Growing the £30+ Bn Swiss-UK Bilateral Trade Relationship?
Overview

1. Global Value Chains
2. Top UK trade markets & bilateral UK-CH trade statistics
3. Opportunities to grow trade
4. Assuring continuity and actions for the future
5. Questions & Answers
Global Value Chains

UK as supplier
Current situation

Yarn production DE → Knitting UK → Dying + laminating in CH → Cutting and sewing in Macedonia → Sale in EU

Preferential origin duty free
Top UK Import Markets 2018

- **Total UK imports**: £665.0bn, 100.0%
- **Imports from the EU**: £353.0bn, 53.1%
- **Imports from the non-EU**: £312.1bn, 46.9%

1. Netherlands £49.1bn, 7.4%
2. United States £72.4bn, 10.9%
3. Switzerland £10.9bn, 1.6%
4. Hong Kong £9.5bn, 1.4%
5. France £42.8bn, 6.4%
6. Spain £32.3bn, 4.9%
7. Belgium £29.1bn, 4.4%
8. Italy £24.8bn, 3.7%
9. Ireland £21.9bn, 3.3%
10. Sweden £10.4bn, 1.6%
11. Japan £15.2bn, 2.3%
12. Poland £13.3bn, 2.0%
13. India £12.5bn, 1.9%
14. Turkey £11.3bn, 1.7%
15. Switzerland £10.9bn, 1.6%
16. Denmark £7.9bn, 1.2%
17. China £45.4bn, 6.8%
18. Russia £9.2bn, 1.4%
19. Canada £8.1bn, 1.2%
20. Norway £21.7bn, 3.3%
**Total trade** in goods and services between the UK and Switzerland was £31.4bn in the four quarters to the end of Q1 2019.

<table>
<thead>
<tr>
<th>31.40 £ bn Total Trade</th>
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<tbody>
<tr>
<td><strong>Goods</strong></td>
<td><strong>Services</strong></td>
</tr>
<tr>
<td>14.7</td>
<td>16.7</td>
</tr>
<tr>
<td>46.8%</td>
<td>53.2%</td>
</tr>
<tr>
<td>Export</td>
<td>Import</td>
</tr>
<tr>
<td>7.3</td>
<td>7.4</td>
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<tr>
<td>49.7%</td>
<td>50.3%</td>
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<tr>
<td>Export</td>
<td>Import</td>
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<tr>
<td>12.0</td>
<td>4.7</td>
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<tr>
<td>71.9%</td>
<td>28.1%</td>
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*Source: ONS, on a Balance of Payments (‘change of ownership’) basis*
Switzerland is the UK’s

• 10th largest trading partner (2.3% of total UK trade)
  3rd largest non-EU market after the US & China
• 8th largest export market (3.1% of total UK exports)

• 9th largest foreign direct investor [£45.1bn]
• 8th destination for UK outward direct investment [£51.9bn]
Bilateral Trade - Services

UK trade of selected services with Switzerland

Exports to Switzerland

- Other Business Services
- Financial
- Transportation
- Telecommunications, computer and information services
- Insurance and Pension
- Intellectual property
- Travel

Imports from Switzerland

£bn

Source: ONS Q1 2019, nominal values
Bilateral Trade - Goods

UK trade of selected goods with Switzerland

- Precious stones and metals
- Works of art, collectors' pieces and antiques
- Machinery and mechanical appliances
- Vehicles other than railway or tramway stock
- Organic chemicals
- Pharmaceutical products
- Clocks and watches and parts thereof

Source: HMRC 2018, nominal values
Number of UK VAT-registered businesses trading in goods

<table>
<thead>
<tr>
<th>Goods</th>
<th>Exporting</th>
<th>Importing</th>
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<tr>
<td></td>
<td>#  Value £bn</td>
<td>#  Value £bn</td>
</tr>
<tr>
<td>Worldwide</td>
<td>151,500  341.9</td>
<td>231,200  495.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>15,200  15.4</td>
<td>7,700  11.0</td>
</tr>
</tbody>
</table>

Any company with a VAT taxable turnover of more than £85,000 must be registered for VAT with HM Revenue and Customs (HMRC).

These 2017 estimates do not cover unregistered businesses or Economic Operator Registration and Identification (EORI) or those businesses that trade in services.
Opportunities UK - Sectors

• Life Sciences / Chemicals
• Financial / Business Professional Services
• Precision Engineering / Advanced Manufacturing / Machinery
• Vehicles
• Telecommunications, computer & information
• Travel / Transport

• UK Industrial Strategy
  • artificial intelligence and big data;
  • clean growth;
  • the future of mobility; and
  • meeting the needs of an ageing society
There are around 58,600 flights a year between Switzerland and the UK; Germany is the only country to which there are more flights. 14,000 Swiss citizens live in the UK and 40,000 British citizens live in Switzerland. Around 800,000 British tourists visit each year.
UK rankings:

7th largest economy worldwide - Statistics Times 2019

9th for ease of doing business - World Bank 2018

4th most innovative country globally - World Intellectual Property 2018

is 1st

3rd most attractive FDI destination worldwide - UNCTAD

8th worldwide in the Global Talent Competitiveness Index - 2018
Opportunities UK

UK is a global financial hub
UK is home to 4 of the world’s top ten universities - [QS World University 2019](#)
   
   Top 10 in [Europe](#) are in 🇨🇭 and 🇬🇧

UK as the Best Place in the World to do business - Forbes 2018

At 19%, UK has the lowest Corporate Tax Rate in the G20 and G7
UK-CH-EU - Triangulation
UK-CH Agreements

• CH Mind the Gap and UK Continuity Strategy
• We have reached agreements with Switzerland covering Trade, Non-life insurance, Land Transport, Aviation and Citizens' Rights
• More recently, Transitional Migration Agreement – arrangements which will apply for new UK arrivals up to December 2021 – and new Federal Council quota
The UK-Swiss Trade continuity agreement (11 Feb. 2019), transitions relevant EU-Swiss agreements into an ‘umbrella’ UK-Swiss Agreement.

Swiss trade relations with the EU have a sector-based modular approach.

The EU-Switzerland MRA sets out equivalence of rules for twenty [20] goods sectors. It means that if a product meets EU rules it is accepted in Switzerland as meeting Swiss rules, and vice versa. In reality it requires Switzerland to align its rules to the EU (for the twenty sectors covered by the agreement).
As part of the UK-Swiss trade agreement, three of the twenty chapters of the EU-Swiss Mutual Recognition Agreement (MRA) are covered.

These are the **pharmaceutical, laboratory and car sectors**, which account for ~75% of the trade in goods volume. This means that the requirements for products in these chapters are recognised as equivalent between the UK and Switzerland.

The UK and Switzerland are working to transition as many of the remaining 17 chapters as possible before the UK leaves the EU as a basic MRA. This would mean we recognise each others test houses (technically known as a ‘conformity assessment body’) as being capable to test against each others rules, but we don’t agree that we have equivalent rules.
Challenges / Opportunities

The WTO is in crisis. The dispute settlement system will collapse unless the US appoints new Appellate Body members.

Minimum number of members required to hear appeals

Terms of service for members

- Less Nov 2020
- Less Dec 2016
- Vacant
- Vacant
- Vacant

From: "Is Proposing to Reduce the WTO Appellate Body Crisis Repetition Problem Progress?" by Timur Babar, Gary Clyde Hufbauer, and Jeffrey J. Schott

Rising protectionism in 2018-2019 risks to damage world trade

Technical barriers to trade affect almost 70% of world trade

04/09/2019

Purchasing Leadership and Business Impact
Actions

• The UK is a strong supporter of the rules-based multilateral trading system and is engaged in the WTO reform debate

• UK Industrial Strategy – Technology a means to enhance well-being

• DIT and the Embassy team is liaising with the Swiss government to deepen the bilateral UK-CH relation

• DIT and the UK Embassy are working with the Swiss government and all relevant trade associations, chambers of commerce, BSCC and S-GE to support companies through Brexit
Closing words

• Growing the £30+ Bn Swiss-UK Bilateral Trade Relationship?
  • Assuring continuity
  • Building on our mutual success
  • Recognising and seizing opportunities
  • Partnering for promotion of shared values
  • Investing in science, innovation, education
  • And much more...

Your ideas are most welcome!
Questions & Answers

www.gov.uk/guidance/preparing-for-eu-exit-switzerland

trade.berne@fco.gov.uk

noel.mcevoy@fco.gov.uk