

KCCI - Country Wrap: SWITZERLAND (APR.'17)



Economic situation in Switzerland

With particularly developed services sector and having one of the highest GDP per capita, Switzerland is amongst the top competitive economies of the world. The country possess political and economic stability, highly developed capital markets, reduced corporate taxes, effective legal system in place, sound infrastructure and low unemployment level owing to its highly skilled workforce.

The services sector contributes about 72% to the country's GDP growth where about 27% of the growth is linked with industrial sector however merely 1% is supported by agriculture sector. The services sector of Switzerland is led by financial services while industrial sector is mainly dominated by knowledge based, high tech products. A large chunk of Switzerland's export is covered by EU countries due to which its economic conditions get directly linked with the countries in Euro Zone. Thus, the country has mainly brought its economic practice in line with EU in order to further promote its international competitiveness.

Switzerland's major Agricultural commodities

Major agricultural products of Switzerland are eggs, meat, vegetables, fruits and grains.

Revenue generating sectors of Switzerland

The country's important industries include machinery, chemicals, watches, textiles, precision instruments, tourism, banking, and insurance.

Pakistan & Switzerland: Economic Relations

Both the countries have enjoyed diversified economic and diplomatic relations since 1950s. The Swiss government has been providing humanitarian and financial technical assistance to Pakistan since 1960s. In addition to this, several Swiss companies are working independently as well as in joint ventures in Pakistan. In this regard, around 21 Swiss companies are currently operating and are engaged in providing direct employment to around 20,000 Pakistanis. Switzerland has therefore been among the top 10 foreign direct investors of Pakistan for the past many years. The country's net Foreign Direct Investment in Pakistan has increased manifold in the past year where it stood at \$ 53.4Mn during FY16 as against net FDI of \$ 3.2Mn in FY15. The Swiss multinational companies that are operating in Pakistan include Novartis, Nestle, Gate Gourmet, Sika, Clariant, Archroma and ABB.

Trade between Pakistan and Switzerland

During Fiscal Year 2016, Pakistan exports to Switzerland declined by 31% to \$ 64.61Mn as against exports of \$ 94.11Mn in the corresponding period of last Fiscal Year 2015. The imports by Pakistan from Switzerland totaled \$ 735.99Mn during Fiscal Year 2016 from \$ 648.01Mn a year ago which shows increase in imports by 14%. The trade is heavily tilted in favor of Switzerland necessitating Pakistan to find new avenues for enhancing its exports to this highly developed market.

Swiss Business Council of Pakistan

The Swiss Business Council of Pakistan was launched on May 5, 2008, by renowned Swiss multinational companies operating in Pakistan to develop, facilitate and monitor the trade and business relationship between Pakistan and Switzerland. Switzerland has been a keen observer at meetings of the Friends of Pakistan.

Potentials for enhancing Pakistan - Switzerland bilateral trade

- Potential exists for Swiss businessmen to further invest in Pakistan on 100% equity basis or as joint ventures with local industries.

- Pakistan can greatly benefit from Swiss expertise in energy sector, mining, agriculture, and equity market.

- The possibility of cooperation also exists in supplying raw materials and finished products for fertilizers, chemicals, and pharmaceutical industry in Pakistan.

- Furthermore, handicrafts, shoes, precious stones and metals are also considered to be sectors important for enhancing Pakistan's export to Switzerland.

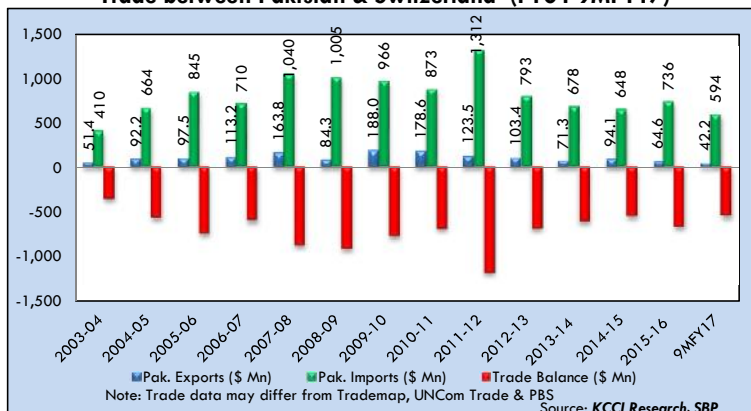
- Pakistani exporters would have to focus on the quality of their products in order to attract Swiss importers and retain them on long term.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	489.5	494.3	0.98%
GDP per Capita	\$	59,400	59,400	0.00%
GDP growth	%	0.8	1.0	0.20%
Forex Reserves	\$ Bn	602.70	N/A	N/A
External Debt	\$ Bn	1,663	1,664	0.06%
Exports of Goods	\$ Bn	303.50	301.10	-0.79%
Imports of Goods	\$ Bn	247.70	243.40	-1.74%
Trade Balance	\$ Bn	55.80	57.70	3.41%
Current Account	\$ Bn	75.82	61.20	-19.28%
FDI - at Home	\$ Bn	1,262	1,359	7.69%
FDI - at Abroad	\$ Bn	1,498	1,565	4.47%
CPI	%	-1.1	-0.4	63.64%
Prime Lending Rate	%	2.7	2.6	-0.08%
Population	Mn	N/A	8.18	N/A
Unemployment	%	3.20	3.40	0.20%
Literacy Rate	%	N/A	99.0	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Switzerland (FY04-9MFY17)



Note: Trade data may differ from Trademap, UNCom Trade & PBS
Source: KCCI Research, SBP

Switzerland's Top 10 Trade Items (2016)

Imports Items	(\$ Mn)	Exports Items	(\$ Mn)
Pearls, Stones, Metals	99,675	Pearls, Stones, Metals	98,550
Pharmaceutical products	24,674	Pharmaceutical products	67,455
Mach., mech. Appliances	17,422	Machinery, Mech. Appliances	22,506
Vehicles other than railway	14,616	Clocks, watches, parts	19,827
Electric Machinery, equip	13,541	Organic chemicals	19,398
Organic chemicals	12,496	Optic, photograph measures	15,510
Optic, photograph measures	7,472	Electrical mach. & equip.	12,088
Mineral fuels, oils	6,876	Plastics, articles thereof	4,943
Plastics, articles thereof	6,049	Essential oils; perfumery	2,941
Furniture; bedding	4,338	Iron/Steel Articles	2,842

Sources: KCCI Research, Trademap

Pakistan - Switzerland Top 10 Trade Items (2016)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Unknit; Apparel Articles, Clothing	39.16	Pharmaceutical products	150.52
Knit Apparel Articles, Clothing	23.87	Mach., mech. Appliances	61.85
Made-up textile articles	19.20	Organic chemicals	24.55
Leather Articles; saddlery & harness	12.66	Electrical mach. & equip.	22.02
Beverages, spirits and vinegar	8.65	Clocks, watches, parts	22.02
Toys, games, sports requisites	3.02	Optic, photograph measures	18.02
Optic, photograph measures	2.50	Arms, ammunitions & parts	17.88
Footwear, gaiters	2.43	Tanning/dyeing extracts	15.23
Cereals	2.31	Essential oils; perfumery	7.33
Cotton	1.65	Miscellaneous chemicals	6.43

Sources: KCCI Research, Trademap