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Federal Department of
Economic Affairs, Education and Research EAER

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Factsheet: Optimisation of the Switzerland–China FTA

Introduction

On 20 August 2026, Switzerland and the People's Republic of China announced the conclusion of negotiations on the optimisation of their Free Trade Agreement (FTA). The agreement places bilateral economic relations on a comprehensive and modern footing, corrects imbalances and improves the framework conditions for companies operating in each other's markets.

The People's Republic of China is Switzerland's most important trading partner after the EU and the US. In 2025, the volume of bilateral trade in goods, excluding gold and other valuables, amounted to around CHF 33.5 billion. Switzerland exported goods worth around CHF 15.2 billion to the People's Republic of China and imported goods worth around CHF 18.3 billion.

Negotiations to improve the FTA were officially launched in September 2024. Switzerland's main objectives were to improve market access for Swiss goods that do not have duty-free access to the Chinese market under the existing FTA, to agree on market access commitments in the field of investment based on reciprocity, and to strengthen the provisions on trade and sustainable development (environmental and labour standards) in the existing FTA package. In addition, the topics of rules of origin, trade facilitation, trade in services, digital trade, competition, and economic and technical cooperation were also on the negotiating agenda. Finally, the optimisation provided an opportunity to close gaps in the preamble to the FTA.

The enhanced agreement strengthens legal certainty and predictability for businesses and facilitates economic exchange. At the same time, it preserves the regulatory discretion of both countries. The texts of the agreement are currently undergoing legal review. Once this work is complete, Switzerland and the People's Republic of China will prepare for the signing and the respective domestic approval procedures.

The following provides an overview of the key outcomes of the negotiations. The texts of the agreements will be published at the time of signing.

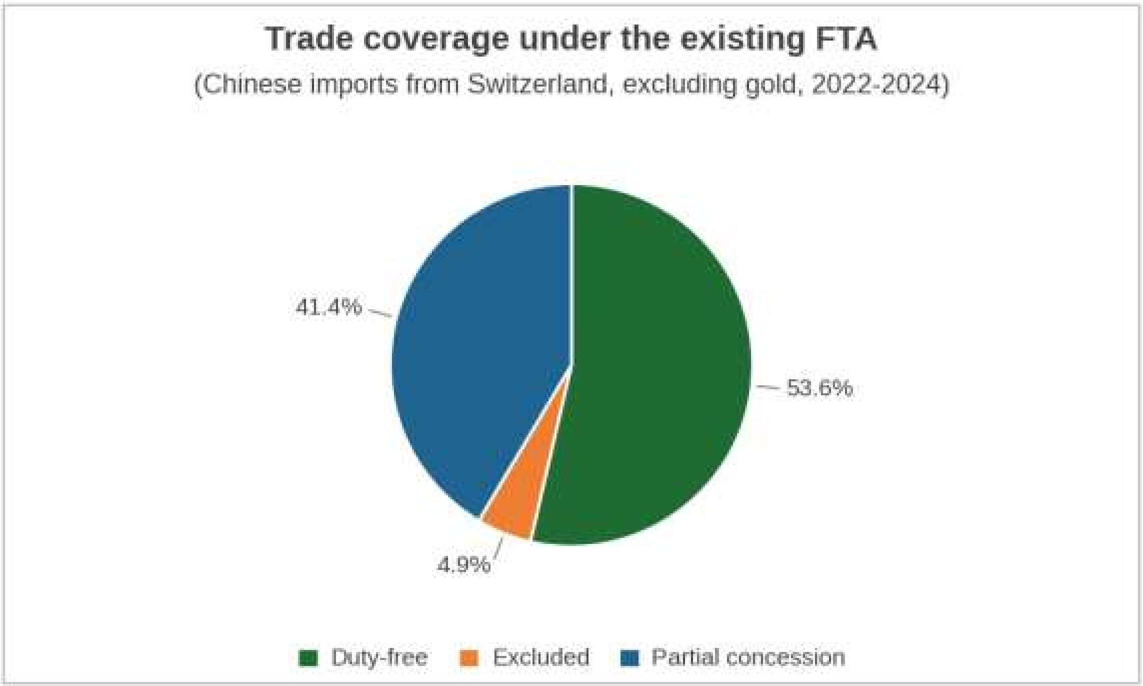
Preamble

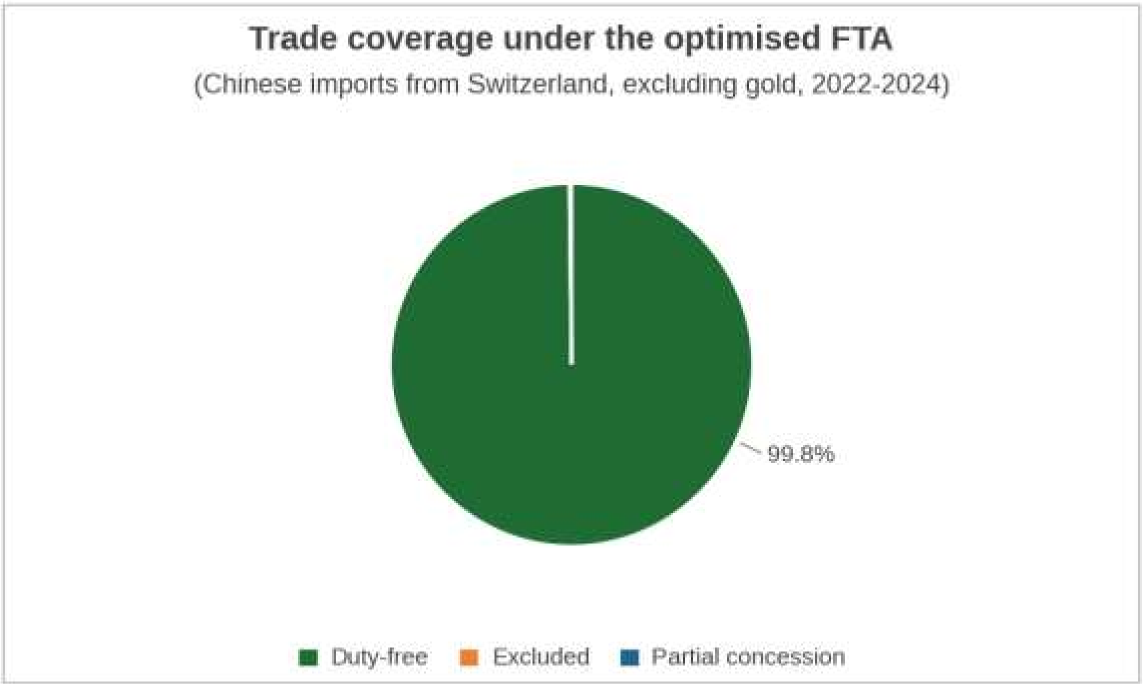
Two specific amendments were made to the preamble as part of the optimisation of the agreement: China agreed – for the first time in a free trade agreement – to a reference to the Universal Declaration of Human Rights. In addition, a paragraph was inserted referring to the rights and obligations of the contracting parties under multilateral environmental agreements.

Trade in goods

Market access:

Under the optimised FTA, **99.8%** of **Swiss exports to China** will be **completely duty-free in the medium term**, 77.5% of which from the date the optimised FTA enters into force.[1] Under the existing FTA, around half (53.6%) of Swiss exports to China benefit from duty-free access.





[1] Duty-free access following the expiry of the tariff reduction periods of between 5 and a maximum of 10 years, assuming that all exports take place under the FTA. The figures on trade coverage and potential tariff savings are based on China's import statistics for the years 2022–2024, excluding gold (7108.12).

The revised FTA offers **additional potential for tariff savings of approximately CHF 244 million** on Swiss exports to China, particularly for watches[2] , machinery and pharmaceutical exports.

Under the optimised FTA, in **the industrial sector,** all watches and pharmaceutical products**,** as well as around 100 per cent of all machinery and chemical exports, will gain duty-free market access following the expiry of phase-out periods. Under the existing FTA, partial concessions generally apply to these products.

Sector	**Duty-free trade coverage**	
	Existing FTA	**Optimised FTA**
Watches (HS Chapter 91)	1.0%	100.0%
Precision instruments (HS Chapter 90)	85.9%	100.0%
Electrical machinery (HS Chapter 85)	89.0%	100.0%
Machinery (HS Chapter 84)	74.7%	100.0%
Plastics (HS Chapter 39)	52.9%	100.0%
Pharmaceuticals (HS Chapter 30)	29.1%	100.0%
Chemicals (HS Chapter 29)	50.4%	100.0%

In **the agricultural sector,** this applies to cheese, as well as roasted coffee and coffee-based preparations, following a 10-year phase-out period. These products had previously been subject to partial concessions or were excluded. Other Swiss agricultural export products, such as chocolate, baby and infant food, wine and dried meat, are already duty-free under the existing FTA.

Switzerland had already committed under the existing FTA not to levy import duties on industrial products from China. The optimised agreement covers 97.3 per cent of Chinese agricultural exports, 80.1 per cent of which are duty-free.[3] For products that are more sensitive for Switzerland, a reduction or elimination of duties within the existing WTO tariff quotas has been agreed, taking seasonal restrictions into account. This applies, for example, to various fruits and vegetables as well as fruit juices. Furthermore, specific Chinese interests were taken into account, such as dog and cat food, sunflower seeds and various oilseeds and seeds. Processed agricultural products from China remain subject to the price compensation mechanism. The concessions are compatible with Swiss agricultural policy.

<u>Further provisions:</u>

With regard to **import and export restrictions**, the following provisions have been included in addition to the WTO rules already incorporated into the existing FTA: a notification requirement for existing measures; and, with regard to future export restrictions, an obligation to publish or provide advance notice (21 days before entry into force) to the other party, specifying the duration, nature and justification of the measure. In addition, a consultation mechanism is established with regard to future export restrictions.

Furthermore, the parties undertake to design any measures in a non-discriminatory and transparent manner, without creating unnecessary trade barriers for the other party. The design

[2] The Chinese luxury tax is not covered by the FTA.

[3] The figures on trade coverage are based on Swiss import statistics for the years 2022–2023.

and duration of the measure shall be proportionate, and due account must be taken of any potential adverse effects on the other party. These provisions contribute to the resilience of international supply chains.

With regard to **export duties**, the rights and obligations of the parties under the WTO Agreement are incorporated into the optimised FTA. This is particularly relevant for China, which, upon its accession to the WTO, bound the maximum level of export duties to the WTO. No agreement could be reached on the reduction of export duties or taxes.

With regard to **export licences**, which are not covered by the existing FTA, the optimised FTA provides for an obligation to notify existing measures and an obligation to publish new measures or amendments to existing ones. Furthermore, the parties undertake to respond promptly to enquiries from the other party regarding procedures.

With regard to **import licences,** the parties reaffirm the relevant WTO law in this area.

The optimised FTA incorporates principles governing **the transposition of tariff concessions** following an update to the so-called 'Harmonised System' (HS). The parties thus undertake not to worsen their tariff concessions as a result of such technical adjustments, to publish transposed tariff concessions and to notify the other party thereof. Consultations shall be held upon request.

<u>Rules of origin:</u>

Based on the texts currently in force, important provisions have been agreed upon for Swiss producers and exporters. For instance, under certain conditions, it is now possible to carry out processing operations on a product within the territory of a non-contracting party. Furthermore, the granting of preferential treatment will no longer require products to be transported directly between the contracting parties. In addition, the conditions for the use of electronic EUR.1 certificates of origin have been established. The exchange of data between customs authorities – which is central to determining the use of preferential treatment – has been explicitly enshrined in the agreement. It is also stipulated that a product which is assigned a new heading on the basis of the periodic HS editions published by the World Customs Organisation (WCO) shall, in principle, retain the same list rules.

In the area of **list rules**, changes were successfully made to take account of structural developments in parts of Swiss industry. These relate, amongst other things, to the food and machinery industries.

<u>Trade facilitation:</u>

The modernised chapter largely reflects current Swiss standards, particularly with regard to the inclusion of the WTO Agreement on Trade Facilitation. Furthermore, provisions on preferential treatment for perishable goods, as well as further targeted improvements to content and structure, have been achieved.

<u>Technical barriers to trade</u>

The existing chapter on technical barriers to trade (TBT) provides the framework for regulatory cooperation between the contracting parties. To implement this, the TBT Sub-Committee provided for in the Agreement meets regularly, usually once a year. Experience to date has highlighted the need for certain clarifications and **for deeper cooperation** in specific areas. Whilst the TBT chapter and the existing annex on the labelling of textiles remain largely unchanged, existing specific agreements have been transferred to annexes and further developed, notably in the areas **of standardisation and conformity assessment**.

Trade in services

This optimisation has enabled the **provisions on domestic regulation** to be updated and the results of the plurilateral WTO initiative to be incorporated into the FTA. Among other things, these provisions aim to ensure clarity, transparency and legal certainty regarding the requirements and procedures in the area of authorisations and qualifications.

The specific rules for **financial services** have also been updated. For financial service providers with a commercial presence in China, the FTA will improve legal certainty regarding the provision of new financial services and ensure participation in public payment and clearing systems, as well as in official financing facilities, on a non-discriminatory basis. This also applies to self-regulatory organisations, stock exchanges or other organisations necessary for the provision of financial services. These provisions are based on the WTO Understanding on Commitments in Financial Services, on the basis of which Switzerland – unlike China – has undertaken its commitments under the GATS.

The FTA will include a new article on cooperation in the field of **maritime transport services**. This will serve as a basis for the competent authorities to facilitate market access using appropriate instruments outside the FTA.

As regards market **access**, China has raised its level of commitments in a number of sectors of interest to the Swiss economy. In particular, China is improving the conditions for Swiss companies that are established in China or wish to establish themselves there. The latter are guaranteed the right to be sole owners of their subsidiaries, particularly in the areas of technical testing and analysis services (including freight inspection), services incidental to manufacturing, financial services (insurance, banking and securities firms), air transport services (repair and maintenance of aircraft, ground handling), as well as maritime transport services and auxiliary maritime transport services. The scope of China's commitments corresponds overall to those it has granted under the Regional Comprehensive Economic Partnership (RCEP). In certain sectors, Switzerland secured further-reaching commitments from China, particularly in insurance services and air transport services. This ensures that Swiss service providers enjoy market access conditions that are comparable to those of their competitors in the Asia-Pacific region or that give them an advantage over competitors on the European continent.

Switzerland has also extended its market access commitments, particularly with regard to natural persons who, under a contract, provide services in Switzerland for a period of 90 days per year. These improvements are largely in line with the level of market access agreed under other FTAs. Switzerland has also undertaken commitments in the field of traditional Chinese medicine, although these are limited to teaching and training, as well as research and development.

Investment

China and Switzerland have entered into **commitments regarding national treatment (NT) and most-favoured-nation (MFN) treatment** for investment in non-services sectors – including manufacturing, which is important for Switzerland. These apply to the establishment and acquisition of companies with legal personality, as well as branches.

As Switzerland is already open to foreign investment, the MFN clause in particular will work to its advantage. At the same time, **Switzerland's defensive interests and policy space** are **safeguarded**. For example, the energy sector is exempt from market access commitments. With regard to the future implementation of the Investment Screening Act, the necessary policy space has been reserved.

In the non-services sector, **performance requirements** imposed on companies are prohibited. This precludes linking the establishment or operation of a branch to conditions such as local content requirements, technology transfer, specific staffing requirements or export obligations. In addition, provisions on **investment promotion and facilitation** have been agreed, such as those relating to transparency and simpler authorisation procedures. Finally, both contracting parties are extending their existing GATS obligations regarding intra-corporate transferees and business travellers to non-services sectors.

The new obligations complement the market access commitments in the Services Chapter and the protective provisions for existing investments set out in the Investment Protection Agreement. As a result, the investment provisions now cover all areas across the entire investment cycle (promotion, facilitation, market access and protection).

Digital trade

As part of the optimisation of the FTA with China, a new chapter on digital trade has been negotiated. This chapter contains numerous provisions that are of central importance to the digital economy. It establishes a **modern regulatory framework for digital business activities**. The chapter fully safeguards Switzerland's interests, strengthens the foundations for forward-looking economic cooperation with China and preserves Switzerland's political room for manoeuvre.

The overarching aim is **to increase legal certainty in digital trade** and to contribute to reliable framework conditions through clear and transparent rules. This is particularly important for companies operating with digital business models or providing digital services across borders.

Switzerland has also been able to address current challenges in digital trade with China. For example, the chapter contains a provision on bulk parcel shipments. This provision emphasises cooperation and close communication between the partners in the event of any infringements, for instance in the area of product safety. This addresses consumer protection concerns that have become increasingly important in the context of the rapidly growing cross-border online trade.

Another important aspect is the promotion of paperless trade. The relevant provisions facilitate the use of electronic documents and digital processes in commercial transactions. This reduces administrative burdens, increases efficiency and lowers transaction costs.

Trade and sustainable development

Strengthening the provisions relating to trade and sustainable development (environmental and labour standards) was one of Switzerland's main objectives.

In terms of **structure**, the environmental chapter in the existing FTA has been transformed into an integrated chapter on trade and sustainable development, which contains binding commitments on environment and labour. Compared with the previous arrangement, where all labour provisions were contained in a side agreement, this represents significant progress.

In the **environmental** field, the existing provisions have been significantly improved:

- The revised chapter contains all the elements that Switzerland typically agrees upon in other FTAs in this area. These include commitments to effectively implement domestic legislation and not to lower existing levels of environmental protection in order to gain trade advantages, as well as to implement the multilateral environmental agreements ratified by the parties (including the Paris Agreement). In addition, there are specific provisions regarding climate change, biodiversity, forest protection, sustainable fisheries and agriculture. Furthermore, provisions have been agreed with China that go beyond Switzerland's usual approach in other FTAs (transition to clean energy, resource conservation and the circular economy). These substantial provisions are complemented by commitments regarding public information and dialogue with stakeholders.
- The outcome environment represents one of the most ambitious chapters Switzerland has concluded to date in this area. These are also the most ambitious environmental provisions that China has ever accepted in a trade agreement.

In the field of **labour**, the following outcome was achieved:

- In the agreement, Switzerland and China commit to respect fundamental principles and rights at work (freedom of association and the right to collective bargaining; elimination of forced labour; abolition of child labour; non-discrimination in employment; occupational safety and health) and to effectively implement the relevant ratified conventions of the International Labour Organisation (ILO). This key provision appears for the first time in one of China's FTAs.
- In addition to the above-mentioned provisions on international labour standards, Switzerland and China have also agreed on legally binding provisions concerning the effective implementation of national legislation, the promotion of social dialogue and tripartism, responsible business conduct (with reference to the UN Guiding Principles on Business and Human Rights), provisions on public information and dialogue with stakeholders, as well as cooperation provisions in line with Switzerland's interests. As under the existing FTA, these provisions are enshrined in a side agreement at the level of the relevant ministries.

The enhanced FTA strengthens **dispute settlement** regarding the provisions on the environment and labour standards by allowing for the convening of a **panel of experts**. In both cases, the panel is authorised to examine the facts of the case and to make recommendations to the parties on how to resolve the disagreement. There are, however, distinct panel procedures for environmental and labour provisions.

Competition

Under the existing competition chapter, the contracting parties were required to apply their competition law with the aim of ensuring that anti-competitive conduct by undertakings (namely cartels, abuse of dominant positions and mergers that restrict competition) did not undermine the benefits arising from the Agreement. The new chapter obliges the parties to prohibit cartels, the abuse of dominant positions and mergers that restrict competition in their competition legislation. This also applies to state-owned enterprises. Furthermore, the chapter has been supplemented with obligations regarding information, consultation and transparency.

Technical and economic cooperation

The optimisation of the FTA also allows for the expansion of provisions on economic and technical cooperation. The two sides have agreed to cooperate in the field of **agriculture**, with a focus on sustainability. They have also agreed to strengthen cooperation with the aim of making it easier for **SMEs** in both countries to benefit from the FTA. The parties are establishing a framework to enable them to cooperate on the issue **of subsidies** where necessary. In this context, they recognise that subsidies can affect trade between the two countries and must therefore be economical, effective and efficient, as well as necessary to achieve a policy objective. The agreed cooperation in the area **of supply chains** aims to strengthen resilience and reduce volatility in global supply chains and markets. Cooperation in this area complements the substantial commitments regarding import and export restrictions, export duties and export licences (see the explanations on trade in goods above).