



SJCC

Swiss – Japanese Chamber of Commerce
スイス日本商工会議所

FTEPA Switzerland-Japan 5 Years in Force: Swiss Importers have saved 41 Millions Swiss Francs on duties, mainly on vehicles

Background:

The bilateral Free Trade and Economic Partnership Agreement (FTEPA) Switzerland-Japan entered into force on September 1st, 2009. 5 years after – was it of practical use for the Swiss importers of Japanese goods? A statistical analysis by PD Ph.D. Patrick Ziltener of the University of Zurich on behalf of the Swiss-Japanese Chamber of Commerce (SJCC) based on data from the Swiss Customs Directorate now provides some answers.

Main results:

- About one third of Swiss imports (according to value) from Japan is effectively exempted from duties under FTEPA. This allows importers to save roughly 10 Millions Swiss Francs every year.
- On the average the annual success rate is 62.7%, i.e. these 10 Million Swiss Francs are almost two thirds of the savings maximally possible.
- From September 1st 2009 to the end of 2013, the importers of Japanese goods have verifiably realized – thanks to FTEPA – savings in the amount of 41 Millions Swiss Francs altogether.
- The main beneficiaries are the importers of vehicles. With 35 Millions Swiss Francs altogether they realized 85% of all savings realized since the enforcement of FTEPA.

Detailed results for the year 2013 (table p. 6):

- Thanks to FTEPA, almost 82% of all cars, truck and motorcycles imported from Japan have been exempted from duties. The importers saved more than 5.6 Millions Swiss Francs in 2013.
- In the electrical/machinery sector only 17.3% of imports were duty-free, but this enabled savings of more than half a Million Swiss Francs. The imports of wire of high speed steel (HS72299023) alone were freed from duties to the amount of 112'000 CHF.
- One third of all textile imports from Japan were exempted from duties thanks to FTEPA. More than 100'000 CHF on duties were saved.
- Almost half (45%) of all plastic/rubber exports from Japan were freed from duties which enabled savings of more than half a Million CHF in 2013 alone.
- FTEPA is of lesser importance for the imports of watches, instruments and jewellery, as well as in the chemical/pharmaceutical sector.
- Rather disappointing is the balance sheet regarding food imports from Japan: Less than 20% were verifiably exempted from duties thanks to FTEPA in 2013. Consequently, only 46'515 CHF on duties could be saved by importers, while the remaining savings potential amounts to almost 200'000 CHF. At least, almost half of the imports of Japanese soy sauce and vinegar reached Switzerland in 2013 duty-free!

Table: Swiss Imports from Japan, 2013

Industry (HS No.)	import value	FTA applicable	FTA applied	AUR	RZE	VEP	ERG
01-15 Animal & Vegetable Products	7'152'673	1'035'808	0	0.0%	0	47'418	0.0%
16-24 Foodstuffs	9'695'666	4'233'325	783'822	18.5%	46'515	151'015	23.5%
28-38 Chemical, Pharma	805'333'669	141'733'314	26'686'510	18.8%	71'530	218'690	24.6%
39-40 Plastics, Rubbers	126'995'492	124'561'682	56'478'374	45.3%	502'308	349'929	58.9%
44-49 Wood	7'249'254	6'589'088	1'475'653	22.4%	18'241	70'735	20.5%
50-63 Textiles	16'520'404	16'277'713	5'670'881	34.8%	105'047	253'982	29.3%
68-71 Stone, Glass	784'989'664	773'245'927	3'475'477	0.4%	61'124	138'392	30.6%
72-85 Metal, Machinery, Electrical	868'537'462	466'384'851	80'827'648	17.3%	575'325	1'845'446	23.8%
86-89 Transportation	657'321'267	650'046'576	531'872'791	81.8%	5'625'339	2'599'419	68.4%
90-91 Watches, Instruments	257'145'567	128'887'171	4'052'182	3.1%	10'461	272'257	3.7%
Miscellaneous	39'449'178	35'167'024	4'349'051	12.4%	34'546	349'847	9.0%
	3'580'390'296	2'348'162'479	715'672'389	30.5%	7'050'435	6'297'130	52.8%

CHF. Data source: Swiss Customs Directorate, Berne. Calculations: P.Ziltener/G.Blind, University of Zurich.

AUR: adjusted utilization rate (column 4/column 3)

RZE: savings realized

VEP: remaining savings potential (= duties paid)

ERG: rate of savings realized (= success rate, column 6/ column 6+7)