



# TRADE & MARKET INTELLIGENCE NOTE:

## NI – SWITZERLAND (EFTA)



### EASE OF DOING BUSINESS



**36**

out of 190  
countries (World  
Bank, 2019)

### CURRENCY



**Swiss  
Franc**

### BUSINESS LANGUAGES



**German,  
French,  
Italian,  
English**

You may need a  
translator

### GDP PER CAPITA



**\$82,950**

UK is £42,560  
(IMF, 2018)

### ECONOMIC GROWTH



**0.9%**

(IMF, 2019)

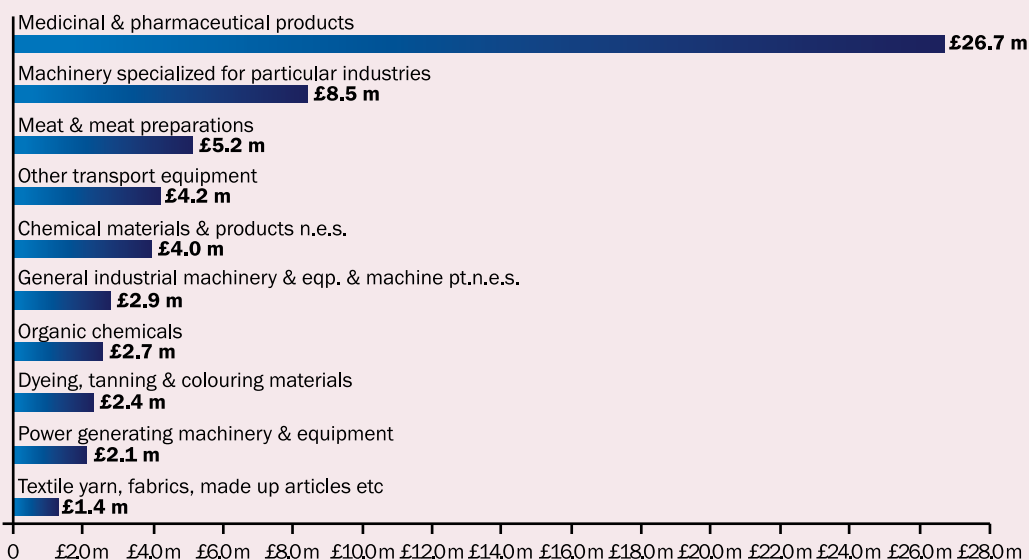
### TIME ZONE



**GMT +1**

- ▶ In 2019, NI bilateral trade in goods with Switzerland was worth £91.2 million.<sup>1</sup>
- ▶ This breaks down into £67.1m worth of goods exports and £24.1m of goods imports.
- ▶ Switzerland was Northern Ireland’s 19th largest market for goods exports in 2019 and our 34th largest goods import partner.
- ▶ Over the period 2015 to 2019, Switzerland fell from Northern Ireland’s 16th to 19th largest export market whilst also falling from our 20th to 34th biggest import partner.
- ▶ Northern Ireland’s exports to Switzerland can be considered relatively low when compared to the UK average. NI accounts for around 3% of the UK population, but our exports to Switzerland in 2019 accounted for only 1.1% of all UK exports.<sup>2</sup>
- ▶ Northern Ireland’s trade intensity index<sup>3</sup> with Switzerland averaged 0.505 (for goods) over the period 2015 – 2019, which indicates that there is some potential for growth in the trading relationship.
- ▶ The graphs below show the breakdown of Northern Ireland’s goods export and import activity with Switzerland in 2019:

### Northern Ireland Top 10 Exports to Switzerland (SITC2) 2019



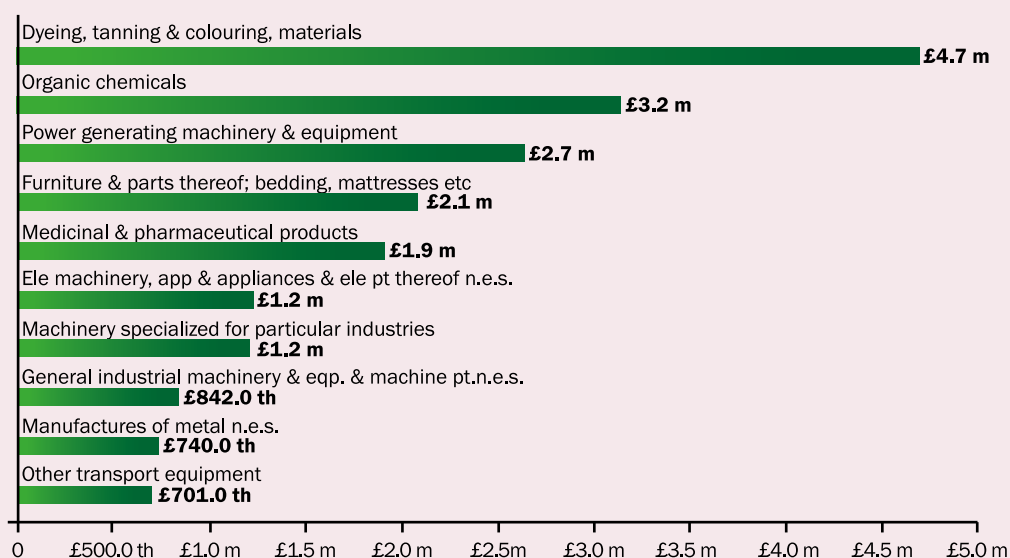
Source: NISRA / HMRC

1 [UK Regions Imports and Exports of Goods by Country and World Region \(nisra.gov.uk\)](https://www.nisra.gov.uk/uk-regions-imports-and-exports-of-goods-by-country-and-world-region)

2 [Regional trade data table - UK Trade Info](#)

3 Trade intensity measures the volume of trade between two partners versus what would be expected based on their overall trading profile – a score above 1 indicates that the partners are trading more than expected, whereas a score below 1 indicates less trade than would be expected.

## Northern Ireland Top 10 Imports from Switzerland (SITC2) 2019



Source: NISRA / HMRC

- Northern Ireland's sectoral trade profile with Switzerland, to a degree, reflects both Northern Ireland's current and future 10X strengths. However, it is important that our businesses are aware of current and future market opportunities in Switzerland for Northern Ireland's exporters and investors.
- The following sectors have potential opportunities for exporting to Switzerland: Cyber Security; Advanced Manufacturing; Renewable Energy; Biotechnology and Pharmaceuticals; Life and Health Sciences.
- Other issues facing the Swiss economy that may be of interest to Northern Ireland businesses are:
  - Switzerland is claimed to be particularly vulnerable to cyber attacks because of its high tech infrastructure and financial services sector. Federal experts have strengthened crisis management plans and asked stakeholders to review their procedures with a focus on cyber security. The result is a growing market for cyber security solutions for critical infrastructure and in commercial sectors. This may provide opportunities for Northern Irish firms operating in the Fintech/Financial Services and Digital, ICT and Creative Industries clusters identified in the 10X strategy.
  - Switzerland has the world's second highest GDP per capita, and is a country which values innovation. According to the most recent World Bank figures, it spent 3.4% of GDP on research and development, whilst the EU average is 2%.

- Like the UK, Switzerland has a strong heritage in mechanical and electrical engineering. There are more than 1,100 companies in this sector in Switzerland, employing around 320,000 people. Swiss companies look for a competitive edge, and there is demand for innovative UK components in manufacturing. Northern Irish businesses operating in the Advanced Manufacturing and Engineering priority cluster should therefore investigate potential export opportunities in this sector.
- Furthermore, Switzerland has very high labour costs, at more than twice the EU28 average. Swiss businesses are therefore looking for automated solutions to both their industrial and business processes. This creates demand for industrial robots, 3D printers, automated sales and checkout systems, drones, digital asset management and e-government technologies. Further potential opportunities may thus be presented to NI firms who are classed under the Advanced Manufacturing and Engineering 10X cluster.
- Numerous international organisations are based in Switzerland, such as: the World Health Organisation (WHO); the United Nations Office at Geneva; the International Labour Organisation (ILO); and the European Organisation for Nuclear Research (CERN). The CERN for example, may provide opportunities in civil engineering, IT and electronics which NI businesses may be able to capture in exports. Only CERN member states can bid for contracts with the CERN, thus given that the UK is its second largest contributor (CERN, 2019), potential export opportunities may exist.
- Under Switzerland's Long-Term Climate Strategy, the country aims to reach net zero carbon emissions by 2050. To achieve this, Switzerland will require large-scale investments in renewable energy and clean technologies. Under the country's Energy Strategy 2050, Switzerland intends to nearly triple output from non-hydro renewable sources such as wind and solar by 2035. This pursuit of net zero emissions and the required development of a smart energy grid may create export opportunities for NI businesses who produce goods and create knowledge in the renewable energy sector.
- As a global leader in the development and production of biopharmaceuticals, vaccines and diagnostics (red biotechnology), there is growth potential in agricultural (green) biotechnology, industrial (white) biotechnology, bioinformatics, human life sciences (new compounds and molecules, drug delivery technology), nutraceuticals, and contract research organisations (CRO) in Switzerland. This may provide opportunities for NI businesses operating in the Life and Health Sciences cluster given the interest held by Swiss pharmaceutical companies in establishing partnerships with UK universities, research centres and start-ups involved in gene therapy, nanomedicine and personalised healthcare.
- Switzerland has an advanced pharmaceutical market, especially in patented pharmaceuticals. Its per capita expenditure on drugs is among the highest in the world and there's a growing market for new therapies.

- There are 4 national languages in Switzerland (French, German, Italian and Romansh) however English is widely spoken and understood. With each national language being specific to certain regions of Switzerland, it is natural to experience subtly different business cultures when trading with the different regions. Knowledge of the cantonal system is therefore useful when trading with Switzerland.
- In reference to Northern Ireland's current 10X trade profile, Switzerland provides opportunities to Northern Ireland in the areas of Cyber Security, Fintech, Advanced Manufacturing, Renewable Energy, Biotechnology and Pharmaceuticals, and, Life and Health Sciences.

### Potential Barriers for Northern Ireland – Switzerland Trade in Goods and Services

- According to the OECD's 2021 Service Trade Restrictiveness Index<sup>4</sup> (STRI), Switzerland's regulatory environment is relatively high compared to other countries and above the OECD average, where the indices have increased slightly compared to 2020.
- The sectors with the greatest restrictions to international trade in services are: Air Transport (0.437); Broadcasting (0.389); and Courier (0.382)<sup>5</sup>. This somewhat restrictive approach to trade in services may present a potential obstacle for NI firms seeking to export in these sectors.
- The sectors with the least restrictions to international trade in services are: Distribution (0.192); Telecom (0.220); and Logistics cargo-holding (0.222). This less restrictive approach to trade in services may present a potential opportunity for NI firms seeking to export in these sectors.
- Although Switzerland's regulatory environment for services has been relatively stable over the past years, some restrictions on the movement of people remain for independent services suppliers and procedures to register a company are relatively burdensome.
- There are some potential trade barriers for the export of Northern Ireland goods to Switzerland;
  - The value of the aforementioned Service Trade Restrictiveness Index is explained by stringent economy-wide regulations. Switzerland applies quotas and labour market tests for workers seeking to provide services in the country on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers. Workers in these categories may stay in the country for up to 12 months on their first short-term entry permit. Furthermore, the acquisition and use of land and real estate by foreigners is restricted. Switzerland also requires that at least one of the board members in corporations must be resident in the country.

<sup>4</sup> [oecd-stri-country-note-che.pdf](#)

The OECD Services Trade Restrictiveness Index (STRI) database records restrictions to international trade in services. The index covers 22 sectors with scores from 0 (completely open) to 1 (closed to international trade).

<sup>5</sup> <https://stats.oecd.org/Index.aspx?DataSetCode=STRI#>

- It should be noted that although Switzerland is not a member of the EU, it is a member of the European Free Trade Association (EFTA). To allow free trade with the EU, Swiss legislation has been adapted to EU law in several areas, therefore any adaptations made in accordance with EU laws are likely to be applicable for Switzerland as well.
- In addition to the European Free Trade Association (EFTA) Convention, a regional trade organisation comprised of Switzerland, Liechtenstein, Iceland, and Norway, and a free trade agreement (FTA) with the European Union (EU), Switzerland currently has a network of 32 FTAs with 42 partners. Most of Switzerland's trade agreements have been signed through EFTA; however, Switzerland has the option of concluding FTAs outside of EFTA, as it did with Japan and China.
- A bilateral FTA between the UK and Switzerland came into force on 1st January 2021 after the transition period of the UK leaving the European Union (EU) ended on 31st December 2020. Since the Northern Ireland Protocol grants NI exporters free access to the EU single market, it is therefore expected that NI businesses exporting to Switzerland will not be subject to severe protectionist policies such as tariffs, whether the Protocol remains or not.
- However, Switzerland does have different product safety requirements to the EU, and so this should be kept in mind when exporting to Switzerland. Products must: meet relevant safety standards; have clear instructions for proper use; and include warnings against possible misuse. Furthermore, any documentation associated with your products should be translated into one or more of Switzerland's 4 main languages, as previously noted.
- Businesses that export 'Meat & meat preparations', should be aware that Switzerland maintains a ban for transit by road of all live animals, i.e. bovine, ovine, caprine and porcine animals, and, since 2012, horses and poultry, through its territory. The transit of all kinds of live animals through Switzerland is only permitted by railway or plane. Consignments of animals and animal products must also be accompanied by a Veterinary Health Certificate for Live Animals or a Veterinary Health Certificate for Animal Products, respectively, which is issued by the appropriate authority in the country of export.
- Permits may be required for the exportation of certain goods to Switzerland, for a more detailed insight into various sectors, please see the following government website: [Check how to export goods - GOV.UK \(check-duties-customs-exporting-goods.service.gov.uk\)](https://www.gov.uk/guidance/check-how-to-export-goods).
- Businesses exporting services which involve the processing of data should be aware that for cross-border transfers of personal data to take place, adequate levels of data protection should be ensured, or, in the absence of this, appropriate safeguards (e.g. binding corporate rules or standard data protection clauses) should be in place.

- Switzerland also has a strict regulatory regime for agricultural biotechnology products. In order for biotech food or animal feed products to be imported and sold on the Swiss market, they must undergo an approval process. In addition, labelling is required for products containing biotech ingredients or derived from such ingredients.