

An Introduction for Chinese Companies

THE SINO-SWISS FTA



This brochure aims at providing Chinese companies with comprehensive information on the Sino-Swiss Free Trade Agreement (FTA) which entered into force on July 1, 2014.

It contains a short historical summary on the economic relations between the two countries as well as the major elements of the Agreement and technical aspects.



DISCLAIMER

This brochure is for informational purposes about the Sino-Swiss Free Trade Agreement only. The information is not advice and should not be treated as such. In case of doubt, the text of the Free Trade Agreement between The Swiss Confederation and The People's Republic of China is authoritative at all times.

Important Notice

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IMPRESSUM

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**A WARM
WELCOME!**

Greetings

The long-standing bilateral relations between the People's Republic of China and the Swiss Confederation are strong and have intensified over the past years. In the mid-17th century traders and missionaries from Switzerland established contact with the Chinese Empire. Trading relations developed at a rapid pace in the second half of the 18th century, leading to the opening of a Swiss trading hub in Shanghai in 1912. Diplomatic relations were established as early as in 1950 with the newly founded PR of China. In 1980, the Swiss Schindler Group marked the first industrial joint venture founded in China with 'China Schindler Elevator Co.'. Bilateral relations between Switzerland and China have developed at a very brisk pace since. In 2007, China and Switzerland signed a Memorandum of Understanding on the intensification of high-level political consultations and the further deepening of bilateral relations. Today, China is Switzerland's primary trading partner in Asia.

The year 2014 represents another important milestone in the history of Sino-Swiss relations. The entry into force of the bilateral Free Trade Agreement (FTA) between China and Switzerland on July 1 this year will further deepen the economic relations between the two countries. For China it is also the first FTA to come into effect with a continental European country, and with one of the top 20 world economies.



In this brochure we give an overview of the FTA between China and Switzerland and how it enhances the benefits Switzerland already offers Chinese companies looking to operate in the European market. Switzerland lies at the heart of Europe but yet remains independent. It is the most competitive business location in the world according to the 'Global Competitiveness Report 2013'. Innovative strength and technology, a competitive market economy system, political stability, excellent education, professional training and health systems, outstanding infrastructure and high quality of life, plus a competitive tax system are the reasons that make Switzerland home to many leading global companies and organizations. They include the United Nations and the International Olympic Committee, as well as a large number of multinational companies that have their global headquarters in Switzerland such as ABB, Nestlé, Novartis, Roche, Credit Suisse and UBS. In more recent years they have been joined by numerous global and European headquarters of Chinese companies that include the likes of Sinopec, Huawei, Yuanda and Trina Solar, and international companies such as Google, IBM, Unilever and DMG Mori.

Every company having different requirements, Switzerland and each of its 26 cantons actively encourage inbound investment by providing a flexible package of services tailored to each company's needs. The Swiss Business Hub China welcomes your interest in our country as your gateway to Europe and encourages you to contact our local representatives at the Embassy of Switzerland in Beijing or at any of the Swiss Consulates in other Chinese cities. We will offer you a warm welcome and help you discover the unique benefits and advantages Switzerland has to offer.

JEAN-JACQUES DE DARDEL
Ambassador of Switzerland to China



1. An Introduction to Sino-Swiss Economic Relations

1.1 THE DEVELOPMENT OF ECONOMIC RELATIONS

After its foundation in 1949, Switzerland was among the first Western countries to officially recognize the People's Republic of China in January 1950. It was not until the 1970s, however, that bilateral trade started to significantly increase.

In 1974, China and Switzerland concluded a bilateral trade agreement, which not only foresaw mutual most-favoured-nation treatment, but also the establishment of a joint economic commission to further develop mutual economic relations. Together with Deng Xiaoping's economic reform policies in the late 1970s, bilateral trade between China and Switzerland started to prosper and in 1980, the Schindler Group, a Swiss manufacturer of elevators and escalators, was to become the first Western industrial joint venture in China.

Under the new Chinese policies, bilateral trade between the two countries gradually increased and, compared to 1978 tripled by 1990, with more than 10 Sino-Swiss joint ventures. The 1990s became an era of further economic upswing in China and many Swiss companies began to establish representative offices in China, which paved the way for the creation of further joint ventures.

Today, about 500 to 600 Swiss companies totalling more than 1'000 subsidiaries have settled in China, and Swiss direct investments in China amounted to RMB 11.8 billion¹ (CHF 1.7 billion) in 2012 (SNB).



Upper picture: Federal Councillor Pierre Graber meets President DENG Xiaoping, 1974.

Lower picture: Novel escalators nearing completion at China Schindler Elevator Co., the first Western industrial joint venture in China, 1982.

SOURCE

Specker, K. (2000). Aspekte der Beziehungen zwischen der Schweiz und China – eine historische Perspektive. Bulletin of the Swiss-Chinese Chamber of Commerce, no. 2: 30-57.

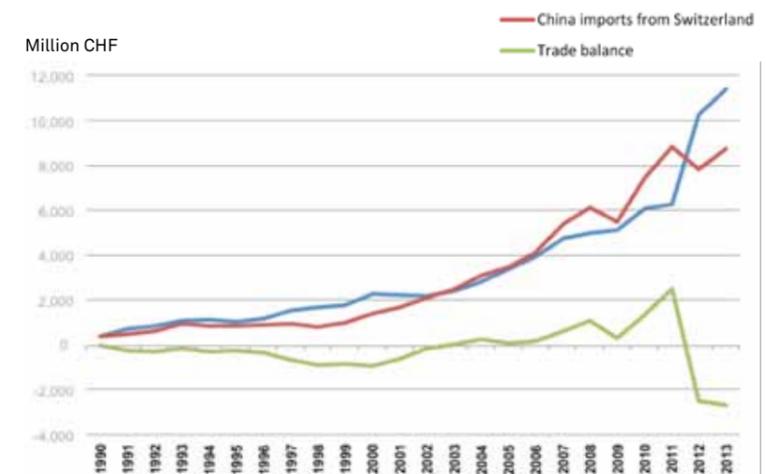
60 Jahre Diplomatische Beziehungen China Schweiz. (2010). Verlag der Weltangelegenheiten. (upper and lower picture)

¹ All RMB values have been calculated using the middle exchange rate CHF/RMB 6.9538. (Bank of China, 24/6/2014: www.boc.cn/sourcedb/whpj/enindex.html)

1.2 CURRENT ECONOMIC RELATIONS

As China and Switzerland are both members of the WTO, bilateral trade relations between the two countries are governed by the WTO-Agreements. Additional bilateral treaties including an Agreement on the Promotion and Reciprocal Protection of Investments (1986, new agreement in force since 2010) and a Double Taxation Agreement (1990, new agreement signed in 2013) have been concluded. The conclusion of this Sino-Swiss Free Trade Agreement (FTA) represents a milestone in bilateral relations and allows economic ties between China and Switzerland to reach new levels.

Chinese-Swiss trade 1990-2013



Source: Federal Customs Authority, External trade statistics 1990-2013. From 2012 onwards, Chinese exports to Switzerland were based on new calculations.

1.3 REVIEW OF CHINESE-SWISS TRADE

Trade figures over the last 20 years show a continuous increase in both, imports and exports between China and Switzerland. Mutual trade has particularly been increasing since 2000 and the overall trade volume has grown fivefold by 2013 in these 13 years.

China external trade with Switzerland 2000-2013

Million CHF

Year	China exports to Switzerland	Change %	Switzerland imports to China	Change %	Trade balance	Volume	Change %
2000	2'300.5	27.8	1'402.7	41.7	-897.9	3'703.2	-
2001	2'257.7	-1.9	1'668.2	18.9	-589.5	3'925.8	6
2002	2'215.6	-1.9	2'070.4	24.1	-145.2	4'286.0	9.2
2003	2'423.0	9.4	2'485.1	20	62.1	4'908.1	14.5
2004	2'840.9	17.2	3'107.0	25	266.1	5'947.9	21.2
2005	3'378.4	18.9	3'466.8	11.6	88.4	6'845.1	15.1
2006	3'931.4	16.4	4'105.5	18.4	174.1	8'036.9	17.4
2007	4'782.2	21.6	5'419.4	32	637.2	10'201.7	26.9
2008	4'995.8	4.5	6'111.5	12.8	1'115.7	11'107.3	8.9
2009	5'161.0	3.3	5'501.1	-10	340.1	10'662.0	-4
2010	6'085.6	17.9	7'467.0	35.7	1'381.5	13'552.6	27.1
2011	6'309.6	3.7	8'841.0	18.4	2'531.4	15'150.6	11.8
2012	10'286.9	63	7'828.3	-11.5	-2'458.6	18'115.2	19.6
2013	11'428.9	11.1	8'758.5	11.9	-2'670.4	20'187.3	11.4

Source: Federal Customs Authority, External trade statistics 2000-2013. From 2012 onwards, Chinese exports to Switzerland were based on new calculations.

In 2013, exports of Chinese goods to Switzerland grew by 11.1 percent to RMB 79.5 billion (CHF 11.4 billion). The main Chinese exports to Switzerland are machinery, textiles, watches and chemicals. These figures do not take into account exports to Switzerland by Chinese companies out of other countries.

On the other hand, Chinese imports from Switzerland increased by 12.0 percent to RMB 61.0 billion (CHF 8.8 billion) in 2013. The main Swiss exports are machinery, pharmaceuticals, watches and optical and medical instruments. These figures do not take into account exports to China by Swiss companies out of other countries.

China is the most important export destination in Asia for Switzerland and also the most important source of imports into Switzerland from Asia.

Ranking of main groups of traded goods 2012/2013.

Million CHF (net worth)

China exports to Switzerland				
Group	2012		2013	
	Share %	Net Worth Million CHF	Share %	Net Worth Million CHF
1. Machinery (electrical)	24.6	2'531	26.2	2'990
2. Machinery (non-electrical)	16.9	1'743	18.1	2'071
3. Textiles and garment	14.6	1'507	14.0	1'600
4. Watches	7.2	739	6.6	756
5. Chemicals	6.1	623	5.7	657

China imports from Switzerland				
Group	2012		2013	
	Share %	Net Worth Million CHF	Share %	Net Worth Million CHF
1. Machinery (non-electrical)	20.9	1'640	19.2	1'679
2. Pharmaceutical products	13.5	1'053	18.9	1'660
3. Watches	21.1	1'653	16.5	1'446
4. Optical and medical instruments	9.0	707	9.5	834
5. Machinery (electrical)	9.0	702	8.6	749

Source: State Secretariat for Economic Affairs

1.4 RECENT CHINESE ACTIVITY IN SWITZERLAND

In recent years, Switzerland has become the country of choice for multinational companies looking to set up European, regional or even world headquarters. In the last 15 years, more than 200 regional headquarters of large foreign companies have relocated to Switzerland. These companies have been attracted by the benefits that Switzerland has to offer, including a stable and investor-friendly business environment, excellent infrastructure, the location in the heart of Europe, a highly skilled and productive labour force, high quality of life and competitive taxes. Among the Chinese companies that have taken advantage of these benefits are:

- Baoshida Swissmetal AG, which moved its European headquarter, logistic centre, research centre, marketing and sales centre, and European production centre to the Canton of Bern in 2012.
- Greatview Aseptic Packaging Europe GmbH, which has had its European headquarters in the Canton of Zurich since 2009.
- Huawei Technologies Switzerland AG established its sales, technical and solution, delivery and service offices in the Canton of Bern in 2008.
- Kerry Logistics (Switzerland) GmbH moved its head and operations office to the Canton of Basel in 2006.
- JinkoSolar, which established its European headquarters in the Canton of Zug in 2011.
- Neusoft Europe AG, which has had its financial European headquarters in the Canton of Appenzell-Innerrhoden since 2009.
- Ningbo MG Industry Co., Ltd., which located its European headquarter of e-commerce to the Canton of Schaffhausen in 2013.
- Ruida Electronics SA, which established its European sales and support offices in the Canton of Fribourg in 2004.
- Trina Solar (Schweiz) AG, which moved its regional headquarters for Europe to the Canton of Zurich in 2009.
- Yuanda Europe Limited, which located its European headquarters in the Canton of Basel in 2009.

Currently, there are over 80 Chinese companies with operations in Switzerland.



SUCCESS STORIES

More information on Chinese and multinational companies that have successfully settled in Switzerland can be found in our **Success Stories Booklet**.



2. The Road to the FTA

2.1 FTAS AND SWISS FOREIGN ECONOMIC POLICY

Since the beginning of the 1990s, Switzerland has been building a network of FTAs with numerous countries beyond Europe. The improvement of access to foreign markets represents a core objective of Swiss foreign economic policy. By entering into FTAs, Switzerland aims to provide its companies with a level of access to international markets that is at least equivalent to the market access conditions enjoyed by its most important competitors. Free trade agreements are therefore an important instrument for maintaining and strengthening Switzerland's competitiveness as a business location.

Switzerland's foreign economic policy seeking market access is based on three main pillars: WTO membership, bilateral agreements with the EU, and Free Trade Agreements (FTAs) with trading partners around the world. After the FTA with the EU concluded in 1972, the FTA with China is the second most important trade agreement Switzerland ever concluded. After the EU and the US, China is Switzerland's third most important worldwide trading partner.

2.2 CHINA'S FTA POLICY

Soon after its entry into the World Trade Organization at the end of 2001, the People's Republic of China began negotiating bilateral FTAs.

The fact that, in 1950, Switzerland was one of the first Western countries to recognize the People's Republic of China, the establishment of diplomatic relations and that Swiss company Schindler entered into the first ever joint venture with a Chinese company in 1980, as well as the recognition of China as a market economy by Switzerland (2007) prepared the ground for the negotiations between the People's Republic of China and Switzerland.

2.3 THE LAUNCH AND CONDUCT OF THE NEGOTIATIONS

On January 28, 2011, at a working group meeting in Davos, Switzerland, the Swiss Minister of Trade, Federal Councillor Johann Schneider-Ammann, and the then Chinese Minister of Commerce Chen Deming launched the bilateral negotiations on the China-Switzerland FTA. The agreement was then negotiated in nine rounds of negotiations and various intersessional meetings from April 2011 to May 2013.

On 6 July 2013 in Beijing, Federal Councillor Johann Schneider-Ammann and the Chinese Minister of Commerce Gao Hucheng signed the China-Switzerland Free Trade Agreement. On July 1, 2014, the FTA entered into force.

Overview of the historical development of the Agreement

YEAR	DATE	EVENT
2007	July 8	Switzerland recognizes China as a market economy
	November	First contacts at the level of government officials towards a possible Free Trade Agreement (FTA)
2008		Internal work on both sides on the feasibility of a FTA
2009	April 27-28 and October 13-14	Industry workshops in Beijing and Bern
	November 30	Federal Councillor Doris Leuthard and then Minister of Commerce Chen Deming launch the joint feasibility study
2010		Joint feasibility study finalized in the presence of then Swiss President Doris Leuthard and Chinese President HU Jintao
2011	January 28	Federal Councillor Johann Schneider-Ammann and Minister of Commerce Chen Deming officially launch negotiations in Davos, Switzerland
	April 7-9	1st round of negotiations in Bern, Switzerland
	July 5-7	2nd round of negotiations in Xi'an, China
	November 8-11	3rd round of negotiations in Montreux, Switzerland
2012	February 14-17	4th round of negotiations in Beijing, China
	May 8-11	5th round of negotiations in Beijing, China
	September 4-7	6th round of negotiations in Davos, Switzerland
	December 4-7	7th round of negotiations in Lucerne, Switzerland
2013	February 27 - March 2	8th round of negotiations in Beijing, China
	May 9-11	9th round of negotiations in Bern, Switzerland
	July 6	Federal Council Johann Schneider-Ammann and Minister of Commerce Gao Hucheng sign the bilateral FTA in Beijing

Source: State Secretariat for Economic Affairs



3. Major Elements of the Agreement

3.1 OVERVIEW OF THE AGREEMENT

The FTA improves mutual market access for goods and services, enhances legal security for bilateral economic relations, including in the area of the protection of intellectual property rights. Together with the related agreement on labour, the FTA contributes to sustainable development and promotes cooperation between Switzerland and China in various fields. For the vast majority of bilateral trade, the FTA dismantles tariffs fully or partially, sometimes subject to transition periods. In the area of technical barriers to trade and sanitary and phytosanitary measures, sector-specific cooperation agreements aim at reducing non-tariff barriers to trade. For trade in services, more precisely defined rules compared to the GATS of the WTO apply, e.g. for licencing procedures, as well as improved market access commitments for various services. Regarding intellectual property, the level of protection in selected areas is improved compared to the multilateral standards of the WTO, including in the area of enforcement. Finally, the FTA provides for the deepening of bilateral cooperation in various fields.

Contents of the FTA

The agreement consists of Chapters 1-16, with Annexes I to XI.

Chapter 1	General Provisions	Annex I	Tariff Schedules
Chapter 2	Trade in Goods		Referred to in Chapter 2
Chapter 3	Rules of Origin and Implementation Procedures	Annex II	Product Specific Rules
			Referred to in Chapter 3
Chapter 4	Custom Procedures and Trade Facilitation	Annex III	Certificates of Origin
			Referred to in Chapter 3
Chapter 5	Trade Remedies	Annex IV	Origin Declaration
Chapter 6	Technical Barriers to Trade		Referred to in Chapter 3
Chapter 7	Sanitary and Phytosanitary Measures	Annex V	Labelling of Textiles
			Referred to in Chapter 6
Chapter 8	Trade in Services	Annex VI	Trade in Services
Chapter 9	Investment Promotion		Referred to in Chapter 8
Chapter 10	Competition	Annex VII	Schedules to Specific Commitments
Chapter 11	Protection of Intellectual Property Rights		Referred to in Chapter 8
Chapter 12	Environmental Issues	Annex VIII	Lists of MFN Exemptions
Chapter 13	Economic and Technical Cooperation	Annex IX	Plant Variety Protection
			Referred to in Chapter 11
Chapter 14	Institutional Provisions	Annex X	Procedural Rules
Chapter 15	Dispute Settlement		Referred to in Chapter 15
Chapter 16	Final Provisions	Annex XI	Reimbursement of TCM under the Health System

Source: State Secretariat for Economic Affairs

3.2 KEY PROVISIONS OF THE AGREEMENT

3.2.1 Trade in Goods

The Sino-Swiss FTA dismantles the tariffs on the vast majority of industrial products traded between Switzerland and China. For a number of industrial products, the Chinese tariffs will be dismantled gradually over transition periods.

Regarding agricultural products, China and Switzerland grant each other tariff reductions on specific basic and processed agricultural products.

The provisions on trade in goods also contain rules of origin, certificates of origin, provisions on custom procedures and trade facilitation, as well as rules regarding trade remedies and provisions relating to technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS). (For more details see chapter 5.)

3.2.2 Trade in Services

Provisions in this area are based on the WTO services agreement (GATS) and include a number of improvements in certain areas.

The portions on trade in services cover the supply of services through cross border supply, consumption abroad, commercial presence, and temporary movement of persons. (For more details see chapter 6.)

3.2.3 Investment Promotion

The FTA aims to strengthen cooperation in this area. Investments continue to be protected by the existing investment protection agreement BIT between China and Switzerland. (For more details see chapter 7.)

3.2.4 Protection of Intellectual Property Rights

The Sino-Swiss FTA contains provisions that enhance protection standards in various areas of intellectual property and that strengthen enforcement of intellectual property rights. (For more details see chapter 9.)

3.2.5 Dispute Settlement

The Agreement contains provisions designed to resolve disputes about the application of the FTA. (For more details see chapter 13.)

SOURCE

The official texts of the FTA are available online at:

CHINA

Ministry of Commerce (MOFCOM)

<http://fta.mofcom.cn> > China's Free Trade Agreements > China-Switzerland FTA

SWITZERLAND

State Secretariat for Economic Affairs (SECO)

www.seco.admin.ch > Topics > Foreign Trade > Free Trade > Free Trade Agreements > Partners worldwide > China > Texts of the agreements



4. General Provisions

4.1 OBJECTIVES

With the entry into force of the Agreement on July 1, 2014, China and Switzerland established a free trade area with a view to spurring trade and economic cooperation, prosperity and sustainable development.

In accordance with the objectives of the Agreement based on relations between market economies, China and Switzerland shall achieve the liberalization of trade in goods and trade in services, a mutual enhancement of investment opportunities, promote competition in both markets, ensure adequate and effective protection and enforcement of intellectual property rights, remove unnecessary barriers to trade and develop international trade to the objective of sustainable development and to contribute to the expansion of world trade.

4.2 GEOGRAPHICAL SCOPE

The Agreement applies to the customs territory of the People's Republic of China and to the territory of Switzerland. For trade in goods, the Agreement also applies to the Principality of Liechtenstein which forms a Customs Union with Switzerland. In 2011, a Free Trade Agreement between the European Free Trade Association (EFTA), reuniting Switzerland, Iceland, Liechtenstein and Norway, and the Hong Kong Special Administrative Region of China, which constitutes a separate customs territory, entered into force.



5. Trade in Goods

5.1 INDUSTRIAL PRODUCTS

With the entry into force of the Agreement on July 1, 2014, the remaining Swiss tariffs on Chinese industrial products were abolished. This means that under the FTA Chinese industrial products fulfilling the rules of origin will be granted tariff-free access to the Swiss market.

Swiss companies

Conversely the vast majority of Switzerland's industrial exports to China will enjoy full or partial tariff dismantling either:

- a) from the entry into force of the FTA;
- b) or with dismantling periods of 5 or 10 years.
(in some cases 12 or 15 years)

5.2 AGRICULTURAL PRODUCTS

Under the Agreement Switzerland grants preferential tariff treatment for selected agricultural products of Chinese origin.

Furthermore, Switzerland grants China the removal of the so-called industrial protection element of the import tariffs on certain processed agricultural products.

Chinese agricultural concessions to Swiss imports

The Agreement removes or reduces tariffs on a number of Swiss agricultural products exported to China:

- a) basic agricultural products;
e.g. cheese, yoghurt, skimmed milk powder and butter, beef jerky
- b) processed products.
e.g. chocolate, baby food, biscuits, jams, roasted coffee, confectionery, ice cream, non-alcoholic beverages, wine

Swiss and Chinese regulations on product safety, health and labelling continue to apply on the respective imports.

SINO-SWISS FTA
FTA Chapter 2
Trade in Goods

SOURCE
Tariff schedules on exports to Switzerland

www.seco.admin.ch > Topics > Foreign trade > Free Trade Agreements > Partners worldwide > China > Texts of the agreements > Appendix 2 to Annex I - Tariff Schedule Switzerland

5.3 RULES OF ORIGIN

In order to obtain the status of originating goods which allows a preferential treatment in the importing country, a product needs to meet the rules of origin according to the FTA Chapter 3 and the corresponding annex on rules of origin (“Annex II” – Product-specific rules), according to which a product originates in Switzerland or in China. The annex contains among other provisions the working or processing which has to be undertaken in order to achieve originating status.

To obtain preferential treatment in Switzerland and benefit from the tariff concessions of the FTA as originating products, imported goods from China either have to be:

- a) wholly obtained in China (Article 3.3); or
- b) the non-originating materials used in the working or processing of that product have undergone substantial transformation in China (Article 3.4).

Accordingly, a good produced in China exclusively from originating materials of both China and Switzerland is also considered as an originating product.

Wholly obtained products (Article 3.3)

A product is considered originating from a country if it is wholly obtained in such country and meets the requirements of Article 3.3 of the FTA. This applies, in general, to natural substances, agricultural products or fishing products and products manufactured entirely of such.

Substantial transformation (Article 3.4)

Products using materials of foreign origin meet the rules of origin if they have undergone substantial transformation in Switzerland or China if they fulfil the requirements of article 3.4 and Annex II to the FTA.

Substantial transformation occurs when the product undergoes a transformation substantial enough to:

- a) push the value of non-originating components below a certain percentage of the overall ex-works price of the product;
- b) cause a change in tariff classification; or
- b) the product undergoes a specified manufacturing process set out in Annex II.

Annex II lists all products according to their tariff classification and, for each category, specifies whether the product needs to satisfy paragraph a), b) or c) of substantial transformation or a combination thereof.

The processing which has to take place in the country of origin regarding the various product categories to benefit from the tariff concessions of the Agreement as originating products is defined, according to standard FTA-practice, in so-called list rules. The FTA's list rules take into account current production methods. For industrial products, in most cases originating status is conferred by a change in the four-digit tariff heading or a maximum of 60% of the value of non-originating materials in a product's ex-work price. Manufacture of a product in either China or Switzerland using materials of the other country (or both) also confers originating status.

The direct transport rule allows for splitting up of consignments in third countries under customs control, without the products losing the country of origin status.

Direct transport rule (Article 3.13)

Preferential tariff treatment under the FTA shall only be granted to originating products which are transported directly between China and Switzerland.

Originating products which are transported through the territories of countries other than China and Switzerland may still be considered as being transported directly between the two countries, provided that:

- a) they do not undergo operations other than unloading, reloading, or any operation confined to preserve them in good condition; and
- b) they remain under customs control in those countries.

Consignments of originating products may be split up in other countries for further transport subject to the fulfilment of conditions listed in subparagraphs a) and b).

5.4 CERTIFICATE OF ORIGIN

In order to obtain preferential tariff treatment in Switzerland, Chinese exporters need to provide a Certificate of Origin to prove the origin of their products according to the above-mentioned rules. The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) is the authorised body of China to issue these Certificates. They have to be obtained from the local AQSIQ and remain valid for 12 months after issuance.

The Agreement provides the possibility for Customs administrations of both countries to implement a system of so-called Approved Exporters, as Switzerland has done.

5.5 CUSTOM PROCEDURES AND TRADE FACILITATION

The provisions on trade facilitation oblige the parties to comply with international standards when designing customs procedures. Furthermore, China and Switzerland undertake to publish laws and regulations relevant for trade in goods, to cooperate in the area of trade facilitation, to issue binding information to economic operators on tariffs and origin and to base inspection at customs on objective risk assessment.

SOURCE

Certificate of Origin China

In the case of China, the Certificate of Origin has to be obtained from the local:

General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)

www.aqsic.gov.cn

SINO-SWISS FTA **FTA Chapter 4**

Custom Procedures and Trade Facilitation

SINO-SWISS FTA

FTA Chapter 5
Trade Remedies

FTA Chapter 6
Technical Barriers to Trade

FTA Chapter 7
Sanitary and Phytosanitary Measures

SOURCE

GATT 1994, Article VI: Anti-dumping and
Countervailing Duties +
GATT 1994, Article XVI: Subsidies

www.wto.org > WTO Resources > Publica-
tions > WTO analytical index > GATT 1994

WTO Agreement on Implementation of
Article VI of the GATT 1994 (Anti-Dum-
ping Agreement)

www.wto.org > WTO Resources > Publica-
tions > WTO analytical index > Anti-Dum-
ping Agreement

WTO Agreement on Subsidies and Coun-
tervailing Measures

www.wto.org > WTO documents > Legal
texts > Agreement on Subsidies and Coun-
tervailing Measures

Agreement on Technical Barriers to Trade +
Agreement on the Application of Sanitary and
Phytosanitary Measures

www.wto.org > WTO documents > Legal
texts

INFORMATION

Import Platform

For information on technical regulations
and conformity assessment procedures
(including SPS) in Switzerland consult
Switzerland's Import Platform provided by
the State Secretariat for Economic Affairs
(SECO).

www.seco.admin.ch > Topics > Foreign
trade > Import Platform

5.6 TRADE REMEDIES

For anti-dumping measures, subsidies and related countervailing duties, the FTA refers to the relevant provisions of the WTO. The agreement further allows the parties to apply bilateral safeguard measures subject to certain conditions. If tariff concessions under the FTA should lead to an increase in imports to such an extent as to cause or threaten to cause serious damage to a domestic industry, tariff concessions may be temporarily suspended.

5.6.1 Anti-Dumping

The rights and obligations of the parties in respect to anti-dumping shall be governed by Article VI of the GATT 1994 and the WTO Agreement on Implementation of Article VI of the GATT 1994, without using such measures in an arbitrary or protectionist manner.

5.6.2 Subsidies and Countervailing Measures

The rights and obligations of the parties in respect to anti-dumping shall be governed by Article VI of the GATT 1994 and the WTO Agreement on Implementation of Article VI of the GATT 1994, without using such measures in an arbitrary or protectionist manner.

5.7 REVIEW MECHANISM

With a view to further improve market access conditions, the Agreement includes a review clause which provides for review every two years of the chapter on trade in goods and the tariff schedules.

5.8 TECHNICAL BARRIERS TO TRADE (TBT) AND SANITARY AND PHYTOSANITARY MEASURES (SPS)

The objectives of the TBT and SPS provisions of the FTA are to facilitate market access, reduce costs for exporters, enhance mutual understanding of each Party's regulatory system, promote the use of international standards and strengthen cooperation between competent authorities.

In particular technical regulations (including SPS) shall not be more trade-restrictive than necessary to fulfil a legitimate objective such as the protection of human health or safety, animal or plant life or health, or the environment.

Cooperation between TBT and SPS regulators is key to effectively resolve specific trade concerns and to foster international harmonisation of technical regulations (including SPS), standards and conformity assessment procedures.

Four TBT/SPS Side Agreements complement the FTA:

1. Recognition of test results in the field of measuring equipment and instruments;
2. Cooperation in the area of telecommunication equipment;
3. Cooperation in the area of certification and accreditation; and
4. Cooperation in the area of SPS.



6. Trade in Services

6.1 INTRODUCTION

The FTA aims to provide business with a more open, stable and predictable environment in the area of services. Trade in services are of great importance for both Switzerland and China.

6.2 SCOPE AND COVERAGE

In terms of trade in services, China and Switzerland confirm and improve for certain services their commitments in the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO), to which China acceded in 2001.

The integration of GATS-disciplines into the Sino-Swiss FTA means that its definitions and relevant rules – in terms of the four modes of service supply apply, market access, national treatment, exceptions – have been adapted to the bilateral context or worded more specifically, as for example regarding domestic regulation or payments and transfers.

SINO-SWISS FTA

FTA Chapter 8
Trade in Services

SOURCE

General Agreement on Trade in Services
(GATS)

www.wto.org > WTO documents > Legal
texts > General Agreement on Trade in
Services

Market access commitments

The Sino-Swiss FTA foresees certain improvements compared to the GATS of the WTO.

Switzerland improves its specific commitments, e.g., in relation to:

- Private sector training services;
e.g. foreign languages
- Financial services;
e.g. cross-border aircraft liability insurance, issues of securities in Swiss francs
- Air transport services;
e.g. ground handling, airport management
- Additional activities by highly qualified providers of short-term contractual services.
e.g. installation and repair of machinery, engineers and management consultant

China improves its specific commitments, e.g., in relation to:

- Environmental services;
e.g. waste water treatment, emission, noise control services
 - Financial services;
e.g. securities services
 - Air transport services;
e.g. aircraft maintenance and repair, ground handling
 - Logistics services;
e.g. customs clearance services
 - Providers of short-term contractual services.
e.g. installation and repair of machinery, architects and engineers
-

The rules of the services chapter of the FTA apply to all measures affecting trade in services at the central, regional and local government levels, and by non-governmental bodies performing delegated regulatory functions.

Exceptions to sectors of trade in services

As in the GATS, the general obligations apply to all service sectors with the two exceptions of:

- a) Services rendered by government bodies in the performance of sovereign competencies, i.e. on a non-commercial basis and not in competition with other suppliers;
 - b) Traffic rights in air transport (analogue to GATS)
-

The covered modes of supply of services are identical to the modes of supply defined in the GATS, they include:

1. Cross-border service supply;
Cross-border trade in services in the form of services being moved across the border, e.g. the dispatch of an architectural plan via the Internet or telephone call from China to Switzerland
2. Service supply within a Party's national territory to nationals of the other Party;
The use of a service by a foreign consumer who moves from China to Switzerland or vice versa consuming services abroad, e.g. a Swiss tourist who travels to China
3. Commercial presence in the other Party's territory; and
Trade in services is associated in this case with a direct investment, e.g. branches, subsidiaries or joint ventures of logistics companies, banks, insurance companies and other service companies
4. Service supply through the presence of natural persons in the other Party's territory.
The provision of services by a natural person, who is temporarily sent by a Chinese company to Switzerland, or vice versa, e.g. such as by a consultant or another highly qualified employee of a Chinese or a Swiss company

6.3 FINANCIAL SERVICES

By rules more precisely specified compared to the GATS, e.g. regarding transparency and licensing procedures, legal security is enhanced while sector-specific provisions for financial services specify, e.g., the rules for prudential measures taken by supervisory authorities (required to be reasonable and non-discriminating against foreign suppliers in favour of domestic ones) and include specific transparency and information obligations with regard to financial regulation.



7. Investment Promotion

The provisions of the FTA are complementary to the bilateral Agreement between China and Switzerland on the Promotion and Reciprocal Protection of Investments (investment protection agreement BIT), which has been in force since April 2010. The BIT remains in force unchanged, consequently the provisions of the FTA are confined to investment promotion.

In terms of investment promotion, the FTA aims to:

1. Strengthen cooperation between the parties; and
e.g. in the form of exchange of information on investment regulations and investment promotion measures
2. Support investors in gaining a better understanding of the investment regulations and regulatory environment.

A review clause foresees the regular examination of investment regulations and, upon request, negotiations will take place should either China or Switzerland conclude an agreement with a third country which foresees better treatment than the one granted to the other Party.

Investment Protection Agreements BIT

With more than 120 signed BITs, Switzerland has the world's third largest network of such agreements. With each BIT, Switzerland improves the general conditions and hence its appeal as a location for international investments.

SINO-SWISS FTA

FTA Chapter 9

Investment Promotion

SOURCE

Investment Protection Agreement BIT

www.seco.admin.ch > Topics, Foreign trade > International Investments > Switzerland's Investment Treaty Policy

HANDBOOK FOR INVESTORS

For more general information on the investment situation in Switzerland, please refer to the **Handbook for Investors - Business Location in Switzerland**

www.s-ge.com/invest > Publications > Investor's Handbook



8. Competition

With the FTA in force, China and Switzerland are required to apply their competition laws with the aim of preventing anticompetitive practices by companies which affect trade between the Parties.

The following practices of companies are particularly recognized as anticompetitive since they are perceived to diminish the advantages resulting from the FTA:

- a) Anticompetitive agreements;
- b) The abuse of dominant market positions; and
- c) Anti-competitive mergers.

The competition authorities shall cooperate to effectively implement their respective competition laws regarding cases which affect trade between China and Switzerland.

At the request of one of the Parties consultations will be held in the Joint Committee to resolve differences of opinion.

SINO-SWISS FTA

FTA Chapter 10

Competition



9. Protection of Intellectual Property Rights

In the field of intellectual property, China and Switzerland commit to applying high international standards in accordance with the principles of most-favoured-nation treatment (MFN) and national treatment.

The FTA contains a number of provisions regarding protection and enforcement of intellectual property rights which go beyond international minimum standards contained in the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPS). This is, e.g., the case for the types of trademarks that are protectable (e.g. sound marks), the scope of patentability for biotechnological inventions, the protection of test data regarding pharmaceutical and agrochemical products in market approval procedures, as well as indications of source and geographical indications, including the country names of the Parties. As for enforcement, the FTA requires border measures not only for imported but also for exported goods and strengthens enforcement procedures in criminal and civil law.

SINO-SWISS FTA
FTA Chapter 11
Protection of Intellectual Property Rights

SOURCE
Agreement on Trade Related Aspects of Intellectual Property (TRIPS)

www.wto.org > WTO documents > Legal texts > Trade Related Aspects of Intellectual Property Rights



10. Sustainable Development

In the chapter on environmental issues of the FTA, China and Switzerland acknowledge the principle that economic development, social development and environmental protection are mutually supportive elements of sustainable development. The aim of sustainable development shall be integrated in their mutual economic relations.

They reaffirm their commitment to promoting economic development and bilateral trade in a way that contributes to sustainable development.

The Parties reaffirm their commitment to effectively implement in national law and practice the applicable multilateral environmental agreements. They endeavour to improve the level of environmental legislation and acknowledge that the level of environmental protection as laid down in national legislation shall not be reduced in order to attract investment or to obtain a trade advantage, and that environmental standards should not be abused for protectionist purposes. The Agreement seeks to facilitate investments, trade and the dissemination of goods, services and technologies which have a beneficial effect on the environment, as well as to promote cooperation between companies in this respect. The Agreement foresees that cooperation on environmental issues will be intensified on the bilateral and multilateral levels.

A review clause provides that the Parties periodically review progress made in the implementation of the objectives on environmental issues, taking into account relevant international developments.

Complementing the provisions on sustainable development and environmental issues in the FTA, a bilateral Agreement on Labour and Employment Cooperation concluded in parallel to the FTA provides that China and Switzerland resolve to improve working conditions and to effectively implement their labour legislations. The Parties reaffirm their commitments arising from their membership of the International Labour Organization (ILO). They acknowledge that the level of labour standards as laid down in national legislation shall not be reduced in order to attract investment or to obtain a trade advantage, and that labour standards should not be abused for protectionist purposes. The Agreement underlines the importance of bilateral cooperation on labour and employment issues and foresees the establishment of contact points as well as consultations between the Parties.

SINO-SWISS FTA
FTA Chapter 12
Environmental Issues

SOURCE
Agreement on Labour and Employment Cooperation between the Swiss Federal Department of Economic Affairs, Education and Research and the Chinese Ministry of Human Resources and Social Security

www.seco.admin.ch > Topics > Foreign trade > Free Trade Agreements > Partners worldwide > China > Texts of the agreements > Agreement on Labour and Employment



11. Economic and Technical Cooperation

The provisions on economic and technical cooperation establish that the objective of cooperation is to promote the mutual benefits of the agreement in the spirit of sustainable development, including in relation to trade and investment opportunities and through strengthening competitiveness and capacity for innovation.

11.1 AREAS OF COOPERATION

Potential areas for cooperation are described in more detail in a separate work programme, e.g. including the areas of (non-exhaustive list):

- Industrial cooperation;
e.g. the establishment of a Working Group on watches and clocks
- Environmental and labour;
e.g. agreement on cooperation in labour and employment issues (supplementary agreement)
- Health;
e.g. traditional Chinese medicine
- Services;
e.g. tourism
- Agriculture/Sustainable development;
e.g. ecologically sustainable production
- Quality control;
e.g. product safety
- Protection of intellectual property.
e.g. protection standards and enforcement

11.2 GOVERNMENT PROCUREMENT

Within the framework of the provisions on economic and technical cooperation, China and Switzerland agree to hold consultations and to cooperate in the area of government procurement. In addition, the Agreement provides for specific obligations to transparency and points of information on government procurement.

China and Switzerland will undertake to start negotiations on a bilateral agreement on government procurement once the current negotiations on China's accession to the Agreement on Government Procurement (GPA) of the WTO will have been completed.



12. Institutional Provisions

A Joint Committee with equal representation and taking decision by consensus is established in order to monitor and review the implementation and further development of the Agreement.

As such, the Joint Committee shall:

- Keep under review the possibility of further removal of barriers to trade;
- Oversee its further elaboration;
- Supervise the work of all sub-committees and working groups;
- Endeavour to resolve disputes; and
- Consider any other matter that may affect the operation of the Agreement.

The Joint Committee shall meet at least once every two years, or whenever necessary, and within one year of the entry into force of the FTA.

The on-going communication between the two parties will take place through designated contact points. The Joint Committee will be assisted by a number of sub-committees on:

- Origin issues;
- Customs procedures;
- Technical Barriers to Trade (TBT);
- Sanitary and Phytosanitary Measures (SPS); and
- Services.

The Joint Committee may appoint additional sub-committees and working groups if needed.

SINO-SWISS FTA
FTA Chapter 14
Institutional Provisions

CONTACT

For the purpose of facilitating communication between the parties on any matter covered by the FTA, the following contact points are designated:

For CHINA
the Ministry of Commerce MOFCOM

www.mofcom.gov.cn

For SWITZERLAND
The State Secretariat for Economic Affairs
SECO

www.seco.admin.ch



13. Dispute Settlement

In the event of differences of opinion over the interpretation or application of the FTA, China and Switzerland are required to resolve these by way of consultation.

Failing this, an inter-governmental arbitration procedure can be convened for specific areas and an arbitration panel is established to resolve the dispute. The decision of the arbitration panel is final and binding on the Parties.



14. Final Provisions

China and Switzerland take the necessary measures to adhere to all their responsibilities resulting from the Agreement. This also applies to all annexes and appendices, which form an integral part of the FTA.

Either Party can submit a proposal with amendments to the Agreement to the Joint Committee. If the Joint Committee agrees to the amendments, they then will have to be ratified or approved by both Parties.

Either Party can terminate the agreement by notifying the other Party. The Agreement shall terminate at the end of six months after the date of notice.

The Agreement comes into force on July 1, 2014.



Swiss Business Hub China

At the Swiss Business Hub China we are here to support your company by providing various services and information you may need.

Switzerland Global Enterprise (S-GE) is represented abroad by Swiss Business Hubs. With 21 hubs around the world, Switzerland Global Enterprise seeks to support entrepreneurs and promote Switzerland as a business location. Its role as a centre of excellence for internationalization is to foster exports, imports and investments, to help clients develop new potential for their international businesses and to strengthen Switzerland as an economic hub. Switzerland Global Enterprise is a strong and trusted partner for its clients, the cantons and the Swiss government, with a global network of experienced advisers and experts. All hubs have a first-rate network of contacts abroad on account of their official status.

THE SWISS BUSINESS HUB CHINA

The Swiss Business Hub China informs potential investors, entrepreneurs, managers, consultants and interested parties about Switzerland as a business location. It works together with its headquarters in Zurich (S-GE), the cantonal business promotion representatives in selected markets and industry clusters, to actively pursue the marketing of Switzerland as a business location.

INVESTMENT PROMOTION

Switzerland Global Enterprise plays a role in encouraging foreign companies to locate to Switzerland by implementing measures to promote the country as a business location. Encouraging foreign companies to settle in Switzerland is a joint undertaking conducted at both federal and cantonal level. Switzerland Global Enterprise has been commissioned by the Swiss government and the cantons to ensure that Switzerland presents a consistent image abroad; to transmit information between foreign companies and the cantons; to coordinate marketing activities and to create the right environment for smooth cooperation with the cantons as far as the location of foreign companies in Switzerland is concerned. Swiss Business Hubs open the door to Switzerland and its public authorities abroad. In close cooperation with various partners from the private sector and the network of the cantons' economic promotion boards, foreign companies are assisted in finding the right information about Switzerland as a business location.

VISION AND MISSION

- Switzerland Global Enterprise (S-GE) informs, advises and assists clients with international business projects.
- S-GE links companies, experts and both private and public organisations around the world.
- S-GE works with a broad network of dedicated and competent partners.
- S-GE employs a professional and market savvy staff who support companies in their international business projects.
- S-GE offers its clients objective and non-partisan support, acting as a publicly financed non-profit company.

Interested in locating your business in Switzerland?

We're here to help!

We support your company by providing the preliminary information you need for free.

[LINK](#)

Switzerland Global Enterprise (S-GE)

www.s-ge.com

Addresses

BUSINESS AREAS

Greater Geneva-Berne area

www.ggba-switzerland.ch

Berne: www.berneinvest.com
Fribourg: www.promfr.ch
Geneva: www.whygeneva.ch
Neuchatel: www.jura.ch/eco
Valais: www.business-valais.ch
Vaud: www.dev.ch

Greater Zurich Area

www.greaterzuricharea.ch

Glarus: www.glarusnet.ch
The Grisons: www.awt.gr.ch
Schaffhausen: www.economy.sh
Schwyz: www.schwyz.economy.ch
Solothurn: www.locationsolothurn.ch
Winterthur: www.standort-winterthur.ch
Zug: www.zug.ch/economy
Zurich: www.awa.zh.ch

BaselArea Economic Promotion

www.baselarea.ch

Basel-Country: www.baseland.ch
Basel-Town: www.basel.ch

Independent Cantons

Aargau: www.aargauservices.com
Lucerne: www.lucerne-business.ch
Nidwalden: www.nwcontact.ch
Obwalden: www.iow.ch
Ticino: www.copernico.ch
Uri: www.ur.ch/wfu

St. GallenBodenseeArea

www.sgba.ch

Appenzell (AR): www.wifoear.ch
Appenzell (IR): www.ai.ch
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Thurgau: www.wifg.ch

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