Swiss Agricultural Trade Policy: Overview, Analysis & Implications

Ari Tsetsekas

ABSTRACT

Swiss agricultural trade policy stands-out against typically free-trade oriented Swiss policies. Switzerland, one of the wealthiest nations on earth in per-capita terms, heavily protects its domestic agricultural industry beyond levels seen in most industrialized western nations. This paper explores Swiss agricultural trade policy, its origins and implications by examining macro-economic factors, customs measures and domestic support schemes. It then analyses these factors to produce a set of implications and recommendations for firms and policy makers operating in the sector, as well as other actors who might be exposed in a second-hand manner to the implications of Swiss agricultural trade policy.

INTRODUCTION

Like many nations, Switzerland has a rich local agricultural tradition stemming from before modern advances in food preservation and trade, when countries relied on domestic production to feed their populations. While today, Switzerland is better known for its banking and financial services sectors than agriculture, which combined make up the bulk of its GDP, its population has maintained its preference for domestic products and has fiercely protected and supported its local industry. The more politically minded will also note the influence of agriculture in Swiss politics at a level some might find disproportionate to the industry's contribution to the Swiss economy. This paper seeks to provide an overview of Swiss agricultural trade, to give firms and policy makers in the industry the background necessary for effective decision making in the Swiss agricultural trade space.

BACKGROUND I: THE SWISS ECONOMY

Despite being a small landlocked nation, Switzerland is incredibly wealthy with a GDP per capita of $83,583 USD (Statistics Times, 2019), making its citizens some of the richest in the world. With a population of only 8.5 million people, it ranks 20th in terms of raw GDP with an economy of $679 Billion USD in 2017 (Worldometers, 2019). The Swiss economy, with its renowned financial industry, is primarily dependent on its service and industrial sectors which made up 74% and 25% of its GDP respectively in 2017. In contrast, the agricultural sector made up only about 1% of Switzerland's total GDP (FDFA, 2019a). Switzerland's internationally and internally-competitive economic model has incentivized low tax and tariff rates, making it the most open economy in Europe and the 4th freest economy globally in 2019 (Heritage, 2019). Despite its relative openness in most economic sectors, agriculture remains the notable exception (WTO, 2017, p. 13). Switzerland is a member of the European Free Trade Association (EFTA), a regional trade bloc and free trade area with Iceland, Norway, Switzerland and Lichtenstein as members. EFTA, in combination with a series of bilateral agreements, has promoted close regulatory alignment between Switzerland and the European Union and has allowed the Swiss to enjoy many of the associated privileges such as freedom of movement and goods. This close relationship is crucial for the Swiss economy, as we will explore in greater detail later in this paper.

BACKGROUND II: THE SWISS AGRICULTURAL SECTOR

To get a sense of just how important agriculture is to the Swiss national identity, one has only to look to Articles 104. and 104A. of the Swiss constitution. These provisions are the basis for the relationship between the Swiss government and agriculture. Paragraph one reads:

> *"The Confederation shall ensure that agricultural sector, by means of a sustainable and market oriented production policy, makes an essential contribution towards:*
> *a. the reliable provision of the population with foodstuffs;*
> *b. the conservation of natural resources and the upkeep of the countryside;*
> *c. decentralized population settlement of the country."*
> *(Article 104, Paragraph 1 of the Federal Constitution of the Swiss Confederation)*

These articles go on further to provide for state support through a variety of means to achieve certain objectives laid out in the articles including: "direct subsidies in order to achieve of fair and adequate remuneration for the services provided (Swiss FC, 2019)". As we will explore in the policy section of this paper, the subsidies outlined in the Swiss constitution form the backbone of the Swiss agriculture system, and are a sizeable (and fiercely protected) government expenditure.

Turning from constitutional to geographic features of Swiss agriculture; Switzerland has a semi-mountainous terrain and relatively colder climate that constrains the varieties of crops that can be grown locally (WTO, 2017, p. 95), as well as their production seasons. Sugar beet is by far the most widespread crop in Switzerland at 1,545 thousand tonnes (KT) in 2017, with cereals (975 KT), potatoes (461 KT), vegetables (427 KT) and some fruit and berries (206 KT) also featuring prominently (Federal Statistical Office, 2019, p. 14). Along with crop production, animal production is an important feature of the Swiss agricultural sector from which famous Swiss cheeses and *bratwurst* are produced. In 2017, the meat production from cattle, pigs, sheep and poultry, which are the mainstays of Swiss ranching, totaled 474,000 tonnes (139 KT, 239 KT, 5 KT and 91 KT, respectively). Additionally, Swiss farmers produced 3983 KT of cow's milk and 54 KT of chickens' eggs, with just over a third of that milk being used to produce Switzerland's famous cheeses (WTO, 2017, p. 102).

Because of the limitations of the Swiss climate and geography, Switzerland cannot produce all the foodstuff that it needs and its citizens demand. According to the Swiss Federal Agriculture Office, in 2015, Switzerland's gross self-sufficiency rate[1] was 59%, or 51% when adjusted for imported animal feed (Bondolfi & Hoi, 2018). However, there are important discrepancies between varieties of foodstuff. In 2016, Switzerland produced enough meat and animal products to cover practically all of its domestic consumption ('DC'), with milk production as high as 116% of DC. This is in stark contrast to crop based foodstuffs, such as potatoes (68% of DC), cereals (47% of DC) and fruits at (27%) (Bondolfi & Hoi, 2018).
Like many nations with agrarian cultures, Switzerland has an influential agricultural lobby that works to protect the interests of farmers and rural society. In the most recent federal elections in 2019, the Swiss People's Party (SVP), originally formed as a merger between the Party of Farmers, Traders and Independents and the Democratic Party in 1971, won the most seats with 53 of parliament's 200 seats. Although direct agriculture only makes up roughly 3% of total employment in Switzerland (150,600 jobs

[1] Defined as the ratio of domestic production to total domestic consumption.

in 2016), it's worth noting that these jobs often form the backbone of rural economies and, in a confederate system such as Switzerland's, these are important bases of support. When taking the entire food supply chain into account, the proportion of employment contribution by the relevant industries jump to 11% (548,000 jobs in 2016) (Federal Statistical Office, 2019, p. 5).

SWISS AGRICULTURAL TRADE

Tariff Measures

The Swiss economy, as a whole, is the most open in Europe in terms of barriers to trade and tariff levels. This reflects an economic liberalism that prevails in the Swiss political arena at both the federal and cantonal level. However, while this applies to the 99% of their economy made up of the service and industrial sectors, the remaining 1% of GDP generated by its agri-food sector is fiercely protected at levels beyond most western industrialized nations.

Table 1: Average Tariff Levels across product categories (WTO, 2019)

Non-agricultural products

Country/Territory	Year of MFN applied tariff	MFN applied: Avg MFN Tariff Level (%)*	MFN applied: Duty Free Tariff lines (%)†
Switzerland	2018	1.8	24.3
Canada	2018	2.1	78.8
United States of America	2018	3.1	48.8
European Union	2018	4.2	27.5

Agricultural products

Country/Territory	Year of MFN applied tariff	MFN applied: Avg MFN Tariff Level (%)*	MFN applied: Duty Free Tariff lines (%)†
United States of America	2018	5.3	30.6
European Union	2018	12.0	31.0
Canada	2018	15.9	68.5
Switzerland	2018	36.5	29.3

Source: World Trade Organization

* AVG MFN Tariff Level (%):	The level of tariffs, as applied to 3rd countries, under the WTO 'Most Favoured Nation' rule.
† Duty Free Tariff Lines (%):	The proportion of tariff lines in relevant section that enter duty free (0% tariff) on an MFN basis.
Note:	These figures represent tariff levels as applied, which can differ from the bound obligations of WTO members.

An important marker of the sensitive nature of the agricultural industry for Swiss policy makers is the significant difference in tariff levels between agricultural and non-agricultural goods. For example, in 2018, the average 'Most Favored Nation' (MFN[2]) tariff on Swiss imports was 6.6%. However, agriculture goods faced an average MFN import tariff of 36.5% compared to 1.8% for non-agricultural products. Even other relatively agriculturally protectionist industrialized countries such as Canada has only a 15.9% average MFN import tariff for agriculture (2.1% for non-agricultural goods, 4.0% overall) (WTO, 2019). According to the WTO, Switzerland has the 7th highest average MFN tariff level for agricultural products globally and 4th highest among Organization for Economic Cooperation and Development (OECD) nations behind only South Korea, Norway and Turkey. Under the Agriculture headings, the tariff levels on individual goods vary significantly, depending on the sensitivity of the product in the Swiss market. For example, while dairy products have an average 100% AVE[3] MFN tariff level, tariffs on individual products

---

[2] The rate applied to all countries for which Switzerland does not have a trade agreement.

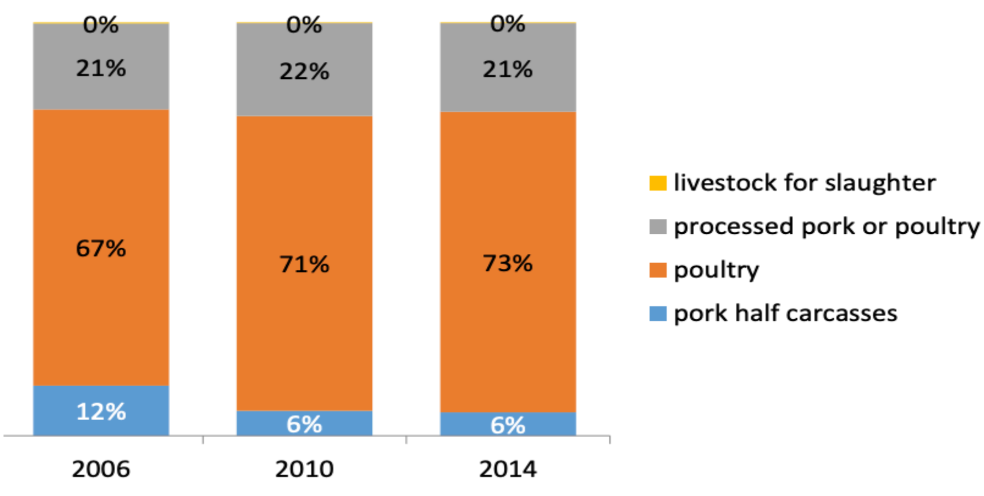
[3] Ad Valorem equivalent of the specific tariff rates employed by Switzerland.

range from 2% to 402%, with more sensitive or economically important products on the higher end of the scale (WTO, 2019). In addition, the Swiss use a system of quotas and 'Tariff-Rate Quotas' (TRQ's [4]) to manage the importation of sensitive products in line with the production capacity of domestic Swiss farmers. Such quota and TRQ mechanisms exist for sensitive agricultural products like beef, pork and poultry. However, for products which are additionally affected by supply seasonality in Switzerland (fruits and vegetables such as apples, tomatoes and potatoes) a mechanism of seasonally rotating quotas and TRQ's applies. In order to ensure that foreign-goods are imported primarily during times in which domestic production is not being placed on the market, the import volume permitted and tariff paid on seasonal products will vary throughout the year in accordance with the availability of domestic produce. The following is an example from a 2016 study commissioned by the Swiss Federal Office for Agriculture (FOAG):

> *"The production period of most domestic strawberries is only three and a half months long (from May 15th to August 31st); this is the period when [the] TRQ is managed. Outside this period, imports at the in-quota tariff are not limited. Within the managed period, the regulation is designed to meet the time-specific needs." (Areté, 2016, p. 8)*

In this example, during the production period of Swiss strawberries from May 15th to August 31st, imports of the product at the in-quota rate are limited to a certain amount (i.e. the TRQ's are managed). During the off-season, the TRQ is no longer managed and imports at the in-quota tariff rate are not limited.
The management of TRQ's provides a window into the trends of domestic production and consumption, as well as demonstrate the leeway customs authorities have to allocate quotas and TRQ's in such a way that facilitates the protection of the domestic industry

Figure 1 – Allocation of imports under the in-quota volume of Swiss TRQ No. 06 (Pork and Poultry) in 2006, 2010 and 2014.



Source: (Areté, 2016, p. 21)

Using TRQ No. 06 as an example, which covers the import of both pork and poultry products, poultry makes up the vast majority of the in-quota volume and is only increasing over time. This makes sense

[4] A Tariff-Rate quota is a hybrid quota and tariff mechanism under which a certain (low) tariff level applies for a volume of goods under a given 'in-quota' level, while higher rates apply at volumes above the given volume of 'out-of-quota' goods.

when we consider that for pork, Swiss domestic production nearly covers the totality of the domestic demand, whereas the country does not have a comparable level of domestic self-sufficiency for poultry.

1) Guarantee Fund Contributions

In addition to tariffs, Switzerland applies a unique set of levies on the import of certain goods that are subject to "compulsory reserve stock requirements". Provision a of Article 104 of the Swiss constitution (see above) relating to "*the reliable provision of the population with foodstuffs"* has manifested in a system of food reserves, managed by private entities on behalf of the government, to ensure adequate stocks of foodstuffs and other essentials for its population.

> *"As a small country without access to the sea and dependent on imports, Switzerland has taken measures since the Middle Ages to ensure the supply of vital foodstuffs in the event of a serious shortage… As early as 1955, a new federal law explicitly focused on the compulsory reserves imposed on the private sector" (Jaberg, 2019).*

As part of this system, levies ranging from 1.75 to 9.10 CHF / 100kg (see appendix 1) are applied to imports of animal feed, durum wheat, coffee, edible fats and oils, rice and sugar coming into Switzerland (WTO, 2017, p. 50). Consequently, the effective rate of duty on these products is materially higher than what might otherwise be indicated in Swiss tariff schedules or trade agreements.

Trade Agreements

While MFN tariff levels are useful for analysis of Swiss trade policy, much of Swiss trade takes place with its immediate neighbours in the European Customs area and with its EFTA partners for which trade-liberalizing agreements are in place. As Switzerland is part of EFTA, many of its trade agreements are negotiated as part of this bloc, such as the Canada – EFTA agreement, and apply to EFTA members collectively. However, some of Switzerland's most important agreements have been negotiated bilaterally, and no relationship is more important to Switzerland than that with the European Union.

1) EU

From 1972 to 1999, the Swiss-EU relationship was governed primarily by a 1972 FTA that focused heavily on free trade in industrial products. In 1994, when EFTA and the EU negotiated the European Economic Area (EEA) agreement that would create a single market between the two blocs, Swiss citizens rejected EEA membership by plebiscite. Thus, Switzerland remains the only EFTA member without membership in the EEA. Subsequent to the failed plebiscite, Switzerland and the EU began negotiating a package of wide-ranging bilateral agreements (now known as 'Bilaterals I'). These negotiations concluded in 1999 and importantly, included an agriculture chapter. Following Bilaterals I in 1999, Bilaterals II was concluded in 2004 which contained an agreement on Processed Agricultural Products. Collectively, these agreements reduced tariff and non-tariff barriers to trade as well as export subsidies for a variety of agricultural products including cheeses, coffee and chocolate. These agreements facilitated access to the European market for Swiss producers and created significant export opportunities for both partners (FDFA, 2019b). However, unlike their companion agreements on industrial goods, these agreements did not completely liberalize agricultural trade – in 2016, the average tariff rate on imports of agricultural goods into Switzerland was 28.1% and 27.8% from the EU and EFTA countries respectively (compared to 0% on non-agricultural goods) (WTO, 2017, p. 54). As with most agricultural trade agreements, restrictions, quotas and tariffs remain on sensitive products. For example, the importation of most beef and pork from the EU into Switzerland is still subject to TRQ's with high in-quota rates (e.g. strip sirloin: 159.00 CHF per 100 kg gross in-quota rate and 2212.00 CHF per 100 kg out-of-quota rate) (FCA, 2019). Even in cases where duties have successfully been eliminated, other restrictions occasionally apply. Fresh tomatoes, for example, are tariff-free under a 10,000 tonne annual TRQ. However, this TRQ is subject to the seasonality mechanism and thus is only available during the off-season of growing from October 21st to April 30th (EUR-Lex, 2019). Such seasonally applied TRQ's also exist for products such as apricots, strawberries and zucchini. On cheeses, Switzerland negotiated an elimination of the duties on its core products (Emmentaler, Gruyere, Appenzell…) with no quota limit (down from 85.80 EUR / 100 kg in-quota) (DG Trade, 2019). In exchange, eliminated duties on a variety of EU cheeses. However, they still preserved the occasional volume quotas and even tariffs on some products. For example, Raclette-style cheeses, a Swiss staple, are still subject to a 5000 tonne TRQ, albeit with no tariff on the in-quota amount.

2) Other trading relationships

Switzerland maintains a total of 34 free trade agreements, concluded either through EFTA or bilateral negations. While none are of the same economic importance as its agreements with the EEA (which represents over 58% of its agricultural exports[5]), they are a valuable *acquis* for the international trade reliant neutral-nation. Of the remaining, roughly 42% of Swiss agricultural exports that go to countries other than EEA members, there remains a significant market, representing roughly 14.4% of Switzerland agricultural exports with which they do not have an agreement: The United States. If reports are to be believed, such an agreement is likely already in the works (Shalal, 2019). While a US-Swiss agreement would likely focus heavily on trade in industrial products and services, which represent the bulk of both economies' existing trade with one another, agriculture could stand to benefit significantly as well – although with some caveats. It would not be the first time such an agreement has been discussed:

> *"Swiss Prime Minister Joseph Deiss' request to open official negotiations in January 2006 was rejected by the Federal Council and an agreement between the two partner countries was a long way off" (Dümmler & Anthamatten, 2019a).*

When the idea was first floated in 2006, there was significant backlash from farming as well as environmental groups which believe Switzerland has higher standards than the US when it comes to animal welfare, environmental requirements and human health (Dümmler & Anthamatten, 2019a). The prospects for a deal today are better than in 2006, but still faces some important hurdles. Unlike in 2006 when the Swiss parliament was openly critical of opening negotiations, the Swiss parliament has recently (Dec 6th, 2018) voiced its support for a deal, calling on the government to "seek a free trade agreement or at least a preferential trade agreement with the USA" (DeVore, 2018). Additionally, there seems to be an appetite from the Trump administration in the US for such deal in the wake of its failure to secure other large trade agreements with China and the EU (DeVore, 2018). However, it's unlikely that the opposition to the deal that existed in 2006 has simply vanished. There likely remains a significant amount of Swiss who would oppose any such an agreement, believing it comes at the expense of Swiss agriculture and environmental standards. In the 2019 Swiss federal elections, the Green party, which is far from supportive of a trade deal with the U.S. (Verts CH, 2019), made notable seat gains. This, along with ongoing concern from farmers could pose a serious challenge to getting any such agreement over the finish line. If the political will exists however, many observers see potential gains for both countries across many sectors, agriculture included:

[5] See appendix 2

"Swiss farmers could make a lot more money selling to the US than they do now."
- US Ambassador to Switzerland Edward McMullen (DeVore, 2018)

The enormous and wealthy U.S. market could be a valuable target for high-quality Swiss cheeses and wines (DeVore, 2018). Additionally, expanded free trade in processed goods could be a boon to large Swiss companies such as Nestle. Some estimates predict the creation of 13,500 jobs in Switzerland as well as 4.7B CHF of additional exports to the U.S. as a result of an agreement (Dümmler & Anthamatten, 2019b). Ultimately however, the U.S. would likely expect some form of reciprocal market access in agricultural goods as alluded to by the U.S. ambassador (DeVore, 2018). It remains to be seen whether such a deal will go ahead.

Trade Flows

Despite Switzerland having an overall positive trade balance in 2017, when it comes to agri-food, they imported roughly $3.4B USD more than they exported.

Table 2: Swiss Agri-Food Trade Flows 2017 (WITS, 2019)

2017 Exports	
Product Type	**Value (USD$)**
Foodstuffs	5,839,812.98
Animal Products	843,515.33
Vegetables	2,554,583.29
Total	9,237,911.60

2017 Imports		
Product Type	**Value (USD$)**	**Average Applied Tarriff**
Foodstuffs	6,009,239.33	30.09%
Animal Products	2,064,840.60	67.02%
Vegetables	4,578,718.28	19.53%
Total	12,652,798.21	32.30%

Source: World Bank / World Integrated Trade Solution ('WITS')

However, one of the repercussions of our highly interconnected global supply chains is the potential for products to be imported, reprocessed and subsequently exported. Because Switzerland is home to many international behemoths (e.g. Nestle), the impact of this phenomenon on agri-food trade flows is prominent in Switzerland. For example, in 2017, the largest Swiss export in the "vegetable" category of the Harmonized System ('HS')[6] was coffee with 67% of the total. This might seem strange. Coffee after all is grown in more tropical climates and is almost certainly not grown in Switzerland. This becomes clearer when looking at Swiss Imports: The number one Swiss import in the "vegetable" category is once again coffee, although this time it is primarily unroasted and of course, is arriving from coffee producing countries such as Brazil, Colombia, Costa Rica and Ethiopia (OEC, 2019). Swiss trade policy explicitly facilitates such flows: the import of roasted coffee is subject to a 67-182% Tariff + GCF[7] levies whereas the import of unroasted coffee is tariff free. Other examples of this phenomenon include chocolate, which is imported in its raw or bean form and subsequently transformed into the finished product. Given these situations, it's unsurprising that the bulk of Switzerland's agriculture exports are made up of coffee, non-alcoholic beverages, chocolate, and cheese (WTO, 2017, p. 95).

The vast majority of Swiss agricultural trade takes place with its closest neighbours: the constituent states of the EU and EFTA. Collectively, these form the European Economic Area (EEA) with which Switzerland

[6] The Harmonized System is a global system of tariff classifications. Some chapters can have misleading names
[7] See 3.1.1.

has forged close economic ties through the trade agreements identified earlier. As shown below, agricultural trade with EEA countries represents over 58% of Switzerland's total agricultural exports and nearly 75% of their total agricultural imports.

Table 3: Swiss agriculture trade balance with the EEA.

EEA - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$2,919,110.89	$4,996,546.92	-$2,077,436.03	49.99%	83.15%
Vegetables	$1,841,846.64	$2,796,257.46	-$954,410.82	72.10%	61.07%
Animal	$623,732.15	$1,603,438.95	-$979,706.80	73.94%	77.65%
Total	**$5,384,689.68**	**$9,396,243.33**	**-$4,011,553.65**	**58.29%**	**74.26%**

Source: World Bank / World Integrated Trade System ('WITS') (WITS, 2019)

The totality of Swiss agricultural trade is broken down across similar geographic regions and is set out in Appendix 2. When breaking down the net-negative agricultural trade balance, it's clear just how international trade-reliant the Swiss agriculture sector is. Switzerland maintains a significant negative trade balance in the agriculture sector with its EEA partners, which provides the vast majority of its imports (74.26%). This is then somewhat offset by its trade with other major geographic regions such as North America (+$1,203,195.56), Middle East and North Africa (+$470,985.19) and Asia (+$259,090.09). The notable exception to this trend is trade with Latin American and Caribbean countries (-$1,001,568.14) of which represents the smallest export market for Switzerland but a significant source of imports, particularly in the "vegetable" (i.e. Coffee) category. The level of trade diversification and the existence of complex supply chains are important considerations for firms and policy makers in this space.

Prices

Switzerland is a notoriously expensive place to live. In a 2018 price index, Switzerland was 51% more expensive overall than the EU-28 average, surpassed only by the remote island nation of Iceland among those in the European region. This jumps to 60% more expensive than the EU average for food products – again the second highest (Eurostat, 2019b). According to the World Trade Organization (WTO), Switzerland stands out as a "high-price island" in Europe for reasons such as trade barriers (both tariff and technical barriers) as well as the higher purchasing power and lower price sensitivity of Swiss consumers (WTO, 2017, p. 20). In 2018, the average annual salary in Switzerland was 87,716 CHF (64,109 USD), compared to 65,995 CAD (48 849 USD) in Canada or 63,093 USD in the United States (OECD, 2019a). This makes Switzerland second only to Luxembourg in purchasing power terms, although some metrics have Switzerland as the top performer when including other types of remuneration (UNECE, 2019). This is important, because despite the high food prices, the Swiss have clearly been able to more easily afford them than most. In 2017, the average Swiss person spent 6.4% of their income on food and non-alcoholic products (Office fédéral de la statistique, 2019). This is a surprisingly low figure when compared to other European countries. In fact, if Switzerland was an EU member, they would have the lowest average percentage of income spent on food and non-alcoholic products, beating out the United Kingdom with an average of 8.2% (Eurostat, 2019a). This is not to say that that these high prices are not an issue; it is an average measure. It's for good reason that Switzerland's "high-price island" status has been consistently identified as an issue both by international observers such as the WTO and OECD as well as local officials.

The combination of high prices across sectors, food included, can pose real challenges to even those living on an average Swiss salary (Mariani, 2017) never mind those living in poverty (Swissinfo, 2017).

DOMESTIC AGRICULTURAL POLICY

Subsidies

Switzerland maintains a system of subsidies and direct payments to farmers, linked to a series of policy objectives such as food security, animal welfare and ecological protection (See appendix 3). In 2018, these direct payments totaled 4.14 billion CHF, with 3.842 billion CHF originating from the federal government and 297 Million CHF spent by Cantons. However, when considering additional tax breaks offered to the agriculture sector, the total jumps to 4.9 billion CHF (Dümmler & Roten, 2018, p. 24). According to the OECD, this expenditure amounted to 1.05% of Swiss GDP in 2018, the highest in the western world – in contrast to the 0.7% of GDP generated by the recipients (OECD, 2019b). On a per producer basis, this support amounted to an average of 53.9% of Gross Farm Receipts (GFR). This means that nearly 54% of each agriculture producer's income is derived from these payments and benefits, rather than directly from the sale of their products. The EU in comparison, spends 0.67% of their GDP on agricultural support mechanisms (in aggregate) with average producer support at only 20% of GFR. Canada (0.33% of GDP and 8.8% of GFR) and the United States (0.48% of GDP and 12.2% of GFR) are even lower (OECD, 2019b).

Beyond direct payments and tax benefits, Swiss producers also benefit from above-market prices (See 3.4) via Market Price Support (MPS) mechanisms. Overall, its estimated that Swiss consumers pay an additional 4.1 billion CHF per year (above and beyond taxes spent on subsidies) due to price support mechanisms and the "isolation of the Swiss market" as a result of tariff and trade barriers (Dümmler & Roten, 2018, p. 27). According to a 2015 OECD report, these MPS mechanisms were often tied to individual staple Swiss products such as milk, eggs, beef, pork and crops such as sugar beet and canola. Such product-targeted support can often risk distorting production decisions, especially when used in conjunction with production requirements (OECD, 2015 p. 61-65).

1) Export Subsidies

Historically, Switzerland had maintained a series of export subsidies to compensate its agri-food industry for the additional costs and high prices associated with its agricultural policy. Export subsidies are a particularly damaging form of subsidy as they not only distort domestic markets, but international ones as well. Developing countries especially, with their more limited resources, are often particularly negatively impacted by such regimes (WTO, 2015) This led to the WTO Nairobi conference of 2015 where countries pledged to eliminate such export subsidies. As a result, as of January 1st 2019, Switzerland scrapped its main export subsidy law, the so-called Chocolate Law ("*Loi Chocolatière*") (Conseil Fédéral, 2018). This law helped its domestic agri-food firms compete on European and global markets by effectively subsidizing the difference between the high domestic Swiss prices and benchmark European prices (Olsommer & Courleux, 2019). However, since the law was eliminated, Switzerland has introduced new direct payments to compensate farmers and producers, while somewhat liberalizing and simplifying the importation of foreign milk and grains for use in processed food production for subsequent export ('*trafic de perfectionnement actif*') (Federal Gazette, 2017, pp. 4074-4075). Interestingly, according to the Swiss Milk Producers Association, the new system is explicitly designed to promote the "use [of] Swiss raw materials to produce competitive export products in the global market" (PSL-SMP, 2017). It remains to be seen if the new arrangement is WTO compatible, however Swiss WTO judge Christian Häberli believes that the arrangement is likely also in breach of the WTO agriculture agreement (Siegenthaler, 2017).

2) Impact of Domestic Agricultural Policy on International Opportunities

The Swiss system of subsidies, tax breaks, direct payments and not-quite-export subsidies for agriculture, represents a challenging hurdle to the conclusion of comprehensive trade agreements. Such trade agreements provide important benefits for the overwhelming portion of the Swiss economy made up of services and industry but also for agriculture. *Avenir Suisse*, estimated the cost of lost trade liberalization opportunities due to agricultural protectionist measures at 3.1 billion dollars annually (Avenir Suisse, 2019). The conclusion of trade agreements often requires mutual liberalization in a given sector, especially if both countries have an interest in that sector. It's helpful to use a potential U.S.-Swiss FTA as an example. While Switzerland stands to gain significantly from such an agreement (See section 3.2.2), as *Avenir Swiss* puts it: *"Without Swiss concessions on agricultural goods, there will be no FTA with the US. Currently the United States' main exports to the rest of the world are soybeans, corn, nuts, and meat" (Dümmler & Anthamatten, 2019b).*

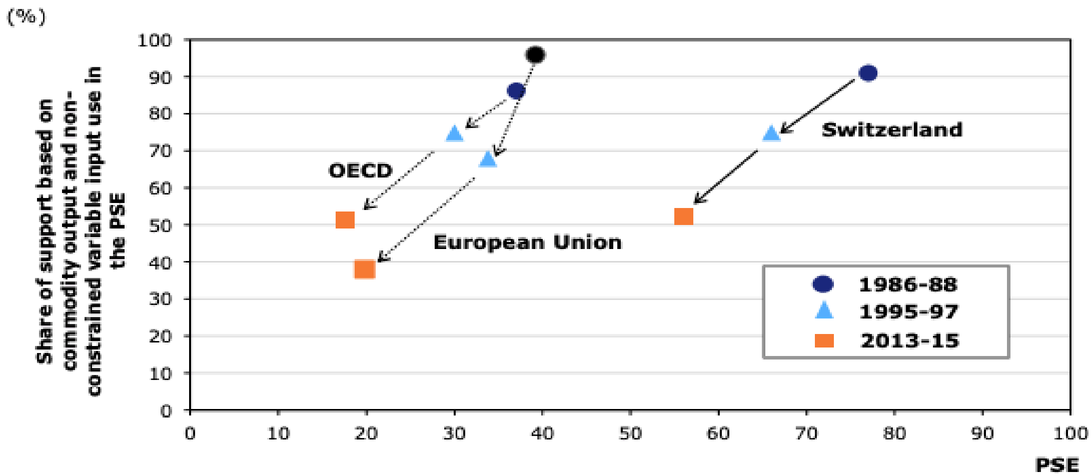
Thus, despite representing under 1% of Swiss GDP, agricultural protectionism has the potential to derail benefits to the remaining 99% of the Swiss economy generated by free trade deals. The existence of complex border measures and quasi-export subsidies are certainly unattractive features for countries with a similar domestic agricultural base who might be considering a trade agreement with Switzerland. After all, if the result of an agreement in agriculture is poor access for your domestic producers to the Swiss market due to technical barriers, and the subsequent displacement of domestic product consumption due to de-facto export-subsidized goods, why bother? While this is certainly a simplification of the situation and overlooks similarly complex systems in other countries, it illustrates an important hurdle to achieving truly comprehensive free trade, and the associated benefits. As Swiss Ambassador, Christian Etter, Delegate of the Federal Council for Trade Agreements put it:

> *In the previous free trade agreements, comparatively limited improvements in access to the Swiss agricultural market were sufficient. In ongoing negotiations, such as with Mercosur or Indonesia, whose main export interests are agricultural products, new solutions will be needed. However, more open markets also offer opportunities for Swiss agriculture. This has been demonstrated by the free trade in cheese between Switzerland and the EU, for instance. (Möhr, 2018)*

3) Liberalization Trends

Given the focus of this paper until now is on existing protectionist measures and support schemes, it may seem as if these measures are unshakeable fixtures of the Swiss system. It's important to recognize the reality that Switzerland is gradually trending, as with most countries, towards liberalization. The graph below shows that, despite Switzerland's still high levels of agriculture producer support, the gradual liberalizing trends occurring across the OECD and the EU also hold true for Switzerland, despite its higher overall level of protectionism.

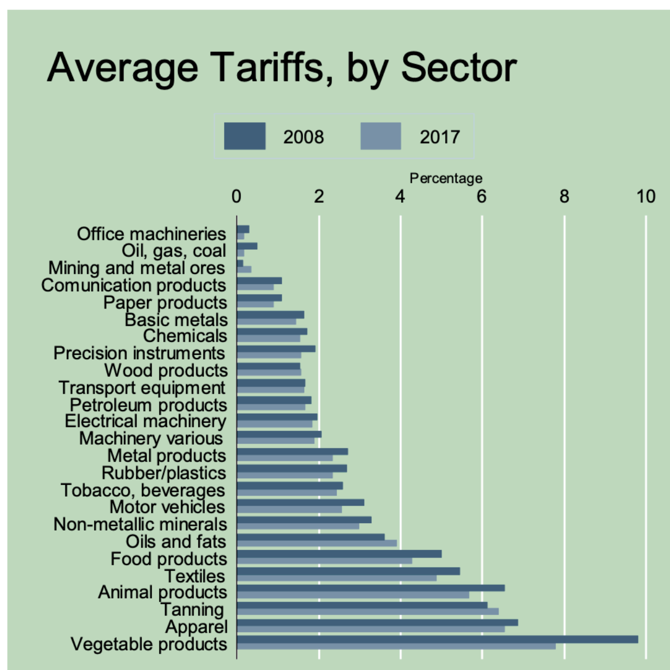
Figure 2: Liberalization Trends (WTO, 2017, p. 95)



Note: The level of support is presented by the percentage PSE. The composition of support is presented by the share in gross farm receipts of market price support, payment based on output, and payments based on non-constrained variable input use.

Source: WTO Secretariat representation based on OECD (2016), *Agricultural Policy Monitoring and Evaluation*, PSE/CSE database, Paris.

Figure 3: Average global tariffs, by sector



Source: UNCTAD secretariat calculations based on COMTRADE data and UNCTAD TRAINS data. (UNCTAD, 2019, p. 10)

Additionally, the results of recent agriculture-related referenda also point to a growing consensus among Swiss voters against further protectionist initiatives (Geiser, 2018). In 2018, three referenda were held: 1) The Fair Food Initiative, which would have restricted imports of food products not produced under the same standards as domestic Swiss products; 2) The Food Sovereignty Initiative, which would have also mandated the compliance of imported products with Swiss social and environmental standards and imposed a variety of import restrictions and; 3) Subsidizing farmers not dehorning their livestock, which would have created a new farming subsidy. All of these initiatives failed to pass, receiving only 38.7%, 31.6% and 45.3% of the votes, respectively (ChF, 2019a/b/c). While it's difficult to know the motivations of Swiss voters, the reasons cited by government officials for their negative opinion leading up to the votes included: the potential for the initiatives to result in further food price increases, the creation of excessive new bureaucracy, as well as the likelihood that the measures would violate Switzerland's international trade obligations (Geiser, 2018). These trends and recent events are not isolated. As the figure below shows, tariffs have been steadily decreasing nearly across the board, including in agricultural sectors, since the global financial crisis in 2008. Consequently, opportunities, challenges and implications for the Swiss market should be analyzed in light of these general trends. Some might point out, rightly so, that the world's largest economies have not necessarily been following this trend as of late (BBC, 2019). However, it is worth differentiating between countries such as the United States, which can rely on its enormous domestic market for growth, and medium-sized economies traditionally more dependent on international trade such as Switzerland and Canada (WTO, 2017, p. 13) which might be expected to more closely follow this gradual liberalizing trend.

IMPLICATIONS AND RECOMMENDATIONS

Implications for Business

The implications of Swiss agricultural trade policy are important not only for business entities operating (or seeking to operate) in the sector, but also for those exposed to import and export considerations in general. Additionally, these implications are relevant for both domestic Swiss firms, and foreign firms operating in these spaces. Given these considerations, the following implications are identified:

1) New Market Opportunities

As a result of the trend of gradual liberalization of the Swiss agriculture sector, and thus the possibility of existing protectionist hurdles being lifted (at the conclusion of new comprehensive trade agreements), both foreign and domestic firms should monitor for new cross-border trade opportunities. Foreign firms should seek out new opportunities to expand their agri-food exports into the Swiss market. Even foreign firms not directly engaged in the agriculture sector should seek new opportunities in the Swiss market. As negotiations are less burdened by agricultural concerns, advantageous trade agreements covering the service and industrial sectors will likely be concluded. For domestic firms, they should similarly seek out and prepare for entry into new export markets as new, more ambitious, trade agreements are concluded, especially in regards to markets for which existing relationships are present on the import side. In South America for example, EFTA is currently negotiating a trade agreement with the South-American trade bloc Mercosur. Given the volume of imports into Switzerland originating in the South American region (See Appendix 2), a new trade agreement should further facilitate trade between Switzerland and Mercosur and create new opportunities for Swiss businesses to balance the currently very negative trade flows between these actors.

2) Regulation Navigation & Risk Management

The current level of protection and regulation of the Swiss agriculture industry is a challenging hurdle to foreign firms seeking opportunities in this space. Stringent border measures, surcharges and the difficulty of competing with heavily subsidized domestic actors should be carefully considered by those firms seriously interested in the market. Additionally, while trends point in a liberalizing direction, there is a given measure of regulatory risk associated with operating in any country. The Swiss have not shied away from regulation in the past and, especially in a direct democracy such as Switzerland's, the possibility of future protectionist regulation remains present.

3) Operational Considerations

While Switzerland is traditionally perceived to offer many financial, tax and regulatory advantages, firms seeking to operate in Switzerland in any capacity should take note of the relatively high prices on goods when compared to its European neighbours. Additionally, firms considering basing operations in Switzerland and are seeking access to the European market must be aware of that Switzerland is not a member of the European Single market. Rather, they must consider the series of bilateral agreements regulating economic and political relations between the actors.

Implications for Policy Makers

Ultimately, the opportunities and risks identified for business are most heavily influenced by the policy direction of Swiss officials. The recommendations below set out how policy makers might facilitate the benefits for business of trade liberalization as well as mitigate some of the outlined risks and considerations.

1) Trade Agreements & Promotion

As a medium-sized economy with large proportions of its GDP dependent on reliable international trade, Swiss policy makers should continue to seek to expand the network of Switzerland's free trade agreements to facilitate access to foreign markets by Swiss businesses. Two important examples of negotiations either ongoing or in the preparatory stages which should be prioritized are the Swiss-Mercosur deal and a potential Swiss-US FTA. On Mercosur, Swiss companies have substantial existing trading relationships in the agri-food sector with Mercosur countries on the import side. A successful negotiation with Mercosur should try to leverage these existing supply-chain relationships to expand export opportunities for Swiss agricultural producers in a fast-growing market.

For a potential Swiss-U.S. agreement, Swiss policy makers should actively seek out compromises and engage skeptical stakeholders on the potential benefits provided by such an FTA. The enormous and wealthy U.S. economy stands to be a valuable export market for Switzerland high-quality agricultural products, however; some concessions will be necessary to secure a comprehensive deal.

2) Trade Liberalization & Distortion

To facilitate the above recommendations, Swiss policy makers should continue the gradual liberalization of the Swiss agricultural sector in-so-far as to reduce impediments to the conclusion of comprehensive trade agreements with like-minded countries. History has shown the Swiss to be fiercely protective of their domestic agriculture, thus radical liberalization would likely be intolerable and disruptive. As such, policy makers should pursue a gradual process of liberalization that seeks to reduce the most harmful and distorting measures which are the greatest impediments to trade such as (quasi) export subsidies, production-linked subsides and quotas, while continuing to supporting its domestic producers with non-production linked payments focusing on environmental measures. This would provide, in tandem, the benefits to consumers of market liberalization and the benefits to producers of better export market access without undue burden.

REFERENCES

Areté. (2016, November 18). POLICY EVALUATION OF TARIFF RATE QUOTAS. Retrieved from https://www.newsd.admin.ch/newsd/NSBExterneStudien/761/attachment/en/3210.pdf.

Avenir Suisse. (n.d.). Registre des privilèges de l'agriculture suisse. Retrieved from https://www.avenir-suisse.ch/fr/registre-des-privileges/.

BBC. (2019, December 16). A quick guide to the US-China trade war. Retrieved from https://www.bbc.com/news/business-45899310.

Bondolfi, S., & Hoi, G. W. S. (2018, September 11). Does Switzerland produce half of all the food it needs? Retrieved November 15, 2019, from https://www.swissinfo.ch/eng/fact-check_does-switzerland-produce-half-of-all-the-food-it-needs-/44380058.

ChF. (2019, December 17). Votation No 621. Retrieved from https://www.bk.admin.ch/ch/f/pore/va/20180923/det621.html.

ChF. (2019, December 17). Votation No 622. Retrieved from https://www.bk.admin.ch/ch/f/pore/va/20180923/det622.html.

ChF. (2019, December 17). Votation No 623. Retrieved from https://www.bk.admin.ch/ch/f/pore/va/20181125/det623.html.

Conseil Fédéral. (2018, September 21). Loi chocolatière : suppression des contributions à l'exportation au 1er janvier 2019. Retrieved from https://www.admin.ch/gov/fr/accueil/documentation/communiques.msg-id-72267.html.

DeVore, V. (2018, December 20). 'Swiss farmers could make a lot more money selling to the US'. Retrieved from https://www.swissinfo.ch/eng/us-ambassador-on-free-trade_-swiss-farmers-could-make-a-lot-more-money-selling-to-the-us-/44625744.

DG Trade. (n.d.). European Commission Directorate-General for Trade. Retrieved November 16, 2019, from https://madb.europa.eu/madb/euTariffs.htm?productCode=0406901500&country=CH.

Dümmler, P., & Roten, N. (2018, September 7). Une politique agricole d'avenir. Retrieved from https://cdn.avenir-suisse.ch/production/uploads/2018/08/2018_avenir_debat_politique_agricole_davenir.pdf.

Dümmler, P., & Anthamatten, J. (2019, October 30). Roadmap to America. Retrieved from https://www.avenir-suisse.ch/en/roadmap-to-america/.

Dümmler, P., & Anthamatten, J. (2019, August 23). Time for a Free Trade Agreement between Switzerland and the US. Retrieved from https://www.avenir-suisse.ch/en/publication/win-win-swiss-us-free-trade/.

EUR-Lex. (n.d.). Lex Access to European Union law. Retrieved December 20, 2019, from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02002A0430(04)-20170701.

Eurostat. (n.d.). How much are households spending on food? Retrieved November 20, 2019, from https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20181204-1?inheritRedirect=true.

Eurostat. (2019, December). Comparative price levels of consumer goods and services. Retrieved from https://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative_price_levels_of_consumer_goods_and_services?_sm_au_=iVVtrvJDWrNB5kD6#Price_levels_for_food.2C_beverages.2C_tobacco.2C_clothing_and_footwear.

FCA. (n.d.). Federal Customs Administration FCA. Retrieved November 16, 2019, from https://xtares.admin.ch/tares/login/loginFormFiller.do;jsessionid=bx0kHZSAnJ3gVt5Sq570fZGNlbQv8WA2A8CXnxmNnrZ-DDtLupP2!-654679517.

FDFA. (2019, November 27). Swiss Economy – Facts and Figures. Retrieved December 2, 2019, from https://www.eda.admin.ch/aboutswitzerland/en/home/wirtschaft/uebersicht/wirtschaft---fakten-und-zahlen.html.

FDFA. (2019, December). The main bilateral agreements between Switzerland and the EU. Retrieved December 2, 2019, from https://www.eda.admin.ch/dam/dea/en/documents/folien/Folien-Abkommen_en.pdf.

Federal Gazette. (2017, May 17). Message concernant la suppression des contributions à l'exportation pour les produits agricoles transformés. Retrieved from https://www.admin.ch/opc/fr/federal-gazette/2017/4073.pdf.

Federal Statistical Office. (2019, June 13). Food and Agriculture - Pocket Statistics 2019: Publication. Retrieved November 14, 2019, from https://www.bfs.admin.ch/bfs/en/home/statistics/agriculture-forestry/farming.assetdetail.8706379.html.

Geiser, U. (2018, September 23). Ethical food proposals brushed off the table. Retrieved from https://www.swissinfo.ch/eng/vote-september-23--2018_food-production-standards-on-the-menu-for-swiss-voters/44408674.

Heritage. (n.d.). Switzerland. Retrieved October 20, 2019, from https://www.heritage.org/index/country/switzerland.

Jaberg, S. (2019, April 24). Why Switzerland stockpiles for possible emergencies. Retrieved from https://www.swissinfo.ch/eng/mandatory-reserves_why-switzerland-stockpiles-for-possible-emergencies/44917424.

Mariani, D. (2017, November 13). How far does CHF6,000 really get you in Switzerland? Retrieved from https://www.swissinfo.ch/eng/making-ends-meet_how-far-do-6-000-francs-really-get-you-in-switzerland-/43666358.

Möhr, S. (2018, January 26). "Free trade agreements can improve SMEs' competitive standing". Retrieved from https://www.s-ge.com/en/article/news/20181-interview-christian-etter-about-free-trade-agreements.

OEC. (n.d.). Switzerland. Retrieved November 20, 2019, from https://oec.world/en/profile/country/che/.

OECD. (n.d.). Average Annual Wages. Retrieved November 20, 2019, from https://stats.oecd.org/Index.aspx?DataSetCode=AV_AN_WAGE.

OECD. (n.d.). Agricultural policy monitoring and evaluation. Retrieved December 2, 2019, from http://www.oecd.org/agriculture/topics/agricultural-policy-monitoring-and-evaluation/.

OECD. (2015, March 27). OECD Review of Agricultural Policies: Switzerland 2015: READ online. Retrieved from https://read.oecd-ilibrary.org/agriculture-and-food/oecd-review-of-agricultural-policies-switzerland-2015_9789264168039-en#page65.

Office fédéral de la statistique. (2019, November 19). Des différences notables dans la consommation de denrées alimentaires - Enquête sur le budget des ménages 2017: Communiqué de presse. Retrieved November 25, 2019, from https://www.bfs.admin.ch/bfs/fr/home/actualites/quoi-de-neuf.assetdetail.10807901.html.

Olsommer, W., & Courleux, F. (2019, May 24). Repeal of the Swiss "chocolate law": a sleight of hand between export subsidy and aid coupled with production. Retrieved from http://www.agriculture-strategies.eu/en/2019/05/repeal-of-the-swiss-chocolate-law-a-sleight-of-hand-between-export-subsidy-and-aid-coupled-with-production/.

PSL-SMP. (2017, October 17). PSL INFO-EXPRESS: Remplacement de la loi chocolatière. Retrieved from https://www.aaremilch.ch/wp content/uploads/2018/10/SMP_IE_Nr9_18_f_V5.pdf.

Swiss FC. (n.d.). The federal Council - The portal of the Swiss government. Retrieved November 12, 2019, from https://www.admin.ch/opc/en/classified-compilation/19995395/index.html.

Shalal, A. (2019, May 16). Trump open to talks on U.S.-Swiss free trade deal: Swiss president. Retrieved from https://www.reuters.com/article/us-usa-switzerland/trump-open-to-talks-on-us-swiss-free-trade-deal-swiss-president-idUSKCN1SM2RH.

Siegenthaler, P. (2017, June 8). How 'wise-guy' Switzerland is outwitting the WTO. Retrieved from https://www.swissinfo.ch/eng/chocolate-law_how-wise-guy-switzerland-is-outwitting-the-wto/43243886.

Statistics Times. (n.d.). List of Countries by GDP (nominal) per capita. Retrieved from http://statisticstimes.com/economy/countries-by-gdp-capita.php.

Swissinfo. (2017, May 15). Poverty up to 7% among Swiss residents. Retrieved from https://www.swissinfo.ch/eng/the-hidden-poor_poverty-up-to-7-among-swiss-residents/43182490.

UNCTAD. (2019, February 4). Key Statistics and Trends in Trade. Retrieved from https://unctad.org/en/PublicationsLibrary/ditctab2019d1_en.pdf.

UNECE. (n.d.). Gross Average Monthly Wages by Country and Year. Retrieved November 20, 2019, from https://w3.unece.org/PXWeb2015/pxweb/en/STAT/STAT__20-ME__3-MELF/60_en_MECCWagesY_r.px/?rxid=0806c85a-23f8-4249-a4d0-10980df459d1.

Verts CH. (2019, March 13). Pas de libre-échange au détriment de l'environnement et des personnes. Retrieved from https://verts.ch/communiques/pas-de-libre-echange-au-detriment-de-lenvironnement-et-des-personnes.

WITS. (n.d.). World Integrated Trade Solution (WITS). Retrieved December 2, 2019, from https://wits.worldbank.org/.

Worldometers. (n.d.). GDP by Country. Retrieved October 20, 2019, from https://www.worldometers.info/gdp/gdp-by-country/.

WTO. (n.d.). WTO - Tariff Data. Retrieved November 16, 2019, from https://www.wto.org/english/tratop_e/tariffs_e/tariff_data_e.htm.

WTO. (2015, November). BRIEFING NOTE: TENTH WTO MINISTERIAL CONFERENCE, NAIROBI, 2015. Retrieved from https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm.

WTO. (2017, April 11). TRADE POLICY REVIEW - SWITZERLAND AND LIECHTENSTEIN. Retrieved from https://www.wto.org/english/tratop_e/tpr_e/s355_e.pdf.

Appendix 1 – Guarantee Fund Contribution levies – (WTO, 2017, p. 50)

Table 3.6 Guarantee fund contributions, 2016

	Guarantee fund contribution (GFC)
Réservesuisse (foodstuffs)	
Animal feed	SwF 0-5/100 kg gross
Bread cereals/Durum wheat	SwF 0-5/100 kg gross
Coffee	SwF 0-8.85/100 kg gross
Durum wheat	SwF 1.20/100 kg gross
Edible fats and oil	SwF 0-9.8/100 kg gross
Rice	SwF 0-4.75/100 kg gross
Sugar	SwF 0-5.0/100 kg gross
CARBURA (energy)	
Petroleum spirit and fractions	SwF 3.30/m^3
Diesel oil	SwF 3.30/m^3
Biofuels	SwF 3.30/m^3
Biodiesel	SwF 3.30/m^3
Bioethanol and petrol mixture	SwF 3.30/m^3
Agricura	
Fertilizers	SwF 3.00/100 kg gross
Helvecura	
Therapeutic products	0-2.2%/price ex-factory
Provisiogas	
Natural gas, liquefied/gaseous state	SwF 0.013 Ct./kWh

Source: Reservesuisse. Viewed at: http://www.reservesuisse.ch/en/goods/ [November 2016]; CARBURA. Viewed at: http://www.carbura.ch/fileadmin/user_upload/editors/web_dokumente/Zirkulare/MGL_Zirk/2016/Zirk21744_Info_B_C_Bioprodukte_ab_20160801_f.pdf [November 2016]; and information provided by the Swiss authorities.

Appendix 2 – Swiss Agricultural Trade – World Bank / WITS (WITS, 2019)

World - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$5,839,812.98	$6,009,239.33	-$169,426.35	100%	100%
Vegetables	$2,554,583.29	$4,578,718.28	-$2,024,134.99	100%	100%
Animal	$843,515.33	$2,064,840.60	-$1,221,325.27	100%	100%
Total	$9,237,911.60	$12,652,798.21	-$3,414,886.61	100%	100%

EEA - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$2,919,110.89	$4,996,546.92	-$2,077,436.03	49.99%	83.15%
Vegetables	$1,841,846.64	$2,796,257.46	-$954,410.82	72.10%	61.07%
Animal	$623,732.15	$1,603,438.95	-$979,706.80	73.94%	77.65%
Total	$5,384,689.68	$9,396,243.33	-$4,011,553.65	58.29%	74.26%

North America - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$1,200,047.70	$141,848.53	$1,058,199.17	20.55%	2.36%
Vegetables	$268,213.64	$166,604.39	$101,609.25	10.50%	3.64%
Animal	$110,160.00	$66,772.86	$43,387.14	13.06%	3.23%
Total	$1,578,421.34	$375,225.78	$1,203,195.56	17.09%	2.97%

US - 2017 (Within North America)	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance
Food	$1,036,342.88	$125,096.27	$911,246.61
Vegetables	$206,974.79	$126,654.21	$80,320.58
Animal	$84,992.96	$51,575.05	$33,417.91
Total	$1,328,310.63	$303,325.53	$1,024,985.10

Asia & East Pacific - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$738,498.02	$272,098.43	$466,399.59	12.65%	4.53%
Vegetables	$207,416.79	$236,693.26	-$29,276.47	8.12%	5.17%
Animal	$45,320.80	$223,353.83	-$178,033.03	5.37%	10.82%
Total	$991,235.61	$732,145.52	$259,090.09	10.73%	5.79%

Middle east & North Africa - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	493150.66	13313.12	$479,837.54	8.44%	0.22%
Vegetables	82820.99	107407.28	-$24,586.29	3.24%	2.35%
Animal	17782.63	2048.69	$15,733.94	2.11%	0.10%
Total	$593,754.28	$122,769.09	$470,985.19	6.43%	0.97%

Latin Americ & Caribbean - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	$78,607.72	$302,376.29	-$223,768.57	1.35%	5.03%
Vegetables	$91,885.91	$749,310.97	-$657,425.06	3.60%	16.37%
Animal	$6,093.46	$126,467.97	-$120,374.51	0.72%	6.12%
Total	$176,587.09	$1,178,155.23	-$1,001,568.14	1.91%	9.31%

Europe & Central Asia - 2017	Export (US$ Thousand)	Import (US$ Thousand)	Net Balance	Export Product Share (%)	Import Product Share (%)
Food	3165662.85	5111287.67	-$1,945,624.82	54.21%	85.06%
Vegetables	1880293.2	2948363.44	-$1,068,070.24	73.60%	64.39%
Animal	658916.31	1617815.35	-$958,899.04	78.12%	78.35%
Total	$5,704,872.36	$9,677,466.46	-$3,972,594.10	61.76%	76.48%

Appendix 3 – Direct Payments by policy objective – (WTO, 2017, p. 100)

	2012	2013	2014	2015
General direct payments (AP 2011)	2,163	2,148	n.a.	n.a.
Ecological direct payments (AP 2011)	641	667	n.a.	n.a.
Payments for ensuring food security	n.a.	n.a.	1,096.1	1,093.5
Basic payment			824.0	820.7
Payment under difficult production conditions			160.3	160.5
Payment for open arable land and permanent crops			111.8	112.3
Farmland payments	n.a.	n.a.	495.7	504.4
Payments to maintain open landscape			140.6	140.8
Steep slope payments			107.3	108.1
Payments on very steep slopes			13.4	13.5
Steep slope payments for wine growers			11.7	11.9
Alpine pasturing payments			101.6	107.7
Summer pasturing payments			121.0	122.3
Payments for production systems	n.a.	n.a.	439.5	450.1
Payment for organic agriculture			40.4	42.5
Payments for extensive cereal and rapeseed production			31.9	33.5
Payments for pasture-based dairy and meat production			104.8	107.9
Animal welfare payments (outdoor)			186.8	188.2
Animal welfare payments (housing systems)			75.6	78.1
Biodiversity payments	n.a.	n.a.	364.1	386.6
Quality payment			284.0	296.1
Payment for bio-diversity networks			80.1	90.5
Payments for landscape quality	n.a.	n.a.	70.2	125.5
Resource efficiency payments	n.a.	n.a.	6.3	17.3
Payment for emission-reducing application techniques of manure			2.1	6.2
Payment for reduced tillage			3.8	10.4
Payment for precision application of pesticides			0.3	0.7
Payments for water protection and sustainable use of natural resources			31.0	25.5
Transitional payments	n.a.	n.a.	307.8	177.9
Other	13	15	6.3	-2.3
Total	2,791	2,798	2,773.5	2,777.9

n.a. Not applicable.

Note: Payments for water protection and sustainable use of natural resources are not direct payments but another type of financial support. Since they are financed by the federal direct payments budget (and co-financed by the cantons), they are included in this table.

Source: Federal Office for Agriculture (2015), *Annual Report on Agriculture 2015* and information provided by the authorities.