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# SWISS TRADE MONITOR

## Edition 5:
## Switzerland's Car Imports

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From insight to impact.

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**Key Findings**

- Swiss imports of cars document two fundamental shifts: location and engine. Fewer cars are bought from Japan or France, more from Spain, the Czech Republic, and (recently) China. Concerning car engines, the data show a growing share of imported cars that are purely electric.
- China has quickly moved into the top-10 of Switzerland's source countries for cars and is the second-most important supplier of EVs.
- Germany remains by far the key source country, accounting for almost 40 percent of all Swiss car imports and an even larger share of EV imports.
- For Switzerland, a nation that has no car industry but a significant group of leading suppliers to the car industry, the developments seen in the import data raise questions about location choices and strategic market positioning.

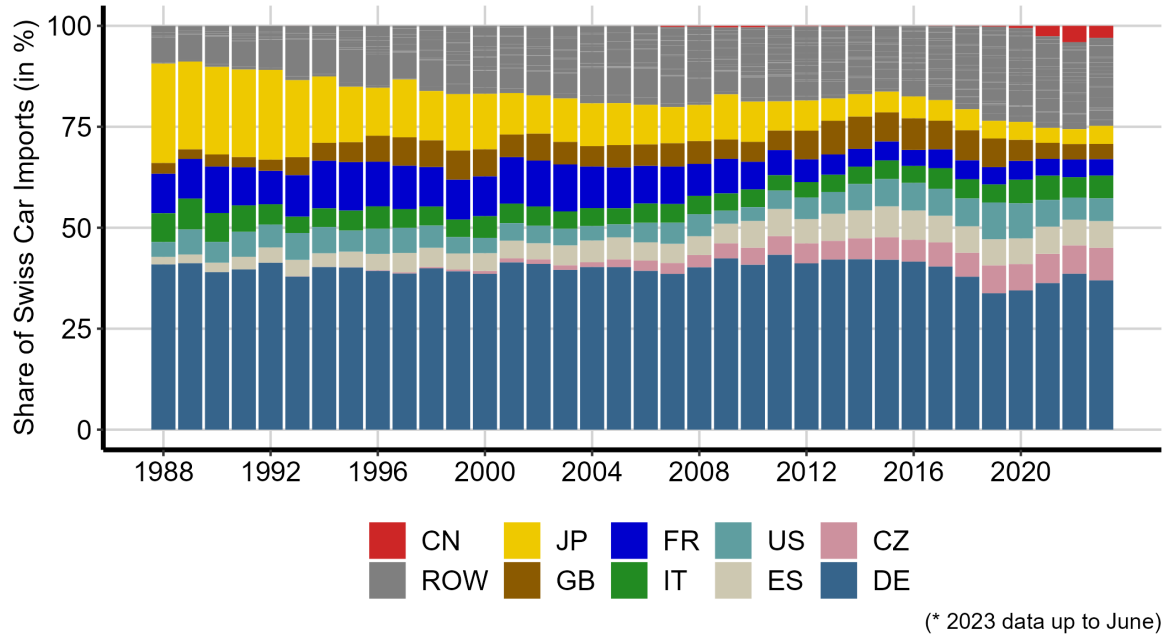
# The Swiss Trade Monitor

Switzerland is a small open economy. The international exchange of goods is crucial for the nation's economic prosperity. The aim of the *Swiss Trade Monitor* is to document key trends in Swiss foreign goods trade. Its fifth edition focuses on Switzerland's car imports. The data source for this report is the Swiss Federal Office for Customs and Border Security (FOCBS).

# Main Source Countries of Swiss Car Imports

Even though there are several leading Swiss suppliers to the global car industry, the nation does not possess a car industry. So from which countries do the Swiss import passenger cars? The data show that only a handful of countries account for the lion's share, with Germany being by far the most important source country. Considering the last three decades the following chart illustrates key developments:

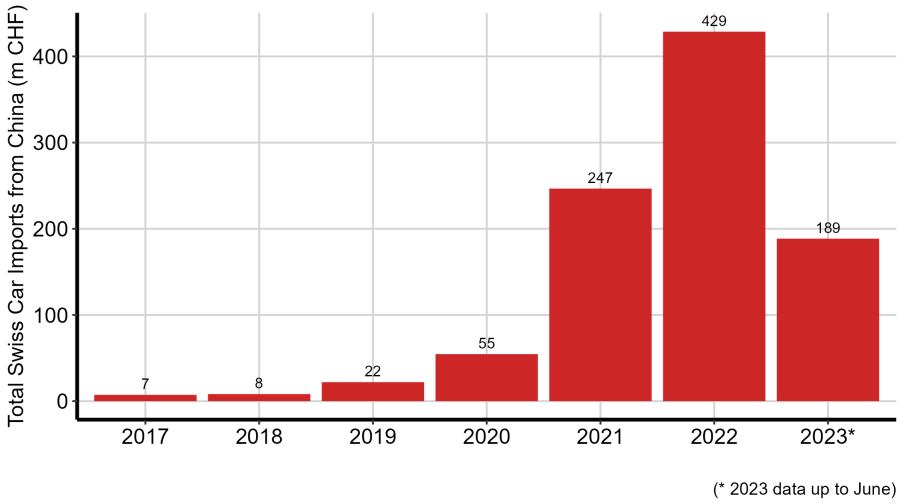
- The Japanese market share eroded dramatically from 25% in the late 1980s to less than 5% in the most recent data. This is despite the fact that every third newly registered car in Switzerland is a hybrid model and Japanese Toyota was a hybrid pioneer.
- Cars from France once accounted for about ten percent of all imports, but that market share has fallen to about four percent.
- Spain's market share gradually increased from less than two to almost seven percent.
- Starting in the early 2000s, the Czech Republic shows up in Swiss car import data. Until today, its market share has increased to about 7.5 percent, making it the second-most important source country.
- In the past three years, for the first time we see significant car imports from China.




*Note:* The figure shows shares of Switzerland's total car (HS-8703) imports for the years 1988 to 2023, separated by major countries and the rest of the world (ROW).

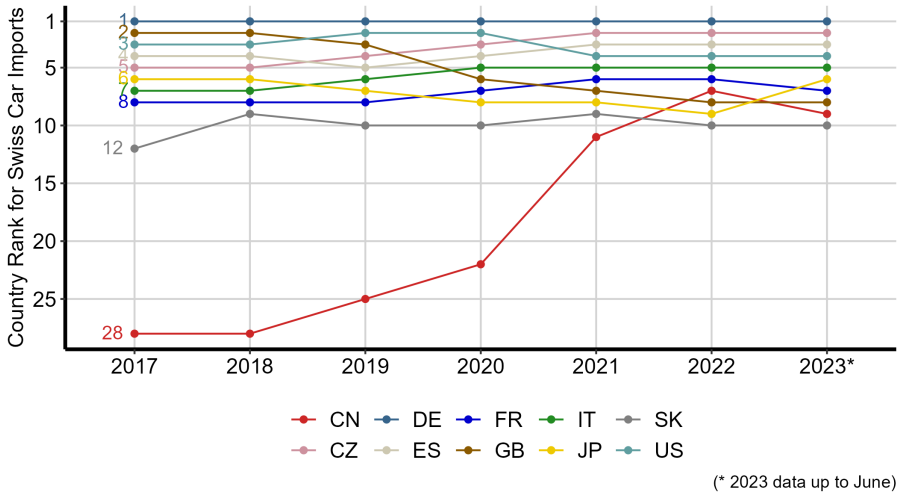
# The Rise of China's Car Business

In early 2023, many news outlets pointed out the enormous increase in Chinese car exports, overtaking even Germany.[1] Do we see this in Swiss import data as well? If we consider the absolute import value of Switzerland's car imports from China, there is a steep increase starting in 2019 and strongly accelerating in 2021 and 2022:




*Note:* The figure shows Switzerland's total car imports (HS-8730) from China for the years 2017 to 2023.

This sharp increase, however, must be put into context. The first figure of our report already showed that China accounted for only about four percent of all Swiss car imports in 2022, compared to almost 40 percent for Germany. Still, in just a few years China has climbed up to the top-10 of source countries:

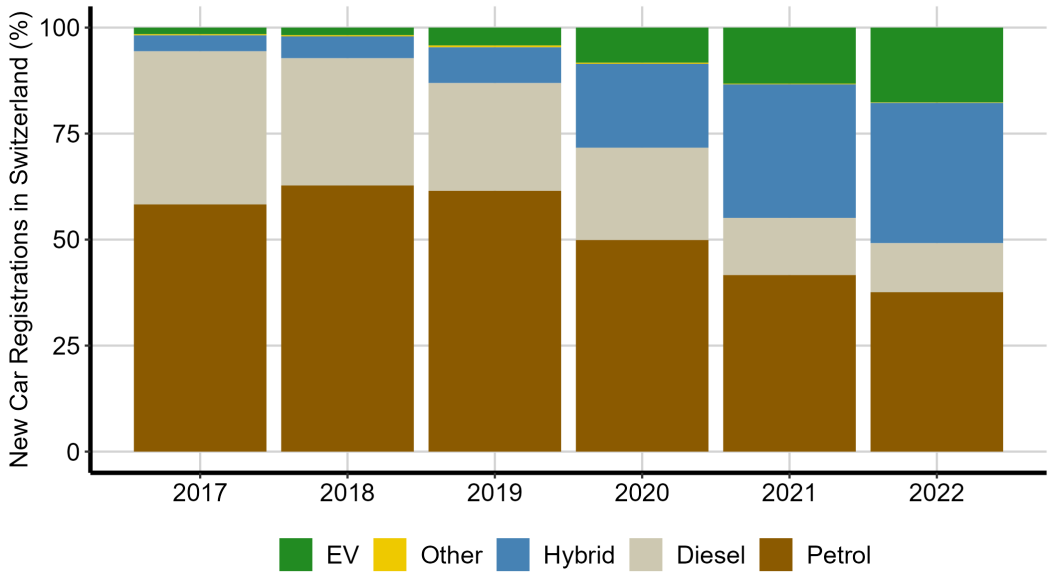



*Note:* The figure shows Switzerland's main source countries for cars (HS-8730) for the years 2017 to 2023.

[1] see, for instance, "How China Is Quietly Dominating the Global Car Market", *Bloomberg*, Jan 26, 2023

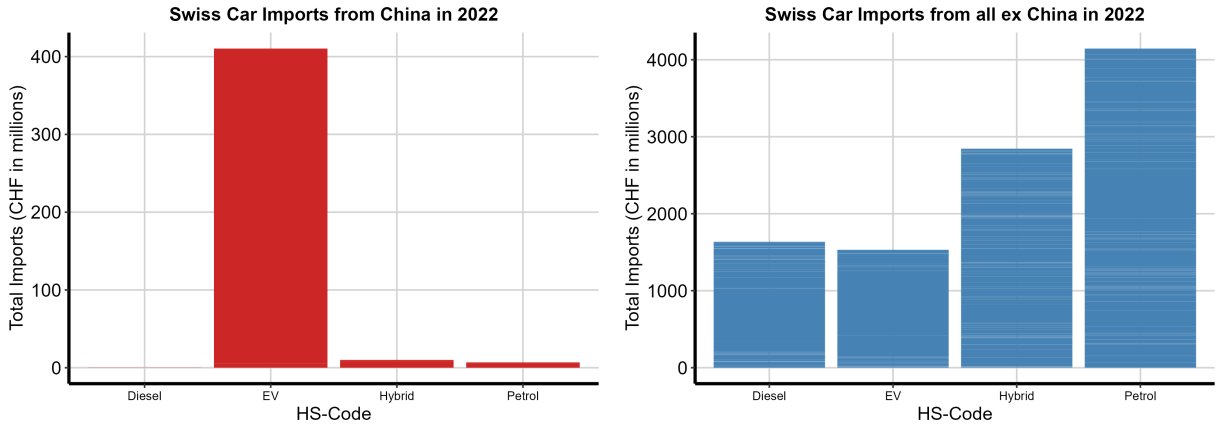
# Electric Vehicles

Data from the Federal Statistical Office[2] show that in 2022 a total of 230'000 new cars were registered in Switzerland. Among them, 37% were petrol engine cars, 12% diesel, 33% hybrid, 17% EV, and less than 1% had other engines like gas-powered ones.




*Note:* The figure shows shares among Switzerland's new car registrations by type of engine.

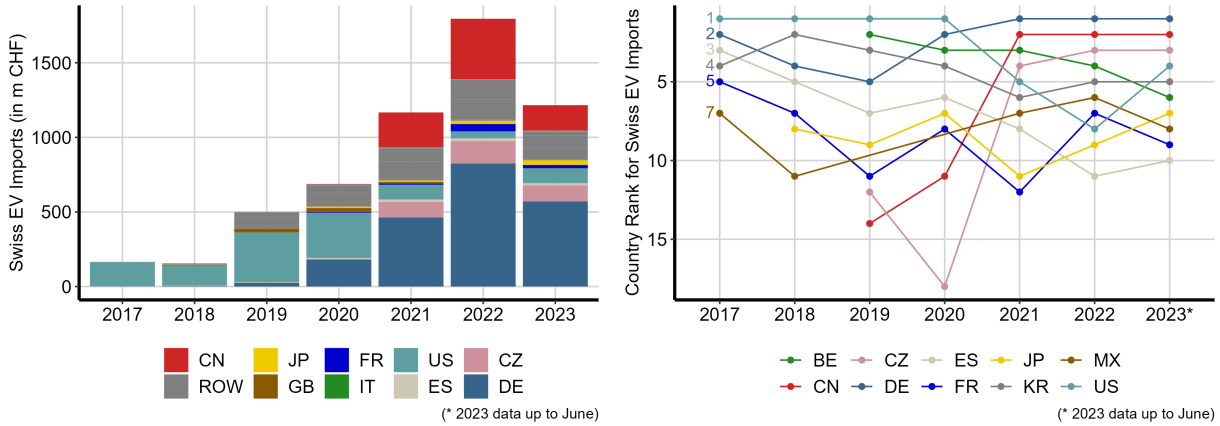
What is remarkable about Chinese cars that Switzerland imports is that they are (almost) entirely electric. This compares to imported vehicles from other nations among which petrol engine cars are most prevalent:




*Note:* The figure shows Switzerland's car imports by type from China (left) and from all other countries (right). HS codes 8703.2xxx are classified as Petrol, 8703.3xxx as Diesel, 8703.4xxx to 8703.7xxx as Hybrid, and 8703.8xxx as EV.

[2]see FEDRO – New registrations of road vehicles, IVS

If we consider Switzerland's imports of EVs (no hybrids, only HS-8703.8030), we find that China is now the number-2 source of Swiss imports. Of the total EV imports in 2022 worth 1.8 billion Swiss Francs, about 800 million came from Germany and 400 million from China. The next-most important origin countries, the Czech Republic and Belgium, are far behind with 150 and 115 million Francs.




*Note:* The figure shows Switzerland's EV (HS-8703.8030) imports by source country (left) and a ranking of leading countries (right).

# Conclusion

Data on Switzerland's car imports document two significant developments: a shift in source countries and a rise of electric vehicles. Within a few years, China has developed into a significant car producer. Especially in the field of purely electric vehicles the country is now a leading supplier. However, the data also indicate that the Chinese ascension does not come at the expense of Germany's market share. Switzerland's most important trading partner continues to hold a superior market share, even when it comes to EVs.

For Switzerland and its network of leading car supplier companies the two developments raise questions about location choices and strategic market positioning.