

# Bilateral relations Switzerland–Pakistan

by Prof. Dr. Noor Ahmed Memon, Dadabhoy Institute of Higher Education / Associate Editor, Pakistan Textile Journal.

**The economy of Switzerland is one of the world's most advanced free market economies. Switzerland is ranked 1<sup>st</sup> among 45 countries in the Europe region, and its overall score is well above the regional and world averages. Most Swiss firms (over 99%) are small- and medium-sized enterprises (SMEs).**

The Swiss economy has been rated free for more than a decade. GDP growth has slowed in recent years because of risks from the escalating trade war between China and the United States, the rising Swiss Franc, and the drastic economic slowdown in neighbouring Germany. According to United Nations, Switzerland is the third richest landlocked country in the world.

Switzerland and Pakistan have good, long-standing relations. The two countries have signed a range of economic agreements that have helped to develop bilateral trade.

The Swiss embassy in Pakistan has been located in Islamabad since 1968. The Swiss Agency for Development and Cooperation (SDC) opened a cooperation office in Islamabad in 1977 when Pakistan was upgraded to a priority

**Table 1: Pak Swiss Trade**

**Value: US\$ Million**

Year	Exports	Imports	Balance of Trade
2015-16	65	736	-671
2016-17	57	850	-793
2017-18	128	1,084	-956
2018-19	95	926	-831
2019-20	98	649	-551

**Source: State Bank of Pakistan.**

country for Swiss development cooperation. In 1966, Switzerland and Pakistan signed a technical cooperation agreement which was supplemented in 1975 by an agreement on disaster relief.

There are numerous bilateral agreements between Switzerland and Pakistan in fields as wide-ranging as investment protection, debt consolidation, aviation, double taxation and disaster relief.

Swiss Business Council had also been set up for guiding Pakistani businessmen to enhance trade volume which had also signed several memorandums of

understanding (MoUs) to increase trade volume between the two countries.

Both sides recognised the vast potential of the two economies for mutually beneficial cooperation. They agreed to take concrete steps, including the exchange of business delegations and supporting SMEs to further enhance and expand bilateral economic and commercial interaction.

Switzerland ranks fifth in terms of foreign direct investment (FDI) in Pakistan and a reliable trading partner, the Swiss-based multinational companies have invested 1.2 billion dollars in

Pakistan, in various sectors including food processing, pharmaceuticals, chemicals, machinery and engineering, banking.

The Swiss multinational companies that operate in Pakistan, do not just market their world class products and services, but also create employment opportunities in the country. Major Swiss companies that have invested in Pakistan include ABB, Archroma, Clariant, Sika, Gate Gourmet, Nestle and Novartis.

## Pak-Swiss Trade

The long-standing bilateral relations between Switzerland and Pakistan are good and a range of economic agreements has aided the development of bilateral trade.

Switzerland has traditionally run a trade surplus with Pakistan and has been one of the country's biggest direct investors for many years. Pakistan and Switzerland enjoy close and friendly relations and cooperate closely at multilateral fora and Switzerland is an important development partner of Pakistan.

In the fiscal year 2019-20, Swiss exports to Pakistan amounted to US\$ 649

Year	Exports Mio. EUR	Exports ±EUR%
2015	37.3	+22.9%
2016	24.4	-34.5%
2017	35.5	+45.5%
2018	26.8	-24.5%
2019	38.5	+44%
2020	22.4	-42%

Source: Swissmem.

million and consisted mainly of machinery, chemical and pharmaceutical products, and watches. Imports from Pakistan mainly textile goods such as cotton yarn, cotton fabrics, readymade garments, hosiery, made-up textiles, and synthetic textiles amounted to US\$ 98 million.

Over the past five years, trade between Pakistan and Switzerland has increased, but the rise in imports has been greater than the exports. The total

trade volume between Pakistan and Switzerland in 2019-20 was over US\$ 1.20 billion with the balance of trade favouring Switzerland.

The exports from Pakistan to Switzerland are decreased from US\$ 128 million in 2017-18 to US\$ 98 million in 2019-20, thus showing a decline of 23%. cotton fabrics and yarn, readymade garments, towels, hosiery, agricultural products are the major items exported from Pakistan to Switzerland. The import from Switzerland to Pakistan also decreased from US\$1,084 million in 2017-18 to US\$ 649 million in 2019-20, thus showing a decline of 40%. Pak Swiss Trade for the last five years is given in Table 1.

Textile machinery, pharmaceutical products, organic chemicals, electrical, electronic equipment and plastics are the main items imported from Switzerland. Import of textile machinery from Switzerland to Pakistan decreased from Euros 38.5 million in 2019 to Euros 22.4 million in 2020, thus showing a decline of 42%. Imports of textile machinery from Switzerland to Pakistan in terms of Euros are given in Table 2 and imports of major textile machinery in terms of rupees from Switzerland's to Pakistan are given in Table 3.

## References

1. Pakistan Bureau of Statistics.
2. Swissmem.
3. State Bank of Pakistan-Annual Report-2019-20.
4. Trade Development Authority of Pakistan.◆

Machinery	Quantity: Numbers Value: Rs Million			
	2019-20		2018-19	
	Qty.	Value	Qty.	Value
Carding Machinery	94	1,395	112	1,214
Combing Machines	29	517	20	244
Drawing / Roving Machines	19	131	16	121
Blow Room Machinery	44	699	47	304
Preparation of Textile Fibres	8	20	9	122
Textile Spinning Machines	18	595	3	38
Textile Fibre Machines	14	131	26	204
Weaving Machines (Shuttleless)	398	589	188	392
Auxiliary Machines	55	156	85	214

Source: Pakistan Bureau of Statistics.



