Trade Policy Review Body

UNOFFICIAL ROOM DOCUMENT¹

TRADE POLICY REVIEW OF SWITZERLAND AND LIECHTENSTEIN
(16 AND 18 MAY 2017)

CONCLUDING REMARKS BY THE CHAIRPERSON

Organe d'examen des politiques commerciales

DOCUMENT DE SÉANCE NON OFFICIEL¹

EXAMEN DES POLITIQUES COMMERCIALES DE LA SUISSE ET DU LIECHTENSTEIN
(16 ET 18 MAI 2017)

REMARQUES FINALES DU PRÉSIDENT

Órgano de Examen de las Políticas Comerciales

DOCUMENTO DE SALA NO OFICIAL¹

EXAMEN DE LAS POLÍTICAS COMERCIALES DE LA SUIZA Y DE LIECHTENSTEIN
(16 Y 18 DE MAYO DE 2017)

OBSERVACIONES DEL PRESIDENTE A MODO DE CONCLUSIÓN

* In Original language only/En langue originale seulement/En el idioma original solamente.

¹ Documents issued in the RD series are not official WTO documents. They usually appear in their language of submission and will not be translated systematically into the working languages of the WTO. They are intended for use in WTO meeting rooms and are attributed an unofficial symbol for archiving purposes only.

Les documents de la série RD ne sont pas des documents officiels de l'OMC. Ils ne paraissent généralement que dans la langue dans laquelle ils ont été communiqués et ne seront pas systématiquement traduits dans les langues de travail de l'OMC. Ils sont destinés aux salles de réunion de l'OMC et une cote non officielle leur est attribuée à des fins d'archivage.

Los documentos de la serie RD no son documentos oficiales de la OMC. Por lo general se distribuyen en el idioma en que han sido presentados y no se traducen sistemáticamente a los idiomas de trabajo de la Organización. Se distribuyen para su uso en las salas de reunión de la OMC y se les asigna una signatura no oficial a efectos de archivo únicamente.
1. This joint Trade Policy Review was a very useful opportunity for Members to deepen their understanding of the economic, trade, and investment policies of Switzerland and Liechtenstein. I would like to thank the two delegations led by the State Secretary for Economic Affairs Mrs. Marie-Gabrielle Ineichen-Fleisch, for Switzerland, and Ambassador Peter Matt, for Liechtenstein, our discussant Ambassador David Walker, and the more than 50 delegations that took the floor for their valuable contributions.

2. Members were generally impressed by the resilience demonstrated by the economies of Switzerland and Liechtenstein during the period under review in spite of strong economic headwinds. Both countries are trading nations and, as importers and exporters, depend on foreign markets for their economic prosperity. Unemployment has remained low, and the economies had continued to expand, although the pace had been moderated by several factors, particularly the appreciation of the Swiss franc and low productivity growth. The economic resilience was underpinned by a skilled workforce and flexible labour market; hi-tech production; an emphasis on research, development and innovation; good governance; and fiscal prudence.

3. I sensed a universal appreciation among the Membership for the consistent and staunch support of the rules-based multilateral trading system by both Switzerland and Liechtenstein. Their constructive contributions, provided by multiple formal and informal approaches including “Friends of the System”, aim to ensure that the WTO remains relevant and strong in the fight against protectionism. Switzerland and Liechtenstein have consistently advocated further trade liberalization, and have taken active part in numerous initiatives to expand trade, including efforts to promote the participation of micro, small, and medium sized enterprises in global value chains. In addition, Switzerland and Liechtenstein rely on an extensive network of trade agreements, mostly through the European Free Trade Association (EFTA), to complement their membership of the WTO.

4. Overall stability characterized the trade and investment regimes of Switzerland and Liechtenstein for the period under review. As a consequence, the positive elements of their regimes continued to prevail, but conversely the concerns were mostly a repeat of what was said at the last Review in 2013.

5. On the positive side, the trade and investment regimes were generally open and liberal for goods as well as for services. Tariffs on non-agricultural goods were as a general rule zero or very low on an MFN basis. Some Members highlighted that Switzerland and Liechtenstein had never resorted to trade defensive measures to remedy perceived imbalances, nor were they involved in dispute settlement cases inside or outside the WTO.

6. On the other side, among the general concerns, Members noted:

- That the tariff regime is unique in its reliance on specific duties based on gross weight, and several delegations reiterated their recommendation that a more transparent ad valorem regime should be considered.
- The agriculture sector remains a weak point both in terms of high domestic support and border protection in the form of high tariffs; tariff peaks for meat, horticultural goods, and dairy; seasonal duties; target import prices; and complex tariff quota systems that included allocations contingent upon local purchases. Although the Agricultural Policy 2014-17 involved a rearrangement and fine-tuning of direct payments, support remains high, and some Members called for further market-oriented reforms.
• Outside of agriculture, it was noted that state monopolies restricted investments in certain rail transport, postal and insurance services, and that competition could be enhanced in sectors such as telecommunications and construction services.

7. Several other aspects of the trade regime also attracted the attention of Members. The evolution of these policies and measures will be of continued interest to them, notably the reform of the Swiss food safety regime, implementation of the "Cassis de Dijon" principle to dismantle technical barriers to trade, and the levying of fees relating to reserve stocks of certain commodities. Members took note that Switzerland will look for a solution where the contribution fees to the guarantee funds exceed the tariff bindings, such as for rice and coffee. The recent introduction of "Swissness" legislation to enhance the Swiss brand at home and abroad, and the protection of copyright in a digital environment in Switzerland also attracted substantial interest.

8. Within the overall picture of stability, Members welcomed the introduction of some measures that will further liberalize trade. The prompt ratification of the Trade Facilitation Agreement and the establishment of trade facilitation committees by Switzerland and Liechtenstein were appreciated. Tariff reductions stemming from the expanded Information Technology Agreement (ITA II) had been applied since 1 January 2017, and Switzerland had unilaterally suspended the MFN tariffs on certain textile items from 1 January 2016 for a period of four years.

9. Furthermore, Liechtenstein had been the first WTO Member to ratify the revised plurilateral Agreement on Government Procurement in 2013 but, as several Members noted, we are still looking forward to its formal acceptance by Switzerland. Members are also waiting for the completion of domestic procedures to eliminate export subsidies for processed agricultural products, and we welcome the statement by the State Secretary that the government has approved yesterday the necessary measures to eliminate export subsidies by 1 January 2019, ahead of the Nairobi schedule.

10. Switzerland was complimented for its emphasis on sustainable development, including renewable energy. It recently introduced a ban on imports stemming from illegal, unreported, and unregulated fishing. Several Members pointed to the automatic exchange of information in tax matters, and the reinforcement of anti-money laundering legislation as positive steps for the financial sectors of Switzerland and Liechtenstein. With regard to LDCs, beyond the longstanding commitment to the Enhanced Integrated Framework and the "Aid for Trade" initiative, positive developments included the termination in April 2016 of export subsidies on products for LDCs and participation in the Registered Exporter System (REX) to facilitate self-certification of origin.

11. Members noted with interest the Growth Agenda of the Swiss government for 2016 to 2019, in particular its focus on enabling the digital economy and the streamlining of government regulations. The role of autonomous import liberalization as a means to enhance competitiveness and labour productivity in the domestic market should not be underestimated, particularly given the relatively low rates of growth in productivity. Looking forward to further such initiatives, many Members underscored that the present high agricultural tariffs and some technical barriers to trade provided scope for substantial trade liberalization and would contribute to a significant reduction in the "high-price island" effect experienced by Switzerland as well as Liechtenstein.

12. Finally, I would like to thank all those that participated in our discussion and Switzerland and Liechtenstein for their statements and the high quality of their replies to nearly 500 questions. I look forward to getting the answers to any outstanding questions within the next month, and I hope that Switzerland and Liechtenstein can use this process to further improve their already generally open trade and investment regimes.