Trade Policy Review of Switzerland and Liechtenstein
(First Session on 18 May 2022)

Statement by Hong Kong, China

- First of all, I would like to extend a warm welcome to the delegation of Switzerland led by Ambassador Markus SCHLAGENHOF and the delegation of Liechtenstein led by Ambassador Kurt JÄGER. I would also like to thank the Discussant Ambassador TAN Hung Seng of Singapore for his insightful remarks, and the Secretariat for the comprehensive reports they have prepared for this review.

- Hong Kong, China (HKC) maintains cordial economic and trade relations with Switzerland and Liechtenstein, as demonstrated by the Free Trade Agreement (FTA) between HKC and the Member States of the European Free Trade Association (EFTA). The FTA entered into force in 2012, providing favourable market access for goods and services, and facilitating closer trade and investment ties between HKC and Switzerland and Liechtenstein.

- Switzerland was HKC's 16th largest partner in merchandise trade in 2021, while HKC was Switzerland's 7th largest trading partner in merchandise in the world and the second largest in Asia in 2020. In 2021, the bilateral merchandise trade between HKC and Switzerland amounted to US$11.5 billion, and that between HKC and Liechtenstein amounted to US$20.9 million. In terms of services trade, Switzerland was HKC's 14th largest trading partner in 2020 and our bilateral services trade amounted to US$1.3 billion.

- We have the following observations on the trade policies of Switzerland and Liechtenstein.

- First, **trade facilitation**, we commend Switzerland's and Liechtenstein's efforts in continuously upgrading their trade facilitation measures. During the review period, Switzerland launched a major customs reform initiative "DaziT" to transform its customs procedures to better facilitate trade, and this initiative will also be applied in Liechtenstein. We note that this initiative will result in a full-fledged electronic single window system, with simplified and fully digitalised customs procedures, which will reduce regulatory costs and further improve the efficiency and security of the system.

- Second, **tariff**. The tariff structure of Switzerland and Liechtenstein remains the same as in the last review in 2017, and consists exclusively of specific rates that are generally based on gross weight. While these specific rates may be easier to administer, they are not as transparent and predictable as ad valorem rates. We would encourage both Members to consider additional measures to enhance the transparency of their tariff regime.

- On the other hand, we are pleased to note that Switzerland and Liechtenstein have bound 99% of their tariff lines, with an increase in the proportion of duty-free tariff lines, a decrease in the estimated average applied tariff rate and a drop in the tariff peak during the review period. We note further that Switzerland will abolish industrial tariffs (with certain exceptions) and simplify the tariff structure with effect from 2024. We highly commend such efforts in promoting open markets and believe the reduction of compliance costs brought about by these initiatives will benefit exporters as well as local consumers.

- Turning to **technical regulations**, we commend Switzerland's efforts in reducing barriers to trade through measures including aligning national standards with international or European standards, concluding mutual recognition agreements with a number of economies to recognise conformity assessments of export markets and reduce technical barriers, and harmonising the Swiss law with the European Union law on sanitary and phytosanitary measures (on the marketing of food products and plant health).

- Further, Switzerland notified the WTO Working Party on State Trading Enterprises in December 2020 that imports of ethanol and spirits are allowed without permit or restrictions. Plans have also been announced for the privatisation of a wholly-owned subsidiary of the state-owned Swiss Post. We are pleased to note these liberalisation actions and plans, which help promote market competition.

- Lastly, on **services trade**. The Services sectors accounted for 73% of Switzerland's GDP in 2020 and 54% of Liechtenstein's GDP in 2019. We are pleased to note that during the review period both Members have introduced regulatory changes in several services sectors, in particular the telecommunications and financial services sectors.

- Chair, Switzerland and Liechtenstein are staunch supporters of the WTO and rules-based multilateral trading system. HKC shares their common goals in keeping markets open, minimising export restrictions, maintaining non-discriminatory market access and ensuring transparency on trade measures.

We look forward to further fostering our bilateral trade and economic relations with Switzerland and Liechtenstein, and will work with them and other Members to pursue further trade liberalisation under the WTO framework under the leadership of Ambassador Didier CHAMBOVEY, Switzerland's ambassador to the WTO, who is serving as the Chair of WTO General Council. We wish Switzerland and Liechtenstein a very successful trade policy review.

Hong Kong Economic and Trade Office in Geneva
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