation concerned, to present a clear and factually accurate picture of the situation, the information is subject to verification and correction in the light of any comments or suggestions that might be made by delegations.

## Section I: Economic background

### Trends and indicators of domestic economic activity

7. Switzerland's real GNP growth rate in 1984 was estimated at 2.9 per cent. This growth rate is one of the highest recorded during the last twelve years, with the rate of 4.2 per cent recorded in 1980 being the only appreciably higher annual growth rate during the period. Similar growth rates to that of 1984 were recorded in 1973, 1977 and 1979. The average annual GNP growth rate for the period from 1970 to 1984 was approximately 1 per cent.

8. As in many other industrial economies, Switzerland suffered from recession in the early 1980s, although the recession did not affect the Swiss economy to the same degree as it did a number of other countries. Following an increase in output of 2.5 per cent in 1981, growth was negative at -1.1 per cent in 1982 and then positive again in 1983, amounting to 1 per cent in that year. It was not until 1984 that the Swiss economy regained its previous highest level of GNP, recorded in 1981. In contrast to a number of other developed countries, the 1981/82 recession was not as severe as that of the mid-seventies. Whilst Switzerland managed real output growth in excess of 2 per cent in both 1973 and 1974, real output contracted by -7.5 per cent in 1975, and remained negative at -0.6 per cent in 1976. It was not until 1977 that Switzerland enjoyed positive real growth again.

9. In both 1983 and 1984, virtually all items comprising total output made a positive contribution to overall real GNP growth. The only exceptions to this were stock building in 1983, and net exports in both 1983 and 1984. Following approximately two years of virtual stagnation, private consumption revived in the latter part of 1982 and registered gains of 1.5 per cent (in real terms) in both 1983 and 1984. The increase in consumption was boosted by increased household incomes, which in part resulted from a reduction in the rate of increase of consumer prices in 1983. Public consumption has also been an important factor in the recovery from the recession. This element of national expenditure expanded by 4.4 per cent in real terms in 1983, which represented the highest rate recorded for more than ten years, and was three times higher than the average growth rate over that period. In 1984 public sector consumption demand was less dynamic, but was still estimated to have increased by 3.4 per cent.

10. A notable feature of the recovery was the rapid increase in productive investment. Following approximately two years of negative investment growth, the level of fixed capital formation increased by 4.3 per cent in 1983 and 3.8 per cent in 1984. According to the latest available figures, investment in machinery and equipment increased by 6.5 per cent in 1983 and by a further 3.5 per cent in 1984. In the first instance, the upturn in investment was primarily due to orders by the services sector, including banking, insurance and transport, but by 1984 investment demand appeared to have spread more generally throughout the industrial sector. Non-residential and residential construction has also shown relatively high growth, with rates of 3 per cent and 4 per cent being recorded for 1983 and 1984 respectively.

11. As far as the contribution of trade to the recovery and GNP growth is concerned, imports rose sharply at the beginning of 1983 and continued to grow in 1984. It took exports longer to recover, and it was only in the latter half of 1983 that exports began to pick up. Exports have continued to expand since. The contribution of net exports of goods and services, or the foreign balance, to GNP growth was slightly negative in 1982, and was again negative in 1983 (by 1.8 percentage points). In 1984, as the increase in exports continued to be matched by import expansion, the contribution of net exports to real GNP remained negative at -0.8 per cent.

12. By international standards Switzerland has enjoyed a very low level of unemployment. However, the unemployment rate has been slowly increasing during the past few years. In 1981, the rate of unemployment was estimated to be 0.2 per cent, and this figure doubled to 0.4 per cent in 1982, then doubled again in 1983, and was estimated at 1.1 per cent in 1984. Underlying the increase in the rate of unemployment has been a higher level of job losses, offset to some degree by reductions in the size of the labour force. The level of industrial employment has continued to decline, whereas employment in construction has been increasing since the end of 1983 and employment in the services sector has been virtually stagnant in 1983 and 1984. As far as inflation is concerned, the rate of increase of consumer prices peaked at 6.5 per cent in 1981, and then fell to 5.7 per cent in 1982, and to approximately 3 per cent in both 1983 and 1984. The main factor explaining the reduction in the rate of price increases in 1983 was a decline in import prices. Despite the lack of this moderating influence on inflation in 1984, the rate of increase of prices remained at much the same level during that year.

#### Trends in international transactions

13. Switzerland usually registers deficits on the trade account. In 1978 the deficit was very small, but rose significantly in the following two years and reached almost US\$6 billion in 1980. It may be seen from Table 1 that the trade deficit has been in the range of US\$2 billion to US\$3.3 billion in the years 1981, 1982 and 1983. Exports have declined in current price terms in every year from 1981 to 1983. Exports reached their peak in 1980 at approximately US\$29 billion and had fallen to US\$25.6 billion by 1983. Imports of goods followed a similar pattern, but the decline was arrested in 1982 and there was modest import growth in 1983. Between 1980 and 1982 imports declined from US\$35 billion to US\$28.3 billion. Although the figures are not available for inclusion in Table 1, current estimates show a similar rate of growth for both exports and imports in 1984, amounting to approximately 9 per cent for exports and 11 per cent for imports (in current price terms). The continued deficit on

Table 1

Balance of Payments, 1981, 1982, 1983  
(in US\$'000 million)

	1981	1982	1983
Exports f.o.b.	27.2	26.2	25.6
Imports f.o.b.	30.5	28.3	28.6
Trade balance	-3.3	-2.1	-3.0
Net services	5.7	7.1	7.5
Private and official transfers, net	-1.0	-1.0	-0.9
Current account balance	1.4	4.0	3.6
Direct investment, net	-	-	-0.2
Portfolio investment, net	-8.6	-12.5	-13.7
Other long-term capital, net	-1.1	-1.2	0.6
Other short-term capital, net	3.3	1.2	-3.1
Errors and omissions	4.5	11.9	13.6
Other transactions <sup>1</sup>	-1.3	-1.6	-1.1
Total change in reserves <sup>2</sup>	1.6	-1.7	0.3

<sup>1</sup> Includes counterpart to valuation changes and liabilities constituting foreign authorities' reserves.

<sup>2</sup> A negative sign (-) implies an increase in reserves

Source: IMF, International Financial Statistics, February 1985

Switzerland's trade account has arisen from the fact that deficits on trade in primary products have consistently outweighed surpluses on trade in manufactured goods. Whilst primary products have accounted for around one-third of total imports, on the export side primary products have amounted to only about 10 per cent of total foreign sales over the last few years.

14. In contrast to the trade account deficits that Switzerland has registered over the years, the services account has consistently remained in surplus. In the three years up to 1983, the services surplus ranged from US\$5.7 billion in 1981 to US\$7.5 billion in 1983. With exception of 1980, in all years from 1977 to 1983, the surplus on services transactions was sufficient to outweigh the deficit on trade account, giving rise to a current account surplus. Following a current account deficit of US\$1.6 billion in 1980, there were current account surpluses of US\$1.4 billion and US\$4 billion respectively in 1981 and 1982, and the surplus then fell slightly to US\$3.6 billion in 1983.

15. Turning to the balance-of-payments capital account, Switzerland has consistently been a net exporter of long-term capital. With respect to short-term capital flows, however, the picture is more mixed. Taking the years from 1977 to 1983, Switzerland was a net importer of short-term capital in 1978, 1981 and 1982, and a net exporter for the other years. It may be noted from Table 1 that the figures for net errors and omissions are particularly large in 1982 and 1983, and this gives rise to a degree of uncertainty with respect to the magnitudes of certain components of the balance of payments.

16. Table 2 shows the broad geographic distribution of Switzerland's trade in 1981, 1982 and 1983. For the three years shown in the table, exports have continued to decline. The decline was -8.8 per cent in 1981, -3.8 per cent in 1982 and -1.6 per cent in 1983. In 1981 and 1982, there was a decrease in exports to all country groupings with the exception of the oil-exporting developing countries. In 1983, the picture changed slightly, with the developed countries and the Eastern trading area taking slightly increased levels of Switzerland's exports, while export growth to all developing countries was negative in that year. Turning to imports, the value of Swiss imports fell by -15.5 per cent in 1981, by -6.6 per cent in 1982, and then rose by 1.8 per cent in 1983. All country groupings identified in Table 2 experienced reductions in the value of their exports to Switzerland in 1981 and 1982. By contrast, the increase in the value of imports in 1983 was reflected in increased import values from all country groupings with the exception of the Eastern trading area.

17. Table 2 indicates that the trade deficits registered in 1981, 1982 and 1983 were made up of a combination of surpluses and deficits with respect to the different country groupings identified. Throughout the three years Switzerland ran a trade deficit with developed countries and with the Eastern trading area. On the other hand, Switzerland ran trade surpluses in all three years shown in Table 2 with the oil-exporting developing countries and also non-oil developing countries. It may be noted that this pattern of deficits and surpluses with different country groupings has not changed over the last few years (since 1977), except with respect to the Eastern trading area, with whom Switzerland had a trade surplus in 1977 and 1978.

Table 2

Balance and Direction of Trade, 1981, 1982, 1983  
(in billion US\$, exports f.o.b., and imports c.i.f.)

	1981			1982			1983		
	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance
Total trade	27.1	30.7	-3.6	26.0	28.7	-2.7	25.6	29.2	-3.6
Developed countries	19.1	26.2	-7.1	18.2	24.5	-6.3	18.5	25.1	-6.6
Oil-exporting developing countries	2.1	1.1	1.0	2.3	0.9	1.3	2.1	1.0	1.1
Other developing countries	5.1	2.2	2.9	4.8	2.1	2.7	4.3	2.2	2.2
Eastern trading area	0.7	1.1	-0.4	0.6	1.0	-0.4	0.7	0.9	-0.3

Source: IMF, Direction of Trade Statistics Yearbook, 1984

18. Most of Switzerland's trade takes place with other developed countries. In 1983, for example, developed countries accounted for 72 per cent and 86 per cent respectively of Switzerland's exports and imports. Approximately two-thirds and three-quarters of these exports and imports respectively represent trade with the EEC. The next most important country grouping in terms of trade with Switzerland, both on the import and export side, is the non-oil developing countries. The latter accounted for about 17 per cent of exports and 7 per cent of imports in 1983. The oil-exporting developing countries accounted for 8 per cent of exports and 4 per cent of imports in that year, leaving a balance of about 3 per cent of exports and imports which were accounted for by the Eastern trading area.

19. A longer term overview of the geographic distribution of Switzerland's trade shows that the shares of the different country groupings identified in Table 2 have not changed a great deal over the last ten years. As far as exports are concerned, the share of the developed countries has fluctuated between approximately 70 per cent and 74 per cent during the period. The shares of oil-exporting developing countries and non-oil developing countries have not varied greatly, although the share of the former showed an upward trend between 1973 and 1976. On the imports side, there has been a slightly downward trend in the share accounted for by the developed countries, from about 88 per cent in 1973 to around 85 per cent in the 1980s. All the other country groupings have showed very slight upward trends in their shares of Switzerland's imports during the period, but with fluctuations around these trends.

## Section II: Tariff system and imports according to tariff treatment

### Tariff system

20. Tariffs constitute the most important commercial policy instrument for Switzerland, particularly with respect to industrial products: as indicated in Section V, most non-tariff measures maintained by Switzerland relate to agricultural products. The basic legislation on tariff matters is the "Federal Law on the Swiss Customs Tariff of 19 June 1959".

21. The Swiss Tariff Schedule for 1985 indicates a "tariff rate" (= m.f.n. rate), as well as rates on products from "EEC", "EFTA", "Spain" and "developing countries". In addition, general tariff (t.g.) rates which are different from m.f.n. rates are indicated in parentheses in the product description column of the Swiss Tariff Schedule.

22. General tariff rates are statutory tariff rates as of 1959, when Switzerland provisionally acceded to the General Agreement. Most of these rates are not applied at present, having been the subject of reductions in a series of multilateral trade negotiations held since then under the auspices of GATT. "Tariff rate" more precisely means the currently-applied m.f.n. rate. Switzerland has extended m.f.n. tariff treatment to all countries without any exception. "Rate on product from developing countries" (PED) means GSP rate. Details of m.f.n. duties and GSP are provided in Sections III and IV below.

23. In the framework of the European Free Trade Association (EFTA), and under the free-trade arrangements concluded between individual EFTA member countries and the EEC, Switzerland has extended duty-free treatment to a large part of its imports from the other EFTA countries and the EEC. Under similar arrangements concluded with Spain, Switzerland is reducing duties applicable to Spain in stages. Details in regard to these regional trade arrangements may be seen in Section VI.



24. All products falling within CCCN Chapters 25-99 (except petroleum, cinematographic films and automobiles, which are subject to revenue duties<sup>1</sup>, as well as casein and albumin - 3501 and 3502 - considered as agricultural products) have been covered by the free-trade arrangements with the other EFTA countries, the EEC and Spain. However, it may be noted that Switzerland has excluded revenue duties from all tariff negotiations including those with the EFTA and the EEC.

25. While free-trade arrangements with the other EFTA countries and Spain cover a substantial number of agricultural products including certain cut flowers, vegetables, fish and animal products, those concluded with the EEC are confined to the "industrial element of duties on processed agricultural products." Thus, the EEC enjoys reduced duties on various food preparations.<sup>2</sup> It may also be noted that in Switzerland coffee and coffee extracts (0901 and 2102.10), beer (2203) and spirits (ex 2209) are also subject to revenue duties. In the case of coffee extracts, part of the m.f.n. duty comprises the revenue element. The GSP rate on this item is equal to a revenue element.

#### Implications of specific duties

26. All customs duties of Switzerland are specific duties (Sw F/100 kg. gross). Thus, customs duties payable on imports are calculated simply on the basis of product weight, making the work of customs officers at the border simple. Given this administrative advantage and a stable currency, Switzerland has maintained the universal application of specific duties. In other countries specific duties are generally employed only on a limited number of products for particular reasons, e.g. in order to stabilize customs revenue from commodities subject to price fluctuations and for their protective effects on low-priced goods.

27. One notable implication of the general use of specific duties is that tariff incidence tends to decline over time as a result of inflation. While the Swiss franc is a relatively strong currency, the accumulated

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<sup>1</sup>Details of the industrial items subject to revenue duties are provided below:

- (a) petroleum, petroleum gas, hydrocarbons, alcohol, etc. used as motor fuel (2707, 2709, 2710, 2711, ex 2901, ex 2904, ex 2908.22, ex 3814.01, ex 3818.01, ex 3819);
- (b) Certain cinematographic films (ex 3707);
- (c) Automobiles, diesel engines, chassis with engines, bodies, parts and accessories for automobiles (ex 8406, 8702, ex 8704.01, ex 8705.12, ex 8706).

<sup>2</sup>Food preparations covered by arrangements with the EEC are listed below:

Sugar confectionary (1704), chocolate and cocoa preparations (ex 1806), malt extract, etc. (1902), macaroni and spaghetti (1903), tapioca and sago (1904), cornflakes, etc. (1905), bread and biscuits (1907), cakes (1908), roasted chicoy (ex 2102), sauces and condiments (ex 2104), prepared soups, etc. (ex 2105), inactive natural yeast (ex 2106), miscellaneous food preparations (ex 2107), beer (2203), vermouth (2206) and liqueur (ex 2209)

effect of inflation over a period of time could be substantial (see Table 6 in Section III). This, to some extent, would explain why Swiss duties are on average the lowest among developed countries (see Section III).

28. The application of specific duties means that the same amount of duty is chargeable on like products of the identical weight irrespective of their prices. Thus, the lower the prices, the higher the incidence of these duties. Such regressive taxation on imports is likely to encourage imports of high-quality, high-priced goods rather than low-quality, low-priced goods: Swiss consumers are known to be particularly quality conscious. However, such effects would now be limited, given the generally low level of Swiss duties.

29. To facilitate appreciation of the level of specific duties, the Swiss tariff data in this document are presented in terms of ad valorem equivalents or incidences. In this connection, it may be noted that imported goods whose prices are lower than the average import price for each tariff item are actually subject to duty incidences higher than those indicated in this document.

#### Imports according to tariff treatment

30. Table 3 shows 1982 imports of Switzerland according to tariff treatment for all products, agricultural products, industrial products and petroleum respectively.<sup>1</sup> In that year total imports of Switzerland amounted to US\$29 billion, of which agricultural products, industrial products and petroleum accounted for 10 per cent, 79 per cent and 11 per cent respectively. Of the total, m.f.n. sources accounted for 16 per cent and GSP beneficiary developing countries accounted for 10 per cent. The three preferential sources taken together accounted for a total of 74 per cent (EFTA - 7 per cent, EEC - 66 per cent and Spain - 1 per cent).

#### Imports from and through the EEC

31. It may be noted that the EEC alone accounted for two-thirds of all Swiss imports in 1982 and 1983. Switzerland, like other European market-economy countries maintaining traditionally close trade links with the EEC countries, depends very considerably on the EEC for its imports, including those originally from developing countries. For traders and producers in Switzerland, it is not always economical to purchase goods directly from developing countries for reasons of scale, interest burden in the period of production and stocking, delivery period, etc. For example, 15-35 per cent of Swiss imports of such tropical products as bulk tea, unprocessed and processed pepper, vanilla, processed cinnamon, cocoa paste and crude coconut and palm-kernel oils were from the EEC in 1983. With respect to tea in small containers, cocoa powder and refined coconut and palm-kernel oils, imports from the EEC accounted for 87-100 per cent of total Swiss imports.

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<sup>1</sup> Agricultural products = products falling within CCCN Chapters 1-24  
Industrial products = products falling within CCCN Chapters 25-99  
Petroleum = products fallings within CCCN headings 2709 and 2710.

Table 3

Imports of Switzerland in 1982 according to tariff treatment

(S million)

Sources of imports Tariff treatment	Total	m.f.n. sources	GSP benefi- ciaries	Other preferential sources		
				EFTA	EFC(10)	Spain
Total imports	28,596 100%	4,578 16%	2,800 10%	1,946 7%	18,949 66%	373 1%
CCCN Chapters 1-24	2,787 100%	416 14.9%	585 21.0	117 4.2%	1,535 55.1%	134 4.8%
MFN 0% bound	79 2.9%	15	47	-	11	6
MFN dutiable (bound or unbound) and 0% unbound:	2,708 97.1%	401	538	116	1,524	128
Covered by free trade arrangements	235 8.4%	-	-	51	139	45
Covered by GSP <sup>1</sup>	78 2.8%	-	78	-	-	-
Covered by LDC treatment <sup>1</sup>	2 0.1%	-	2	-	-	-
Other (m.f.n. treatment) <sup>2</sup>	2,392 85.8%	401	458	65	1,385	83
CCCN Chapters 25-99 excluding petroleum	22,757 100%	3,385 14.9%	1,336 5.9%	1,826 8.0%	16,026 70.4%	184 0.8%
MFN 0% bound	818 3.6%	141	29	19	623	6
MFN dutiable and 0% unbound	21,939 96.4%	3,244	1,307	1,807	15,403	178
Covered by free-trade arrangements	17,215 75.6%	-	-	1,807	15,231	177
Covered by GSP <sup>1</sup>	1,082 4.8%	-	1,082	-	-	-
Covered by LDC treatment <sup>1</sup>	22 0.1%	-	22	-	-	-
Other (m.f.n. treatment) <sup>2</sup>	3,622 15.9%	3,244	203	-	172	1
Petroleum (CCCN 2709, 2710)	3,052 100%	777 25.5%	879 28.8%	3 0.1%	1,388 45.5%	5 0.2%

<sup>1</sup>Including imports eligible for GSP or LDC treatment but accorded m.f.n. treatment because of the non-utilization of GSP or LDC preferences.

<sup>2</sup>Including imports of duty-free items unbound or current duty-free items bound at positive rates (ceiling binding).

Sources: GATT Tariff Study files and data provided by the Government of Switzerland

32. It may be noted that some of the above-mentioned tropical products are imported free of duty into the EEC (tea and cinnamon) but a number of others (pepper, vanilla, cocoa paste and powder and coconut and palm-kernel oils) are dutiable in the EEC if imported from sources other than the ACP countries. A number of other tropical/agricultural products are also dutiable in both the EEC and Switzerland and are not covered by the free-trade arrangements between these markets. Where products from developing countries are dutiable in both the EEC and Switzerland<sup>1</sup>, imports of Switzerland through the EEC are subject to a sort of double taxation. Thus, imports into Switzerland of agricultural/tropical products originating in developing countries are also likely to be affected by the tariff and non-tariff treatment of these products in the EEC.

33. One way to alleviate the problem of double taxation would be for the EEC to facilitate the refund of customs duties and internal taxes on re-exports as much as possible. However, the effect of such measures would be limited because the identity of origin could be easily lost particularly through processing, and the cost and time involved in customs procedures for obtaining such refunds could be prohibitive.

34. The analysis of Swiss imports in this section does not reflect indirect trade with developing countries. Developing countries' share in Swiss imports would be larger than that indicated above if indirect trade were taken into account.

#### Imports of agricultural products

35. Imports of agricultural products amounted to US\$2,787 million in 1982, of which m.f.n. sources accounted for 15 per cent, GSP beneficiary developing countries 21 per cent, EFTA 4 per cent, EEC 55 per cent and Spain 5 per cent. Of the total agricultural imports, imports subject to bound duty-free treatment accounted for 2.9 per cent. The remaining 97.1 per cent, subject to either dutiable rates or unbound duty-free rates, were composed of (i) imports subject to m.f.n. treatment (85.8 per cent), (ii) imports covered by free-trade arrangements (8.4 per cent), (iii) imports eligible for GSP (2.8 per cent) and (iv) imports eligible for least-developed country treatment (0.1 per cent).

36. Imports of agricultural products from GSP beneficiary developing countries amounted to US\$585 million in 1982, of which 8 per cent comprised imports enjoying bound duty-free treatment. The remaining 92 per cent were composed of (i) imports subject to m.f.n. treatment (78.3 per cent), (ii) imports eligible for GSP (13.3 per cent) and (iii) imports eligible for least-developed country treatment (0.4 per cent).

#### Imports of industrial products

37. Imports of industrial products amounted to US\$22,757 million in 1982, of which m.f.n. sources accounted for 15 per cent, GSP beneficiary developing countries 6 per cent, EFTA 8 per cent, EEC 70 per cent and Spain 1 per cent. Of total industrial imports, 3.6 per cent were subject to bound duty-free treatment. The remaining 96.4 per cent, subject to either

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<sup>1</sup>Where EEC's trade barriers (tariff and non-tariff measures such as internal taxes on certain tropical products) are noticeably burdensome for traders, indirect imports through the EEC have not taken place in normal circumstances.

dutiable rates or unbound duty-free rates, were composed of (i) imports subject to m.f.n. treatment (15.9 per cent), (ii) imports covered by free-trade area arrangements (75.6 per cent), (iii) imports covered by GSP (4.8 per cent) and (iv) imports covered by least-developed country treatment (0.1 per cent).

38. Imports of industrial products from GSP beneficiary developing countries amounted to US\$1,336 million in 1982, of which 22 per cent enjoyed bound duty-free treatment. The remaining 78 per cent were composed of (i) imports subject to m.f.n. treatment (15.2 per cent), (ii) imports eligible for GSP (81.0 per cent), and (iii) imports eligible for least-developed country treatment (1.4 per cent).

39. Notwithstanding the fact that practically all duties on industrial products have been bound and that Swiss duties are the lowest on average, the percentage share of its dutiable imports is larger than those of other developed countries. This is because Switzerland maintains a large number of very low duties, given the relatively low cost of the collection of specific duties.

#### Imports of petroleum (2709 and 2710)

40. Imports of petroleum amounted to US\$3,052 million in 1982, of which m.f.n. sources accounted for 25.5 per cent, GSP beneficiary developing countries 29 per cent and EEC 45.5 per cent.

#### An analysis of selected dutiable items of interest to developing countries

41. The tariff average data as presented in this document sometimes conceal tariff problems for individual products, in particular peak tariff rates. In this connection, reference may be made to detailed data at the tariff line level provided in the Annex.

42. The Annex to this document covers dutiable items for developing countries<sup>1</sup> amongst Swiss tariff items in respect of which imports from GSP beneficiary developing countries and territories accounted for more than 20 per cent of imports from all sources or exceeded US\$1 million in 1982, and provides data on tariff treatment (m.f.n., GSP, etc.) and the corresponding trade flows in 1982, as well as information in regard to any quantitative import restrictions.

43. In the case of Switzerland the tariff lines listed in the Annex are limited in number, and duties applied on imports of the listed items from developing countries are often quite low. In the agricultural sector about thirty tariff lines are dutiable for developing countries at rates exceeding 3 per cent but generally below 20 per cent. In the industrial sector most of the tariff lines listed comprise textiles, clothing and other textile articles. Some fifty tariff lines covering these products are dutiable for developing countries at rates between 3 per cent and 14 per cent. Other industrial products listed are footwear and unwrought aluminium on which GSP rates range from 4 per cent to 7 per cent.

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<sup>1</sup> Items other than m.f.n. duty-free items and GSP duty-free items without country exclusions.

Section III: M.f.n. dutiesThe level of m.f.n. duties and tariff escalation

44. Table 4 shows pre- and post-Tokyo Round m.f.n. tariff averages (simple and weighted) of nine industrialized markets with respect to industrial products (excluding petroleum) and, amongst these products separately for industrial raw materials, semi-manufactures and manufactures. As the table indicates, Switzerland made significant tariff concessions on industrial products in the Tokyo Round. In the industrial sector, post-Tokyo Round tariff levels of Switzerland are the lowest among the markets covered by Table 4, at 2.5 per cent in the simple average and 2.1 per cent in the weighted average on the basis of 1982 imports. As a result of the Tokyo Round, Swiss duties on industrial raw materials, semi-manufactures and manufactures are being reduced from 1.6 per cent, 3.2 per cent and 3.3 per cent respectively to 1.3 per cent, 2.5 per cent and 2.7 per cent in the simple average, and from 0.3 per cent, 1.7 per cent and 3.5 per cent respectively to 0.2 per cent, 1.2 per cent and 2.7 per cent in the weighted average.

45. While most industrial products have been covered by the Swiss GSP scheme, the level of post-Tokyo Round m.f.n. duties (most of which will be fully in force by 1987) continues to be of interest and relevant for developing countries to the extent that GSP is not always utilized for certain reasons (see Section IV) and because a number of GSP rates are linked to the level of m.f.n. duties (GSP rate = one half of m.f.n. rate).

46. With respect to a number of industrial product groups, Table 6 shows post-Tokyo Round m.f.n. duty averages (simple and weighted) according to the stage of processing. Attention is drawn to footnotes to the table which indicate tariff averages for a number of separately identified product groups from among finished manufactures: these product groups are often subject to distinctly different levels of duties than those on other finished manufactures.

47. While post-Tokyo Round duty averages for most industrial product groups are less than 6 per cent, higher averages are recorded for some product groups of export interest to developing countries, i.e. textile fabrics, made-up textile articles, clothing and clothing accessories, rubber footwear, leather footwear, wood-based panels and furniture.

48. In Table 5 two sets of tariff average data have been provided on the bases of 1979 and 1982 imports. Using the same post-Tokyo Round specific duty rates, the average incidences of these rates generally decreased between 1977 and 1982. For a few product groups, however, simple or weighted averages increased between these years. These differences are due to changes in the level of import prices in terms of the Swiss franc, as well as changes in the composition of imported products within each product group.

49. On the basis of 1982 imports Table 6 shows pre- and post-Tokyo Round m.f.n. duty averages (simple and weighted) of Switzerland with respect to some agricultural/tropical product groups. This table indicates that substantial m.f.n. duties remain on a few product groups such as tropical beverage items (coffee, tea, cocoa), vegetables and fruit (unprocessed and

Table 4

Pre- and post-MTN m.f.n. duty averages (simple and weighted)  
industrial products excluding petroleum  
and according to stages of processing

S = simple average; W = weighted average based on imports in 1977 and 1976

		Canada	US	Japan	EEC	Austria	Switz- erland	Finland	Norway	Sweden
All industrial products (excl. petroleum)										
Pre-MTN	S	12.6	11.2	10.2	9.1	11.7	3.7	13.2	8.5	6.0
	W	12.7	6.3	5.4	6.5	8.9	2.9	6.9	4.2	5.6
Post-MTN	S	7.3	6.3	6.0	6.4	8.1	2.9	11.4	6.7	4.8
	W	7.9	4.3	2.7	4.6	7.7	2.2	5.5	3.1	4.0
Of which:										
Raw materials (excl. petroleum)										
Pre-MTN	S	5.0	3.3	2.5	1.9	2.6	1.8	0.8	1.3	0.5
	W	1.5	0.7	1.4	0.1	0.9	0.2	0.7	0.0	0.0
Post-MTN	S	2.6	1.8	1.4	1.6	1.9	1.5	0.5	0.9	0.4
	W	0.5	0.2	0.4	0.1	0.8	0.2	0.3	0.0	0.0
Semi-manufactures										
Pre-MTN	S	11.7	10.1	9.7	8.9	10.3	3.6	12.0	6.7	6.0
	W	11.8	4.4	6.5	5.5	5.7	1.6	6.7	1.7	5.2
Post-MTN	S	6.6	6.1	6.3	6.2	7.3	2.8	11.7	5.4	5.1
	W	8.3	3.0	4.5	4.1	4.7	1.2	5.8	1.4	3.2
Manufactures (excl. petroleum)										
Pre-MTN	S	13.6	13.0	11.5	10.0	13.4	4.0	14.3	10.0	6.6
	W	13.7	8.1	12.4	9.7	18.3	3.9	7.7	5.6	6.5
Post-MTN	S	8.1	7.0	6.4	7.0	9.1	3.0	12.0	7.8	5.1
	W	8.3	5.6	5.9	6.8	16.0	3.0	6.0	4.2	4.8

Source: COM.TD/W/315 and GATT Tariff Study files

Table 5

Switzerland - Post-Tokyo Round m.f.n. Duty Averages  
Based on Imports in 1977 and 1982

S = simple average; W = weighted average

(Unit: per cent ad valorem equivalent)

Product category		All products		Raw materials		Semi-finished manufactures		Finished manufactures	
		1977	1982	1977	1982	1977	1982	1977	1982
All industrial products (Ch.29-99) excluding petroleum	S	2.9	2.5	1.5	1.3	2.8	2.5	3.0	2.7
	W	2.2	2.1	0.2	0.2	1.2	1.2	3.0	2.7
Rubber	S	2.6	1.7	0.2	0.1	1.4	1.1	2.5 <sup>1</sup>	1.7 <sup>1</sup>
	W	3.9	2.9	0.0	0.1	1.8	1.6	1.8 <sup>1</sup>	1.6 <sup>1</sup>
Leather	S	3.5	3.0	0.2	0.2	1.8	1.6	2.8 <sup>2</sup>	2.6 <sup>2</sup>
	W	7.2	5.5	0.1	0.1	1.6	2.0	3.7 <sup>2</sup>	2.9 <sup>2</sup>
Wood and cork	S	4.1	3.4	0.9	0.7	3.6	2.1	3.3 <sup>3</sup>	3.9 <sup>3</sup>
	W	3.5	3.5	0.1	0.2	1.5	1.6	3.3 <sup>3</sup>	3.9 <sup>3</sup>
Pulp, paper and printed matter and other articles	S	4.3	3.3	8.8	3.4	4.6	3.9	4.6 <sup>4</sup>	3.8 <sup>4</sup>
	W	3.4	2.6	2.1	1.7	5.5	5.8	5.5 <sup>4</sup>	4.2 <sup>4</sup>
Textiles	S	6.0	5.6	2.0	2.4	4.2	3.7	6.6	6.0
	W	5.7	5.4	0.2	0.2	3.7	3.5	8.4 (Fabrics)	7.8
Made-up articles	S							6.3	6.9
	W							3.4	2.7
Clothing and clothing accessories	S							8.9	7.6
	W							10.8	9.1
Mineral products and fertilizers	S	2.2	1.8	1.0	0.9			2.7 <sup>5</sup>	2.1 <sup>5</sup>
	W	1.8	1.8	0.2	0.4			3.4 <sup>5</sup>	2.9 <sup>5</sup>
Ores and metals	S	2.2	2.1	0.1	0.1	See below		2.4	2.3
	W	1.4	1.8	0.0	0.1			2.7	2.1
Iron and steel	S			3.2 <sup>6</sup>	2.0 <sup>6</sup>	2.9	2.7		
	W			0.5 <sup>6</sup>	0.5 <sup>6</sup>	1.2	1.2		
Non-ferrous metals	S			0.6 <sup>7</sup>	1.1 <sup>7</sup>	1.5	1.3		
	W			0.6 <sup>7</sup>	3.4 <sup>7</sup>	1.8	1.3		
Essential oils, perfume materials, toilet preparations, etc.	S	2.8	1.7			1.3	0.8	3.4	2.0
	W	1.1	1.2			0.7	0.5	2.4	2.7
Electric machines and apparatus	S							1.4	1.2
	W							1.4	1.4

<sup>1</sup>Rubber manufactures other than the following:  
rubber tyres and tubes S 2.0, W 2.2 (1977); S 1.5, W 2.1 (1982)  
rubber footwear S 17.2, W 18.5 (1977); S 9.8, W 10.2 (1982).

<sup>2</sup>Leather manufactures other than the following:  
travel goods and handbags S 5.3, W 4.6 (1977); S 4.7, W 4.6 (1982)  
leather footwear S 6.1, W 13.0 (1977); S 5.0, W 10.3 (1982).

<sup>3</sup>Wood and cork manufactures other than the following:  
wood based panels S 6.5, W 6.5 (1977); S 7.4, W 6.5 (1982)  
furnitures of wood and other materials S 5.7, W 8.1 (1977); S 5.0, W 8.7 (1982).

<sup>4</sup>Manufactured articles other than printed matter.

<sup>5</sup>Mineral manufactures other than the following:  
manufactured fertilizers S 2.1, W 1.1 (1977); S 1.8, W 1.1 (1982)  
glass and glassware S 2.7, W 2.6 (1977); S 2.1, W 2.0 (1982).

<sup>6</sup>Ferro-alloys.

<sup>7</sup>Unwrought non-ferrous metals



Table 6

Switzerland - Pre- and post-Tokyo Round m.f.n. Duty Averages  
With Respect to Some Agricultural/Tropical Product Groups

S = simple average; W = weighted average

Note: The averages of duties being actually applied to developing countries are lower than those indicated: a number of products covered by this table enjoy GSP duty rates lower than m.f.n. duties

(Unit: per cent ad valorem equivalent)

Product group	Averages of m.f.n. duties <sup>1</sup>		
		Pre-Tokyo Round	Post-Tokyo Round
Coffee <sup>2</sup> , tea, cocoa (0901, 0902, 2102, Ch. 18)	S	7.2	7.1
	W	6.7	6.7
Spices (0904-0910)	S	2.9	2.2
	W	2.9	1.9
Vegetables and fruit	S	10.3	10.2
	W	9.3	9.2
Unprocessed (Chs.07, 08)	S	5.7	5.6
	W	7.4	7.2
Processed (Ch. 20)	S	19.6	19.5
	W	14.8	14.7
Vegetable oilseeds and oils	S	4.8	4.4
	W	3.7	3.7
Seeds (1201)	S	0.1	0.1
	W	0.2	0.2
Oils (1507, 1510-12)	S	6.0	5.6
	W	8.2	8.2
Plants, flowers, wax (Ch. 06, 1207, Chs. 13, 14, 1515, 1516)	S	3.5	3.3
	W	3.0	3.0
Fishery products	S	1.6	1.5
	W	2.0	2.0
Unprocessed (Ch. 03)	S	1.2	1.1
	W	1.1	1.0
Processed (1504, 1604, 1605)	S	2.0	2.0
	W	2.8	2.8
Miscellaneous animal products (0106, 0204, Ch. 05)	S	1.3	1.3
	W	1.2	1.2

<sup>1</sup> Average of all tariff items (i.e. duty-free as well as dutiable items) weighted by imports of such items from m.f.n. sources and GSP beneficiary countries in 1982.

<sup>2</sup> Part of the duty on coffee comprises the revenue element.

processed) and vegetable oils and that Tokyo Round m.f.n. concessions on the product groups listed were limited except for spices. Reference may be made to Section IV for GSP treatment on these products.

#### Bindings of m.f.n. duties

50. Table 7 shows the extent to which a number of developed countries have bound their m.f.n. tariffs in the GATT. Switzerland has bound 47 per cent of its tariff lines covering agricultural products accounting for 64 per cent of 1982 imports of these products. These percentages are among the lowest in industrialized country markets. In the case of industrial products excluding petroleum, Switzerland has bound practically all of its tariff lines. The value and importance of Switzerland's tariff bindings to developing countries should increase progressively as they continue to diversify their economies and to increase their participation in international trade.

#### Section IV: GSP

##### Introduction

51. Switzerland introduced its system of generalized preferences in favour of developing countries with effect from 1 March 1972. In October 1981 the Swiss Parliament approved legislation to extend the system for a further period of ten years up to 29 February 1992. On this occasion, one amendment was made to the Order on Tariff Preferences. Article 3 of the new Order stipulates as follows:

"The Federal Council shall review periodically whether and, where appropriate, to what extent the tariff preferences granted for products imported from specified preference-receiving countries continue to be justified having regard to the level of development and the financial and commercial situation of those countries."

52. With reference to this amendment, the Swiss delegation stated in its notification to GATT, as follows:

"This clause envisages the possibility of adapting preferential treatment to the conditions prevailing in a preference-receiving country since it will be possible henceforth to take account of the economic development of third world countries. It is our intention to use this new article in a positive sense, in other words first of all to encourage our trade partners to pursue a more liberal policy on imports. This should facilitate the development of trade. We would also note that the Federal Order of 9 October 1981 makes no changes as regards the products or countries eligible for preferences under the Swiss scheme." (L/4020/Add.6)

The clause has, however, not been applied up to now.

53. The Swiss GSP scheme and amendments thereto have been notified and circulated as GATT documents L/3667, L/4020 and addenda thereto.

Table 7

Importance of m.f.n. Tariff Bindings in GATT  
(in percentage)

Market (and statistical year)	Share of Bindings in			
	Tariff Lines		M.f.n. Imports in the Year Indicated	
	Agriculture (CCCN chapters 01-24)	Industry excluding petroleum (CCCN chapters 25-99 excluding 2709-10)	Agriculture (CCCN chapters 01-24)	Industry excluding petroleum (CCCN chapters 25-99 excluding 2709-10)
United States (1981)	90	100	95	100
Canada (1982)	91	98	98	92
Japan (1981)	64	97	63	86
European Communities (1981)	63	99	82	100
Austria (1980)	63	96	83	95
Finland (1981)	57	97	76	99
Norway (1981)	70	91	96	97
Sweden (1981)	49	98	79	97
Switzerland (1982)	47	100	64	100
New Zealand (1981/82)	54	52	59	69
Australia (1980/81)	32	17	68	41
Hungary (1981)	23	93	29	96

Note: The estimates refer to the post-MTN tariffs and cover full and partial bindings. M.f.n. imports include imports entitled to GSP. The figures are preliminary.

Current (1985) GSP scheme- Beneficiary countries and territories

54. The list of beneficiaries of the Swiss GSP scheme covers 183 countries and territories, of which 36 countries are listed as beneficiaries of special tariff treatment for least-developed countries. This is one of the most comprehensive lists of GSP beneficiaries.<sup>1</sup>

- Agricultural products

55. With regard to products falling within CCCN Chapters 1-24, 15.6 per cent of dutiable imports from GSP beneficiary developing countries have been eligible for GSP on the basis of 1982 imports. Duty-free treatment has been granted to about two-thirds of GSP-accorded imports. The remaining one-third has been subject to positive GSP rates.

56. GSP on some agricultural products are not applied to specified countries: Brazil - decaffeinated and roasted coffee (0901.12-4); Bulgaria and Romania - carnations and roses (0603.10-11), some vegetables (ex Chapter 07) and strawberries (0808.10).

- Industrial products

57. With regard to products falling within CCCN Chapters 25-99, all products have been covered by GSP with the following exceptions: (a) items subject to revenue duties (petroleum, automobiles and cinematographic films (see Section II for details) and (b) casein and albumins (CCCN 3501 and 3502) which are considered as agricultural products.

58. GSP on some industrial products - textiles, textile articles, footwear, etc. - are not applied to specified countries, as indicated below:

Bulgaria and Romania - Chapters 50 to 63, 6401, 6402, 9401, 9403

China, - Chapters 50 to 64 (except 5001.01, 5002.10, ex 5009.10-20, 5301.10, 5501.10, 5703.16, 5706.10-90, 5710.10-79, 5801.01-5803.01, 5904.52, ex 5905.50 and ex 6203.52)

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<sup>1</sup>The recent additions to and deletions from the list of GSP beneficiaries included the following:

## Additions:

Bulgaria, Romania, Vietnam and North Korea	as from 1 January 1977
China	as from 30 July 1979
Zimbabwe	as from 1 August 1980

## Deletions (following upon the conclusion of free-trade agreements):

Spain	as from 1 July 1980
Greece	as from 1 January 1981

North Korea - Chapters 50 to 63, 6401, 6402

Hong Kong, Macao and Republic of Korea - Chapters 50 to 64.

59. GSP rates on industrial products are zero except for the following items in respect of which the GSP rate is equal to one half of the m.f.n. rate: Chapters 50 to 63 (textiles and textile articles), 6402 (leather footwear), 6601 (umbrellas), 7601 (unwrought aluminium) and 8503 (dry cell batteries). Special GSP rates are applied to a limited number of products from specified sources (see sub-section "modifications in GSP"). Quantitative limitations on GSP imports have not been used by Switzerland.<sup>1</sup>

60. With respect to textiles, textile articles, leather footwear and aluminium, the incidence of GSP rates and certain other data are provided in the Annex. As regards umbrellas, the incidence of GSP rates was 6-12 per cent and the share of GSP beneficiaries in Swiss imports from all sources was 11 per cent in 1982. For dry cell batteries, the GSP rate incidence was 0.4-1.5 per cent and the share of GSP beneficiaries 3 per cent. These two items are not included in the Annex because the share of GSP beneficiaries in Swiss imports was small.

- Duty-free treatment for least-developed countries

61. Since July 1982, least-developed countries have been granted duty-free treatment with respect to industrial products subject to positive GSP rates. In addition, duty-free treatment is granted on forty-eight agricultural products of which twenty-four have not been included in the Swiss GSP scheme. Among these agricultural products the most important for least-developed countries are groundnuts, cocoa powder and pineapples.

62. As of 1 January 1985 thirty-six countries have been designated as eligible for the least-developed country treatment, including five countries (Djibouti, Equatorial Guinea, Sao Tome and Principe, Sierra Leone and Togo) which were added in July 1983.

- Rules of origin

63. The Swiss GSP rules of origin are similar to those of the EEC, Japan and the other EFTA countries, using primarily the process criterion based on the CCC Nomenclature and using the value-added criterion supplementarily for certain fertilizers, certain chemical products, certain metal products, certain electrical and other machinery, certain transport equipment, certain precision instruments, etc.

64. The stated advantage of the process criterion is that to the extent that the CCC Nomenclature can be used as a basis, conditions determining origin can be formulated simply and precisely and therefore, the fulfilment of the conditions can be easily proved and verified. However, countries

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<sup>1</sup>Quota limitations on imports under GSP would introduce an element of uncertainty in the application of GSP. Experience of certain other markets has shown that where GSP application is uncertain, trade contracts are often concluded without taking into consideration possible GSP benefits and that these benefits tend to be drawn by importers only.

using the CCCN-based process criterion have established lists of exceptions from the use of the CCCN, partly for technical reasons but also, evidently, for the reason of sensitivity of products. Experience has revealed some problems common to the rules of origin used by European countries and Japan for GSP purposes (cf. COM.TD/W/402 and COM.TD/W/410). The major problem lies in the complexity of the rules due to the use of both the process and value-added criteria with varied conditions and value addition requirements according to the nature and sensitivity of products. Given such rules it appears difficult to ensure a uniform application of rules of origin between different products. The complexity of rules and variations between rules of different countries, constitute a considerable burden to the exporters and authorities of developing countries, although some efforts have been made towards a greater harmonization of GSP rules of origin in recent years.

65. Switzerland has recognized the regional cumulative origin for the ASEAN countries. Under the GSP schemes of Australia, Canada, Japan and New Zealand, donor country content can be counted as originating in the beneficiary country. The Swiss GSP scheme does not have this rule.

#### Modifications in GSP

66. The Swiss GSP scheme has been stable without any restrictive modifications in product coverage, GSP rates or beneficiary countries.

67. Under the original Swiss scheme introduced in 1972, GSP rates on industrial products were "m.f.n. rate reduced by 30 per cent". GSP rates on agricultural and fishery products were either "m.f.n. rate reduced by 30 per cent" or "zero". With effect from 1 April 1974, Switzerland reduced its GSP rates on industrial products according to a new formula which is still used, i.e. zero generally and one half of m.f.n. rate for specified products. In notifying this action to GATT, the Swiss delegation stated that by having exceptions from the general rule of duty-free treatment it had been possible to avoid recourse to tariff quotas. Some improvements were also made in the agricultural sector. (L/4020)

68. According to the GSP rate formula of one half of the m.f.n. rate, dutiable GSP rates on industrial products have been reduced since 1980 in step with the staged reduction of m.f.n. rates for products covered by Tokyo Round concessions.

69. With regard to agricultural/tropical products, it may be noted that a number of GSP improvements were made as a result of the Tokyo Round trade negotiations, with effect from 1977 or 1980 (cf. L/4020/Add.1 and Add.4).

70. With effect from 1 July 1982 the margins of preference on a small number of products from certain countries have been increased. For articles of semi-processed copper from Yugoslavia (heading Nos. 7403-7405 and 7407), the margin has been increased from 30 to 75 per cent. For products of semi-processed aluminium originating in Yugoslavia, Romania and Turkey (heading Nos. 7602 and 7603), the preferential margin has been increased from 50 to 75 per cent. For umbrellas and primary electric cells and batteries from Hong Kong, the preferential margin has risen from 30 to 50 per cent in two stages. China has been granted GSP treatment for certain textile items. The list of agricultural products covered by the Swiss GSP scheme has been extended by the addition of capers, lentils, tropical fruit salad and date syrup (heading Nos. ex 0703.01, ex 2001.14, ex 0705.14, ex 2006.24, ex 2007.42 and ex 2007.52) (L/4020/Add.7).

### Imports under GSP

71. Table 8 shows imports in 1982 from GSP beneficiaries and other countries according to tariff treatment. In 1982 total imports by Switzerland amounted to US\$29 billion, of which imports from GSP beneficiaries accounted for 10 per cent (US\$2,801 million, including US\$46 million from least-developed countries).

72. Imports of products falling within CCCN Chapters 1-24 from GSP beneficiaries amounted to US\$585 million, of which m.f.n. duty-free imports represented 15.1 per cent, m.f.n. dutiable imports not covered by GSP 71.6 per cent, imports accorded GSP treatment 10.6 per cent and m.f.n. dutiable imports covered by GSP but not accorded GSP treatment 2.7 per cent. With respect to agricultural products some 80 per cent of GSP-covered imports were actually accorded GSP treatment.

73. Imports of products falling within CCCN Chapters 25-99 (including petroleum) from GSP beneficiaries amounted to US\$2,216 million, of which m.f.n. duty-free imports represented 0.4 per cent, imports subject to revenue duties (mostly petroleum)<sup>1</sup> 39.7 per cent, m.f.n. dutiable imports not covered by GSP 11.0 per cent, imports actually accorded GSP treatment 17.1 per cent and m.f.n. dutiable imports covered by GSP but not actually accorded GSP treatment 31.7 per cent. With respect to industrial products, some 35 per cent only of GSP-covered imports were actually accorded GSP treatment. According to the Swiss Government this low utilization rate in the industrial sector is primarily due to the fact that GSP application has been rarely requested with respect to many items which are subject to very low m.f.n. duties (often less than 0.1 per cent), in particular precious stones and precious metals falling with CCCN Chapter 71. If Chapter 71 is excluded, the GSP utilization rate for industrial products would increase to about 60 per cent.

74. Table 9 shows imports in 1983 from main GSP beneficiaries according to tariff treatment. GSP-accorded imports from the countries listed accounted for 84 per cent of total GSP-accorded imports in the year. The ten largest GSP beneficiaries accounted for 73 per cent of the total.

### Section V: Quantitative restrictions and other trade measures

#### Import restrictions

75. Import restrictions maintained by Switzerland mainly relate to several agricultural products, certain textile items, mineral oils, certain chemical products, narcotic drugs, certain fertilizers, cinematographic films.

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<sup>1</sup>This comprises two elements: (i) imports of products not covered by GSP and (ii) imports of GSP-covered products from Bulgaria, Romania, China, Hong Kong, Macao, North Korea and the Republic of Korea, to which GSP on certain items does not apply. The greater part of these imports consist of the second element.

Table 8

Imports in 1982 from GSP Beneficiaries and Other Countries According to Tariff Treatment

LDC = Least-developed countries

(Unit: US\$ million)

CCCN Chapter	Imports from:	Total imports	M.f.n. duty-free	Subject to revenue duties	M.f.n. dutiable not covered by GSP	Imports covered by GSP				Rate of GSP utilization $\frac{(6)}{(5)}$
						Imports accorded GSP treatment			Imports accorded m.f.n. treatment	
						Total (7)+(8)	Zero duty	Reduced duty		
(5)	(6)	(7)	(8)	(9)	(10)					
1-24	GSP beneficiaries	585.5	88.5	-	419.3	41.3	20.5	15.9	80%	
	(of which LDC)	100% (19.1)	15.1% (3.2)	-	71.6% (13.7)	(1.3)	(0.1)	2.7% (0.7)		
	Other countries All countries	2,202.3 2,787.7	192.4 290.9	-	2,009.9 2,429.2	41.3	20.5	15.9		
25-99	GSP beneficiaries	2,215.6	9.8	880.4 <sup>1</sup>	243.7	255.0	124.7	702.0	35%	
	(of which LDC)	100% (26.7)	0.4% (0.1)	39.7% (7.4)	11.0% (0.9)	(2.9)	(5.5)	31.7% (9.8)		
	Other countries All countries	23,597.6 25,813.2	467.2 477.0	3,691.3 4,571.7	19,439.0 19,687.7	255.0	124.7	702.0		
1-99	GSP beneficiaries	2,801.1	98.3	880.4	663.0	296.3	145.2	717.9	38%	
	(of which LDC)	100% (45.7)	3.5% (3.3)	31.4% (7.5)	23.7% (14.6)	(4.2)	(5.6)	25.6% (10.6)		
	Other countries All countries	25,799.8 28,600.9	659.6 757.9	3,691.3 4,571.7	21,448.9 22,111.9	296.3	145.2	717.9		

<sup>1</sup> Mostly petroleum



Table 9

Swiss Imports from main GSP Beneficiaries in 1983

(Unit: US\$ million)

	Total Imports (1)	M.f.n. dutiable <sup>1</sup> (2)	GSP eligible (3)	GSP accorded (4)	$\frac{(3)}{(2)}$ %	$\frac{(4)}{(3)}$ %
Hong Kong	328.0	319.8	170.4	56.8	53.3	33.3
Yugoslavia	95.1	91.7	61.0	50.7	66.6	83.1
Korea, Rep.of	78.8	75.5	51.1	45.8	67.7	89.6
India	67.0	65.4	59.0	36.7	90.2	62.2
Brazil	129.4	117.5	48.2	31.2	41.0	64.7
Israel	102.8	101.5	68.8	26.2	67.8	38.1
Turkey	56.4	49.8	29.0	17.5	58.2	60.3
Singapore	40.6	40.0	39.0	15.3	97.5	39.2
Thailand	56.6	52.9	51.2	14.4	96.8	28.1
Pakistan	24.6	24.6	24.0	12.1	97.6	50.4
Philippines	15.9	15.0	14.2	8.9	94.7	62.7
Malaysia	22.5	20.8	17.0	6.7	81.7	39.4
Indonesia	20.7	15.3	8.8	5.6	57.6	63.7
Uruguay	13.7	12.8	10.0	5.0	78.1	50.0
Morocco	8.8	7.6	6.0	4.9	78.9	81.7
Mexico	17.3	16.4	12.7	4.8	77.4	37.8
Argentina	53.8	52.7	9.8	4.6	18.6	46.9
Peru	13.7	13.6	11.0	4.6	80.9	41.8
Sub-total of the above	1,145.6	1,092.6	690.0	351.7	63.2	51.0
TOTAL	2,832.6	1,776.3	1,130.6	419.8	63.6	37.1

<sup>1</sup> Not including m.f.n. duty-free imports and imports subject to revenue duties.

Source: The Government of Switzerland.

76. With regard to products falling within CCCN Chapters 1-24 for the import of which a licence is required, Switzerland applies procedures which vary according to the nature of the goods: automatic licensing, quotas, a system of "take-over" under which licences are granted without quotas on condition that the importer takes over like domestic products in proportion to his imports, and a "three phases" system under which, according to the time of year, licences are granted automatically, subject to conditions (either quotas or take-over provisions), or refused. The stated purpose of the "take-over" and "three phases" systems is "to limit recourse to quantitative restrictions while allowing the disposal of domestic production".

77. Certain products falling within CCCN Chapters 25-99 are subject to automatic import licensing. With the exception of narcotic drugs and full-length feature films which are subject to quantitative restrictions "the licensing systems in Switzerland are not intended to restrict the quantity or the value of imports. Licences are granted immediately upon submission of the application." (Source: L/5223)

78. Quantitative restrictions on selected items currently of interest to developing countries have been indicated in the Annex.

#### Textiles trade, trade flows and restrictive measures

79. As shown in Table 10, Switzerland's trade in textiles and clothing, both exports and imports, maintained a rising trend during the period 1973 to 1980, with some decline during the subsequent three years up to 1983. Exports of textiles by Switzerland grew from US\$627 million in 1973 to US\$1,314 million in 1983 and imports from US\$502 million to US\$871 million. Exports exceeded imports every year during this period. Exports of clothing rose from US\$113 million in 1973 to US\$260 million in 1983. Imports rose from US\$432 million to US\$1,236 million. Imports exceeded exports every year.

80. Developed countries accounted for over 80 per cent of imports of textiles and for almost 80 per cent of clothing in every year. In 1973 86.23 per cent of textiles imports and 77.36 per cent of clothing imports came from developed countries. Developing countries in 1973 accounted for 12.88 per cent of imports of textiles and 13.98 per cent of imports of clothing; in 1983 the corresponding share was 13.39 per cent and 21.22 per cent.

81. Switzerland does not maintain any agreements under the MFA having a restrictive effect on imports. Nevertheless, imports from Hong Kong are subject to an administrative surveillance arrangement, imports of certain products are subject to automatic licensing and imports from certain state trading countries are subject to a price attestation system.<sup>1</sup>

#### Safeguard actions

82. Switzerland has not taken any Article XIX actions since 1978.

#### Anti-dumping actions

83. Switzerland has not initiated any anti-dumping actions.

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<sup>1</sup>COM.TEX/SB/984/Add.1, page 130.

Table 10  
Trade in Textiles and Clothing (Switzerland)

(US\$ million)

	<u>1973</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Total Exports	627 113	819 164	929 197	1178 266	1361 290	1482 330	1357 292	1329 270	1314 260
Total Imports	502 432	523 578	610 697	790 912	975 1103	1103 1295	918 1205	856 1222	841 1236
Imports from Developed Countries	421 83.83	444 84.97	524 85.77	684 86.6	836 85.79	910 82.51	743 80.97	710 82.90	709 86.32
Imports from Developing Countries	364 84.56	440 76.14	544 78.03	723 79.22	897 81.32	1033 79.78	922 76.56	940 76.92	957 77.16
Imports from Developing Countries	65 12.88	64 12.40	72 11.87	89 11.21	121 12.41	169 15.36	155 16.90	127 14.79	113 13.39
Imports from Developing Countries	60 13.98	129 22.28	137 19.71	168 18.41	183 16.60	241 18.57	264 21.93	267 21.84	262 21.22

Countervailing duty actions

84. Switzerland has not initiated any countervailing duty actions.

Other non-tariff measures

85. Table 11 lists notifications by other contracting parties in regard to other non-tariff measures maintained by Switzerland and affecting products of export interest to developing countries. Notifications under the relevant procedures do not however necessarily establish the existence of non-tariff barriers to trade in all these cases. Relevant documents, which have been indicated, may be referred to for further information on these measures.

Section VI: Other trade policy aspects

Structural adjustment policies

86. Information in regard to structural adjustment policies and developments in Switzerland contributed by Switzerland to the Working Party on Structural Adjustment and Trade Policy, is contained in document Spec(82)6/Add.5. The record of the discussion on this contribution in the Working Party is contained in document Spec(83)29/Add.23.

87. Information in regard to structural adjustment policies and developments in Switzerland in the textiles sector, submitted by Switzerland to the Sub-Committee on Adjustment appointed by the Textiles Committee, is contained in document COM.TEX/327/Add.16, and in document COM.TEX/33.

Agricultural policy

88. Under the terms of its Protocol of Accession, Switzerland reserved its position, inter alia, with regard to the application of the provisions of Article XI of the General Agreement, to the extent necessary to permit it to apply import restrictions pursuant to various Federal Laws and Decrees relating to protection, support and promotion of agriculture in Switzerland. The Protocol provides that in applying such measures, Switzerland "shall, so far as is consistent with the implementation of these laws, observe to the fullest possible extent the appropriate provisions of the General Agreement, and in particular shall endeavour to ensure that they are applied in such a manner as to cause minimum harm to the interests of contracting parties and, consistently with Article XIII of the General Agreement, shall apply all restrictions imposed under these laws in accordance with the principle of non-discrimination." (BISD Fourteenth Supplement). Switzerland submits annually a report on the measures maintained consistently with the reservation, and once every three years an intensive review of these measures is undertaken by the CONTRACTING PARTIES.

89. The following general statement on the agricultural policy of Switzerland has been drawn from the basic documentation on agricultural policies prepared in connection with the multilateral trade negotiations and issued in 1974 (MTN/3E/DOC/2/Add.22):

Table 11

A. Product-related notifications

CCCN	Description	Notifying country	NTM	Reference
0101.0104	Live animals - equine, bovine	Hungary	Health and sanitary regulations	AG/DOC/4/CHE/1
1208	Kernels of quinces, apricots, peaches, plums	EEC	Health and phyto-sanitary regulations	AG/DOC/4/CHE/1
1303	Opium, coca extracts and cannabis	EEC	Health and sanitary regulations	AG/DOC/4/CHE/1

B. Other notifications

NTM	Notifying countries	Reference
Rules of origin EEC/EFTA	Canada	NTM/INV/II.F.1
Turnover tax	USA	NTM/INV/V.E.47

## 1. Objectives and guidelines

"The general objectives of Swiss agriculture defined in Article XXXI(a) of the Federal Constitution and of 1951 on agriculture. They can be summed up as follows: maintain a healthy agricultural population and productive agriculture serving to keep the country supplied while safeguarding the interests of the national economy. To that end, Swiss agricultural policy is aimed at:

- ensuring the establishment of agricultural undertakings which are productive and capable of making rational use of the productive factors constituted by the soil, labour and capital;
- adapting production to domestic demand and export possibilities, while permitting harmonious development of imports of agricultural products;
- stabilizing agricultural markets and ensuring a fair income for farmers.

## 2. Measures and instruments

### 2.1. General

"The measures concerning agriculture can be classified under two main headings:

- policy concerning prices and markets;
- policy concerning the improvement of holdings, structural reform and regional development.

"As regards the latter category of measures, the Swiss Government stated, in its fourth report on agriculture published in 1969, its intention of intensifying its efforts in order to enable farmers to rationalize their production (vocational training and advisory services, research, improvements in land tenure including regrouping, investment credits, and the improvement of stock-breeding and livestock farming). Further, it is to encourage, in close cooperation with the cantons, a better-balanced regional economic development, and thus also indirectly aid agriculture. It has, moreover, been recognized that one of the main means of securing further progress is to maintain full employment in general, which facilitates the transfer of labour which can no longer be fully occupied in agriculture because of the use of more advanced techniques.

"As regards the policy concerning prices, that is studied in greater detail in the paragraphs which follow.

### 2.2. Policy concerning prices

#### 2.2.1. Relationship between prices and incomes

"The measures for which the law on agriculture provides are to be applied in such a way as to secure for good quality national produce prices which will make it possible to cover the average costs of production, calculated over several years (three years as a general rule), on farms managed in a rational manner and acquired on normal

terms. Agricultural production should, however, correspond to the absorption capacity of the domestic market and export possibilities. Further, when prices are being fixed account has to be taken of the interests of other branches of the economy and of the material conditions of other sectors of the population.

"In calculating the production costs of agricultural holdings, account is taken of the principle, laid down by law, of the parity of incomes. That principle requires the granting of a fair reward for the work of the farmer and of the members of his family who help him. That fair reward is calculated on basis of the average product of the labour of one worker in the rural and semi-urban areas.

"The particular conditions of production in the mountain areas entail the application of specific additional measures to protect the income of farmers in those regions (in particular the improvement of the infrastructure, subsidies for the purchase of agricultural machinery, for the improvement of breeding animals and animal health, contributions towards stockbreeders' costs, etc.).

#### 2.2.2. Guidelines of production

"As has been seen above, the policy concerning prices also serves to guide production. Prices cannot be determined solely with regard to the objective of fair remuneration, account must also be taken of the part they play in regulating supply and demand. An example of taking that into account is provided by the measures adopted some years ago to deal with the difficulties encountered in the milk and dairy products sector. In particular, it was decided to extend to that sector the principle of limiting the guarantee of prices to a certain volume of production (a principle already applied to other products such as sugar beet and colza).

"In that connection, it must also be pointed out that the measures to promote tillage, which are aimed at the maintenance of a minimum area under cultivation, are also intended to allow some decrease in milk production.

#### 2.3. Measures to ensure national supplies and the maintenance of income and prices

"In order to ensure that the market is supplied by national production and imports, taking into account the need to safeguard the levels of production and of prices required by the national legislation, the Swiss authorities have recourse to a combination of measures within the country and at the frontier. Those measures cannot, therefore, be considered, from the point of view of their effects, independently of each other."

90. Details of the mode of application and functioning of the various domestic support measures and restrictive measures on the border have been given in the document referred to above. The following products are currently covered by the measures applied under Paragraph 4 of the Protocol for the Accession of Switzerland:

1. Cereals and feeding stuffs
  - (a) Bread wheat (including rye)
  - (b) Flour (including hard wheat meal)
  - (c) Feedgrains and feeding stuffs
  - (d) Grain for sowing
2. Livestock and meat
  - (a) Dairy cattle and livestock for breeding
  - (b) Cattle for slaughter
  - (c) Meat and animal fats
  - (d) Meat preparations and preserved meat
3. Dairy products
  - (a) Fresh butter
  - (b) Whole milk powder
  - (c) Casein
4. Eggs in shell
5. Vegetables
  - (a) Fresh vegetables
  - (b) Food potatoes
  - (c) Potato products
  - (d) Seed potatoes
  - (e) Seedling onions for planting
6. Fruit and fruit preparations
  - (a) Apples and pears
  - (b) Stone fruit (except peaches)
  - (c) Fresh berries
  - (d) Apples and pears for cider and perry
  - (e) Pectin
  - (f) Apple juice and pear juice
7. Cut flowers, 1 May to 25 October
8. Wine and grape juice
  - (a) Wine in casks
  - (b) White wine in bottles
  - (c) Grape juice
9. Ethyl alcohol

91. The latest (eighteenth) Annual Report by the Swiss Government under Paragraph 4 of the Protocol for the Accession of Switzerland has been issued as document L/5673.

Participation in International Commodity Agreements

92. Switzerland is a member of the international commodity agreements on coffee, cocoa, rubber, wheat, and tin. Switzerland is also a member of the



international arrangements on meat and dairy products. Switzerland has signed and ratified the Agreement on the Common Fund for Commodities.

#### Regional Trade Arrangements

##### Customs union between Switzerland and Liechtenstein

93. Pursuant to a Treaty dated 29 March 1923 Switzerland has a customs union with the Principality of Liechtenstein. In consequence of the customs union, Swiss customs laws and other federal laws, the application of which may be necessitated by the customs union, are applicable in the Principality of Liechtenstein under the same conditions as in Switzerland. Commercial and customs treaties concluded by Switzerland with third states apply in the Principality of Liechtenstein under the same conditions as in Switzerland, but without prejudice to the fulfilment of the obligations imposed upon Switzerland under existing treaties.

##### European Free Trade Association (EFTA)

94. Switzerland is a member of the European Free Trade Association (EFTA), established by the Stockholm Convention signed on 4 January 1960<sup>1</sup>. Under the provisions of the Stockholm Convention, member countries of EFTA have abolished customs duties and other charges with an equivalent effect and, with a few exceptions, quantitative restrictions on all industrial products in their mutual trade.

95. Mutual trade of EFTA countries in agricultural raw materials and goods processed from agricultural raw materials is subject to special rules. In the case of goods processed from agricultural raw materials included in Part I of Annex D of the Stockholm Convention, any protective duties on the industrial element (value added in the processing) have been abolished, while protection for the agricultural element (cost of the raw materials used) is permitted, to allow for the fact that manufacturers of similar products in different EFTA countries may have to pay different prices for their raw materials as a result of differing domestic regimes in regard to the production and sale of the agricultural materials. The protection may take the form of variable or fixed import levies on internal price compensation measures. A similar situation was obtained in respect of agricultural products listed in part II of Annex D since 1973. Products included in part III of Annex D are basically excluded from the purview of the free trade provisions of the Stockholm Convention. However, the mutual trade of the members in some products in Part III has also been liberalized in consequence of certain bilateral agreements between some of the member countries.

96. Fish and other marine products, listed in Annex E to the Convention, are also excluded from the free trade regime. Fish and marine products in processed or semi-processed form are, however, subject to the liberalization measures in regard to industrial products.

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<sup>1</sup>The current members of EFTA are: Austria, Iceland, Norway, Portugal (until 31 December 1985), Sweden and Switzerland. Finland is an associated member of EFTA.

97. The Convention also contains provisions in regard to other related matters, such as internal taxes and other charges, export duties, rules of origin, rules of competition, government procurement and safeguards.

98. Under the provisions of an agreement creating an association between the member states of EFTA and Finland, signed at Helsinki on 27 March 1961, the provisions of the Stockholm Convention, with a few exceptions, apply in trade relations between the member countries of EFTA and Finland.

#### EFTA's relations with the EEC

99. Under a series of Free Trade Agreements (FTA's) concluded by the EEC with all the EFTA countries individually that came into force in 1973, customs duties and other charges having an equivalent effect and, with a few exceptions, quantitative restrictions have been eliminated on the mutual trade of the EEC and the EFTA countries on all industrial products. In the case of certain processed agricultural products (mostly processed foodstuffs) listed in Protocol No. 2 to the FTA's, customs duties have been abolished in regard to the industrial element (value added in processing), while protection is still permitted in respect to the agricultural element (cost of the raw materials used). The protection may take the form of variable or fixed import levies, or internal price compensation measures.

100. EFTA countries as a group and the EEC are each other's most important trading partners. If intra-EEC trade is excluded, EFTA was the market for almost a quarter (22.3 per cent) of all EEC exports in 1983, (second only to the share of all developing countries taken together - 41.9 per cent). Similarly, if intra-EFTA trade is excluded, over three-fifths (60.4 per cent) of the combined exports of the EFTA countries went to the EEC.

#### EFTA's relations with Spain

101. A multilateral Free Trade Agreement between the EFTA countries and Spain, in effect since 1 May 1980, and providing for progressive elimination of tariffs and non-tariff barriers to mutual trade, governs trade between these countries in industrial products, a number of processed agricultural products and certain fish and fishery products. As a result of the implementation of this Agreement, up to 31 December 1982, the EFTA countries, except for Portugal for which country there are special provisions, had reduced their duties on almost all industrial products imported from Spain by 60 per cent. Spain had reduced its duties by 60 per cent on the imports of the products in List A of Annex II to the Agreement, and by 25 per cent on products in Lists B and C. Furthermore, there have been sizeable tariff reductions on certain processed agricultural goods and on some food products.

#### Section VII: Trade with least-developed countries

102. Switzerland maintains regular trade with at least 33 out of the total of 36 least-developed countries. Table 12 analyses the evolution of this trade on both global and individual country basis between 1975 and 1983. In 1975 Switzerland's exports to the least-developed countries totalled US\$64 million while imports amounted to US\$48 million, showing a trade surplus in favour of Switzerland. Exports to and imports from the least-developed countries represented 0.5 per cent and 0.4 per cent respectively of Switzerland's total exports and imports. By 1983

Table 12  
Switzerland's Trade with the least-developed countries 1975-1983

Country	1975 (US dollars)		1980 (US dollars)		1981 (US dollars)		1982 (US dollars)		1983 (US dollars)	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
Afghanistan	3059	5621	715	12917	1497	11183	3998	11988	17627	7968
Bangladesh	6044	277	8782	894	10677	2011	11308	2296	13388	2199
Benin	1068	6	8268	1	14247	1	16128	4	6351	7518
Burton	-	-	-	-	-	-	-	-	-	-
Botswana	437	2105	537	89	301	73	763	173	418	118
Burkina Faso	212	123	1260	73	1083	15	3693	771	868	138
Burundi	565	429	75	1545	119	985	136	836	50	851
Cape Verde Islands	242	153	1472	101	776	1	493	215	768	1080
Central African, Rep.	282	102	63	79	91	196	236	184	243	350
Chad	7	228	86	167	61	3071	1000	7501	1160	52
Comoros	628	87	1504	87	1711	50	700	670	890	48
Dem. Peoples Rep. of Yemen	899	5	399	1	695	318	36	230	279	164
Djibouti	1749	1731	8739	2333	400	3834	8391	3583	8269	3366
Equatorial Guinea	5386	10045	467	7092	5761	4868	129	7284	112	6890
Ethiopia	328	904	597	137	271	487	3674	1053	4642	1487
Gambia	5806	234	2930	-	4743	1166	110	43	43	9
Guinea Bissau	234	1282	4745	2441	2436	1555	2863	2210	2423	542
Haiti	1132	414	180	1	2390	51	125	-	69	1
Lesotho	152	-	-	-	51	-	-	-	-	-
Madagascar	596	681	1280	1013	5364	1873	2917	2338	908	1065
Malawi	68	25	19	1880	28	401	105	770	109	7
Maldives	385	152	1778	1347	1635	93	1088	222	3417	536
Mali	1071	143	696	510	986	699	759	739	858	1012
Nepal	138	5	1896	1	3065	17	1710	-	2655	-
Niger	485	250	538	79	3132	23	2423	16	1261	150
Rwanda	7	3	50	813	3	73	86	159	62	347
S. Samoa	-	-	309	230	75	588	7	186	44	222
Sao Tome & Principe	2727	3	13563	227	4671	1657	3028	1886	1796	37
Sierra Leone	6192	19	2297	20	1288	12	2961	6	4318	19
Somalia	12384	9329	25224	2628	27495	1131	24173	514	31996	2025
Sudan	799	275	16487	4909	2033	6547	1384	2220	3111	4590
Togo	3080	1663	3736	2045	3139	260	8225	325	3511	116
Uganda	6899	2447	17828	2256	8458	3298	1600	2619	12605	2369
Yemen Arab Republic	1241	-	11047	5	13781	907	19833	3	20054	50
TOTAL TRADE SWITZERLAND/LDC (million US\$)	64	48	143	46	122	47	132	51	144	45
TOTAL TRADE SWITZERLAND (million US\$)	12,952	13,272	29,634	36,356	27,043	30,701	26,024	28,670	25,596	29,118
Percentage Share of LDC Trade	0.5	0.4	0.5	0.1	0.4	0.1	0.5	0.2	0.6	0.1

Source: UN Commodity Trade Statistics.

Switzerland's exports to the least-developed countries had more than doubled to US\$144 million while imports from them have declined to US\$45 million representing 0.6 per cent and 0.1 per cent respectively of Switzerland's total export and import trade. The trade gap in favour of Switzerland has therefore widened. On the other hand Table 12 shows that Switzerland had a negative trade balance with ten least-developed countries in 1983 as against seven in 1975.

103. In 1983 Switzerland's main export markets among the least-developed countries were Sudan, Arab Republic of Yemen, Tanzania, Afghanistan, Bangladesh, Ethiopia, Guinea, Mali, Haiti, Somalia, Togo and Uganda, while the major sources of imports were Afghanistan, Gambia, Benin, Bangladesh, Ethiopia, Togo, Tanzania and Sudan. Table 13 which summarises the product composition of Switzerland's imports from the least-developed countries and their tariff treatment indicates that in 1983 imports covered a wide range of products from food items such as fish, meat, tropical fruits and beverages to industrial raw materials, semi-manufactures and textile manufactures. The most important imports in the agriculture sector, on the basis of volume, were raw coffee, unroasted groundnuts, unmanufactured tobacco, cocoa beans, and raw cotton, and appreciable amounts of fish, meat, fruits and spices were also imported. Major industrial raw materials and semi-manufactures imported included aluminium oxide, essential oils, tropical wood, precious and semi-precious stones, and metal scrap. Carpet and rugs constituted the important imports and imported manufactures included, in addition, a range of textiles and clothing items.

#### Tariff and Non-Tariff Measures affecting imports

104. As a result of the special treatment given to least-developed countries within the framework of the Swiss Generalized System of Preferences, almost all industrial and most agricultural exports of these countries have a duty and quota free access to the Swiss market. However, as shown in Table 13, a few of the exports are not covered by the preferential treatment and are consequently still subject to m.f.n. duties. They include some meat products, fresh flowers imported during certain periods of the year, certain dried fruits, certain cereals, and one of the most important import items, raw coffee. With regard to non-tariff measures, a few exports of least-developed countries are affected. Cut flowers (06.03) are subject to seasonal restrictions, guts, bladders and stomachs of animals (05.04) are subject to global quotas, certain dried leguminous vegetables (07.05) are subject to global quotas, while oilcakes (23.04) are subject to global quotas and import licensing.

Table 13

## Switzerland's Main Imports from the least-developed countries and their Tariff Treatment 1982

CCCN Heading	Product Description	Tariff Treatment	Total Imports from LDCs (000'US\$)	Main LDC Suppliers
01.06.1000	Anthropoda, lizards, serpents etc.	GSP/LDC Free	9	TGO
01.06.6000	Other live animals	GSP/LDC Free	18	BWA, GNO, TGO, TZA
02.04.200	Other meat and edible offals, n.e.s., fresh, chilled or frozen	MIN, 2.9%	34	BTD
03.03.220	Shrimps, fresh, chilled, frozen	MPN: 82, Free	340	BTD
05.04.2000	Other guts, bladders of animals, n.e.s.	GSP/LDC Free	561	AFG
05.09.1000	Ivory and tortoise shell, waste etc.	GSP/LDC Free	37	BPN, SWN, TZA
05.14.1000	Ambergris, castoreum, civet etc., animal products for pharmaceutical products	GSP/LDC Free	13	ETH
07.01.8000	Kidney and broad beans, peas and other leguminous vegetables fresh or chilled	GSP/LDC Free	81	HVO
07.05.1000	Dried shelled kidney beans, whole, etc.	GSP/LDC Free	67	TZA
08.01.2800	Pineapples, fresh or dried	LDC Free	15	SLE, UGA
08.01.3000	Cocanuts, Brazil nuts, cashew nuts, avocados, mangoes, guavas, etc.	GSP/LDC Free	140	MJI, GMB, GDN, SDN, TZA, HVO
08.04.2200	Other dried grapes than malaga table, etc.	GSP/LDC Free	139	AFG
08.12.1000	Other seed fruit and stone fruit, whole, dried	MIN 4.3%	5	AFG
09.01.1000	Coffee, raw	MIN 8.3%	7,659	CAF, ETH, HTI, TGO, UGA, TZA, YEM
09.01.2000	Husks and skins of coffee	MIN 0.2%	7	
09.02.1000	Tea in containers of more than 5Kg.	MPN Free	11	MWI, NPL
09.02	Tea in containers of 5Kg. or less	MPN Free	20	TZA, NPL
09.07.1000	Cloves (whole fruit) not processed	GSP/LDC Free	284	OTM, TZA
09.08.1000	Nutmeg, mace, cardamoms not processed	GSP/LDC Free	12	TZA
10.07.0100	Buckheat, millet, canary seed, grain sorghum, etc.	MIN 1.7%	25	SWN
12.01.1000	Unroasted groundnuts	LDC Free	7443	GMB, SDN
12.01.3000	Colza, hemp, sesam seeds etc.	LDC Free	23	SWN
12.01.5000	Other oilseeds and oleaginous fruit n.e.s.	LDC Free	10	MWI, ETH
12.07.1000	Plants and parts of trees for pharmacy etc.	MIN Free	20	SWN
13.02.2000	Gum arabic	MIN Free	91	SWN
13.02.2200	Other natural gums and resins	GSP/LDC Free	12	SDM, YMD, ETH
14.03.0100	Vegetable materials used primarily in brushes, brooms	GSP/LDC Free	15	SLE
16.04.2400	Other prepared or preserved fish n.e.s.	GSP/LDC Free	768	MWV
18.01.0100	Cocoa beans, whole or broken, raw or roasted	MIN Free	778	WSM, STP, GIN, TGO
20.06.1000	Fruit pulp, unsweetened, or tropical fruits	GSP/LDC Free	120	HTI
21.02	Extracts and essences of coffee and preparations	GSP/LDC Free	83	TZA
23.04	Oilcake and other residues from extraction of vegetable oils	GSP/LDC Free	8	SWN
24.10.2000	Unmanufactured tobacco for manufacture of cigars	MIN Free	40	MWI, TZA
24.01.3000	Unmanufactured tobacco for manufacture of cut tobacco	MIN Free	10	MWI, TZA
24.01.5000	Unmanufactured tobacco for manufacture of cigarettes	MIN Free	2422	CAF, MWI, TZA
25.10.0100	Natural and aluminium calcium phosphates	GSP/LDC Free	95	TGO
27.10.3000	Benzine and fractions not for motors	MIN Free	7477	YMD
28.20.1000	Aluminium oxide and hydroxide	GSP/LDC Free	699	GIN
33.01.1000	Citrus fruit, eucalyptus and sandalwood oils	GSP/LDC Free	37	GIN, HTI
33.01.1200	Specified essential oils of absinthe, pineneedle, anise etc.	GSP/LDC Free	279	HTI
33.01.2000	Other essential oils, n.e.s.	GSP/LDC Free	35	OTM, HTI
42.02.1400	Travel goods, of leather or composition leather weighing 200 gr. or less	GSP/LDC Free	7	BTD, HVO
42.02.2200	Travel goods, cases etc of textile materials weighing over 200 gr.	GSP/LDC Free	38	AFG, BTD, NPL
42.02.2400	Travel goods, cases, etc of textile materials weighing 200 gr. or less	GSP/LDC Free	77	AFG, BTD, NPL
44.03.0800	Tropical wood in the rough	MIN Free	403	GNO, GIN, TZA
44.14.1000	Veneer sheets and sheets for plywood	GSP/LDC Free	27	CAF
44.27.2000	Interior decoration and ... articles etc of wood	GSP/LDC Free	17	TZA, HVO

Table 13 (cont'd)

COON Heading	Product Description	Tariff Treatment	Total Imports from LDCs (000'US\$)	Main LDC Suppliers
46.02	Plaits etc. of other than vegetable plaiting materials	GSP/LDC Free	13	BTD
46.03	Basketwork of vegetable plaiting materials etc.	GSP/LDC Free	24	BCD, HTI
46.03.2200	Basketwork of vegetable plaiting materials not combined with other materials, stained varnished, dyed	GSP/LDC Free	54	BCD, BWA, ETH, HTI
53.02.1000	Other animal hair not carded or combed, in bulk, not carded	GSP/LDC Free	63	AFG
55.01.1000	Cotton raw, not carded or combed	LDC Free	2550	TZA, CAF, TCD, MLI, ETH, SDN
57.10.1000	Woven fabrics of jute plain etc.	LDC Free	1041	BTD
58.01.0100	Carpets, carpeting and rugs, knotted etc.	LDC Free	11013	AFG, NPL, ETH
58.01.1400	Other carpets, rugs etc., of silk, wool or other animal hair etc.	LDC Free	365	AFG, ETH, LSO
59.06.5200	Other articles made from yarn, twine etc.	LDC Free	21	BTD
60.05.3200	Outer garments, of articles knitted/crocheted of discontinuous fibres etc.	LDC Free	43	HTI
60.05.4200	Outer garments (excl. infants) knitted/crocheted of wool, animal hair etc.	LDC Free	40	AFG, NPL
61.01.4000	Mens and boys outer garments of wool or other animal hair	LDC Free	27	NPL
61.01.5000	Mens and boys outer garments of cotton or textiles n.e.s.	LDC Free	54	AFG, NPL, HTI
61.02.2200	Women's, girls, and infants outer garments, etc., of discontinuous synthetic textiles	LDC Free	14	BTD, HTI
61.02.4200	Women's, girls and infants outer garments of wool n.e.s.	LDC Free	13	NPL
61.02.5200	Women's, girls and infants outer garments of cotton or textiles n.e.s.	LDC Free	95	AFG, NPL, HTI, LSO, HVO
61.02.6900	Women's, girls and infants outer garments embroidered, etc.	LDC Free	131	AFG, MLI, NPL, HTI, LSO
61.03.5000	Mens and boys under garments of cotton or textiles n.e.s.	LDC Free	29	NPL
62.02.6000	Linen, curtains etc of textiles, etc. unbleached, plain	LDC Free	11	BCD
62.03.5200	Sacks, bags of textiles n.e.s. for packing goods	LDC Free	622	BTD
71.01.0100	Pearls, not mounted set or strung	GSP/LDC Free	186	DJI, HTI
71.02.1000	Precious and semi-precious stones, not mounted, set or strung, unworked	GSP/LDC Free	2284	AFG, BDI, CAF, MLI, SLE, GMB, TZO, TZA
71.02.2000	Precious and semi-precious stones, not mounted, worked	GSP/LDC Free	282	AFG, CAF, DJI
71.11.0100	Waste and scrap of precious metal	GSP/LDC Free	715	BFI GIN
71.12.1000	Articles of jewellery and parts thereof of silver	GSP/LDC Free	11	AFG, NPL, ETH
71.16.0100	Imitation jewellery	GSP/LDC Free	18	AFG, NPL, HTI
83.06.3000	Statuettes and other ornaments of other base metals than iron, steel etc.	GSP/LDC Free	60	AFG, NPL, HVO
84.08.0100	Other engines and motors	GSP/LDC Free	25	SDN
91.01.2600	Wrist watches with cases of base metals	GSP/LDC Free	262	MWI, DJI
95.05.0600	Molter of pearl and ivory	GSP/LDC Free	13	MWI, SLE, TZA
99.01.2000	Paintings, drawing and pastel unframed	MIN Free	40	AFG, BCD, NPL, HTI
99.05.0100	Collections and collectors pieces	MIN Free	33	BFI, MLI, NPL, LSO, SDN, TCO, TZA
99.06.0100	Antiques over 100 years old	MIN Free	8	AFG, NPL