



University of St.Gallen

Institute for Law and Economics

SWISS TRADE MONITOR

Edition 12:
Trading with Africa

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From insight to impact.

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Key Findings

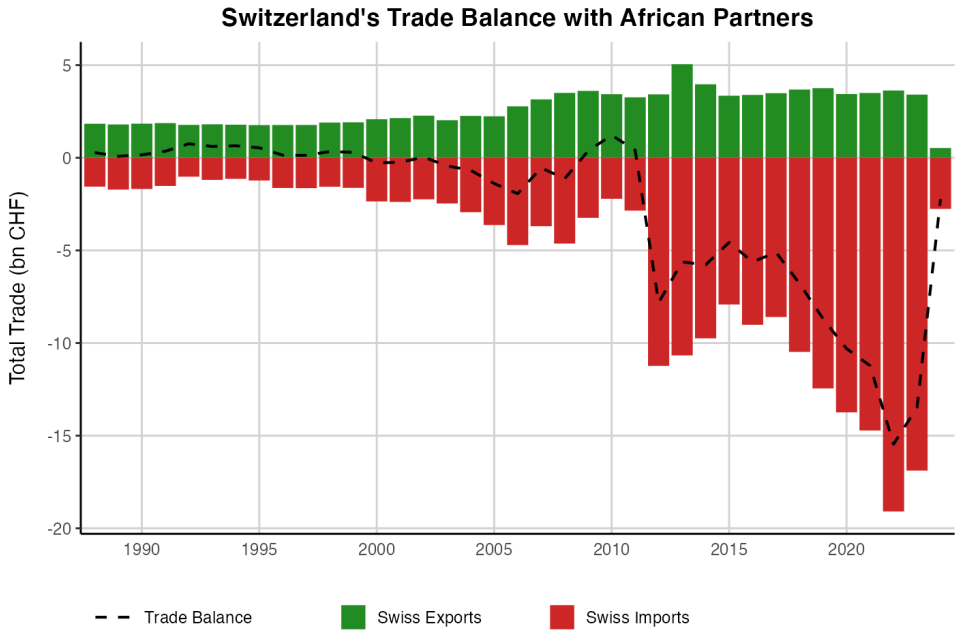
- Switzerland's trade volume with the African continent amounts to around CHF 20 billion. Swiss exports account for CHF 4 billion and the most important products include pharmaceuticals, machines as well as watches. Swiss imports from Africa are dominated by precious metals, pearls, and mineral fuels. Lesser traded products include cars, articles of apparels and agricultural goods.
- The largest African partners for Swiss exports are Egypt, South Africa, Morocco, and Algeria. On the import side, South Africa, Ghana, Burkina Faso as well as Mali are the most significant partners.
- When considering a partner's GDP, trade volumes with Africa are not lower than with other regions. Low trade volumes with Africa can thus primarily be explained by Africa's low economic performance in an international comparison.
- Gold imports from Africa have been steadily increasing in the last several years. Trade volumes follow the gold price closely, as is the case for most commodities.

The Swiss Trade Monitor

Switzerland is a small open economy. The international exchange of goods and services is crucial for the nation's economic prosperity. The aim of the *Swiss Trade Monitor* is to document key trends in Switzerland's foreign trade. The twelve edition provides an overview of Switzerland's goods trade with the African continent. The sources of trade data for this report are the Swiss Federal Office for Customs and Border Security (FOCBS) as well as the UN Comtrade database. Unless stated differently, the report exclusively considers the goods trade excluding gold and other precious metals (the FOCBS refers to this as "Total 1"). In addition, the report makes use of commodity price series from the IMF Primary Commodity Price System (PCPS) database and other auxiliary data.

Switzerland's Trade with Africa

A high-level overview of Switzerland's trade is given by the figure below. Since 2012, Switzerland has been running a severe trade deficit with the African continent, relative to total trade volumes. The surge in imports from 2012 onwards likely stems from the data revision by the FOCBS: The Swiss Federal Customs Administration provides data on foreign trade in gold only from 2012 onwards. Import volumes before 2012 are thus in some sense underestimated.



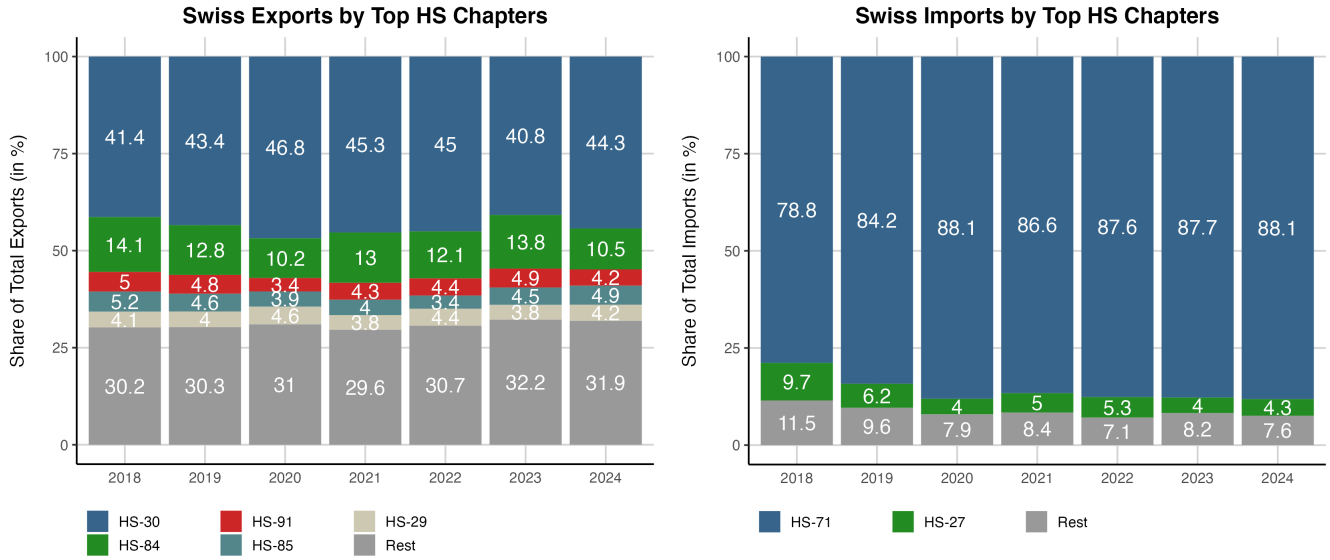
Note: Annual total exports, imports and trade balance in billion Swiss Francs. The steep decrease in the trade balance from 2012 onwards is likely due to the data revision of the FOCBS where the origin classification was changed. Source: FOCBS – Foreign Trade Statistics.

We obtain a better understanding of Switzerland's goods trade with African countries by breaking it down by products and partner countries. The four figures below present Switzerland's top products and partners of its African trade. While Switzerland's top export products cover pharmaceuticals (HS 30), machines (HS 84, HS 85) and watches (HS 91), imports are overwhelmingly dominated by gold products (HS 71), more specifically mined gold in unwrought forms (HS 7108.1).[1] A small fraction of imports consist of mineral fuels (HS 27), which are sourced from Libya, and more sparsely, from Nigeria.

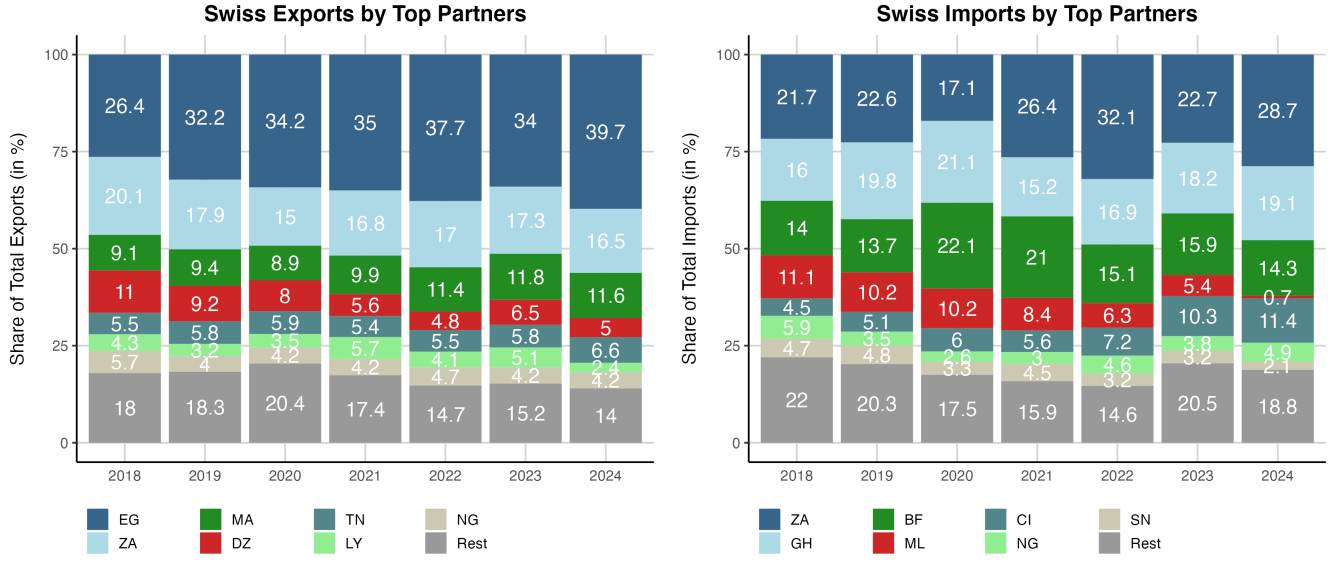
Switzerland's most important export partners, in the order of their export shares, include Egypt, South Africa, Morocco, Algeria and Tunisia. North Africa is thus the primary destination of Swiss exports while Sub-Saharan Africa accounts for only a small share. On the import side, South Africa,

[1]Note that the trade of gold in unwrought forms must be distinguished from the monetary gold trade among commercial banks and international organizations, for example the IMF (HS 7108.2).

Ghana, Burkina Faso, and the Ivory Coast represent roughly 70 percent of Swiss import volumes from Africa. Shares of trade partners appear more volatile compared to Switzerland's trade with, for instance, the EU-27 or United States.



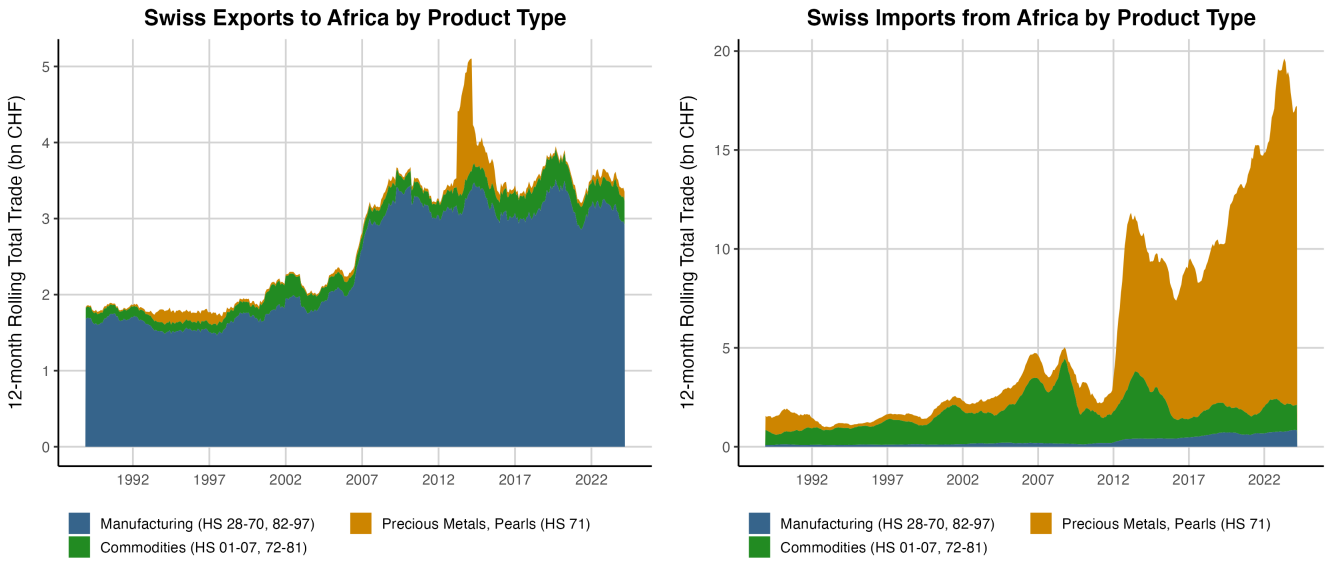
Note: Annual shares of exports (left) and imports (right), separated by top HS chapters, in percent. All HS product codes explained in the appendix. Source: FOCBS – Foreign Trade Statistics.

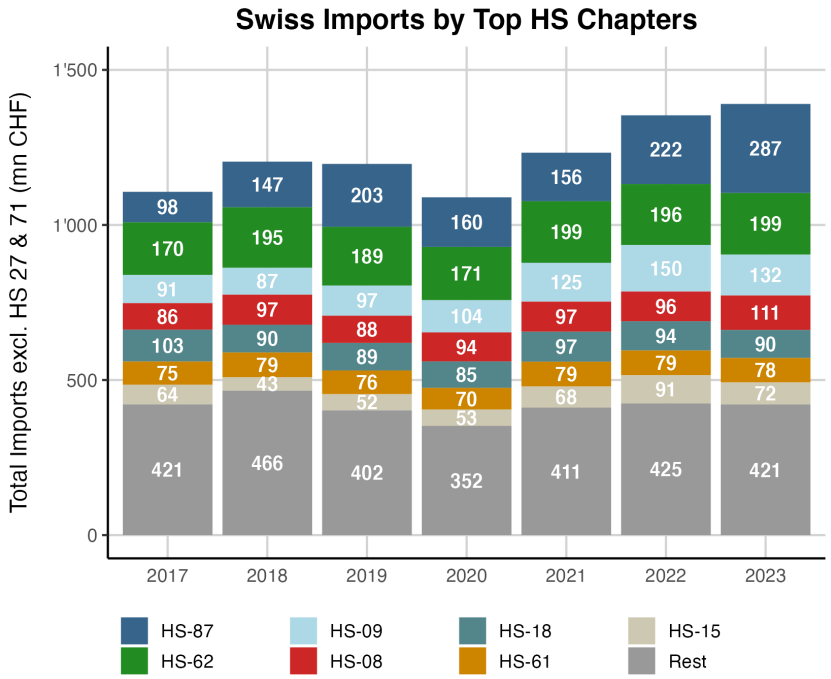


Note: Annual shares of exports (left) and imports (right), separated by top trade partners in Africa, in percent. All country codes explained in the appendix. Source: FOCBS – Foreign Trade Statistics.

As mentioned before, product types exported by Africa and Switzerland are vastly different. The figures below show that Swiss exports (top left panel) are dominated by manufactured goods while Swiss imports (top right panel) are dominated by commodities. When removing oil and gold (i.e., HS chapters 27 and 71), import volumes of around one billion Swiss Francs remain. We show

them in the lower figure. The largest product types include vehicles (HS 87), articles of apparel (HS 61 and 62) as well as agricultural products such as fruits (HS 08), coffee (HS 09), cocoa (HS 18), as well as oils and fats (HS 15). Regarding the trade in HS 87, Switzerland mainly imports vehicles for the transportation of goods (HS 8704) and these come primarily from South Africa. The country belongs to the top 25 vehicle manufacturers globally and this sector is a significant driver of its economic performance.





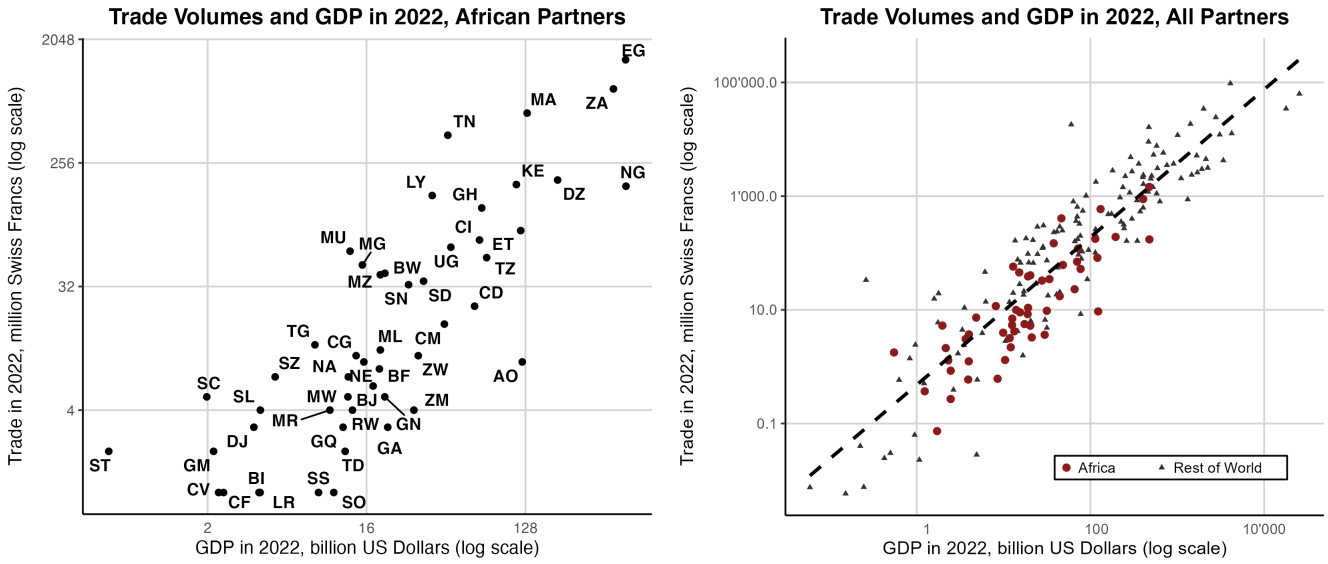
Note: Annual shares of exports (left) and imports (right), separated by product type, in percent.
Source: FOCBS – Foreign Trade Statistics.

Does Switzerland trade 'too little' with Africa?

Looking at Swiss foreign goods trade in 2023 (without gold), we see that the total trade volume with African nations was about CHF 5.3 billion. This pales in comparison with Switzerland's trade volume with individual European countries such as Spain (CHF 16.3 billion) or the Netherlands (CHF 12.0 billion). Given that the continent of Africa has a population of more than 1.2 billion people, the question arises whether the Swiss trade volume with Africa is too small.

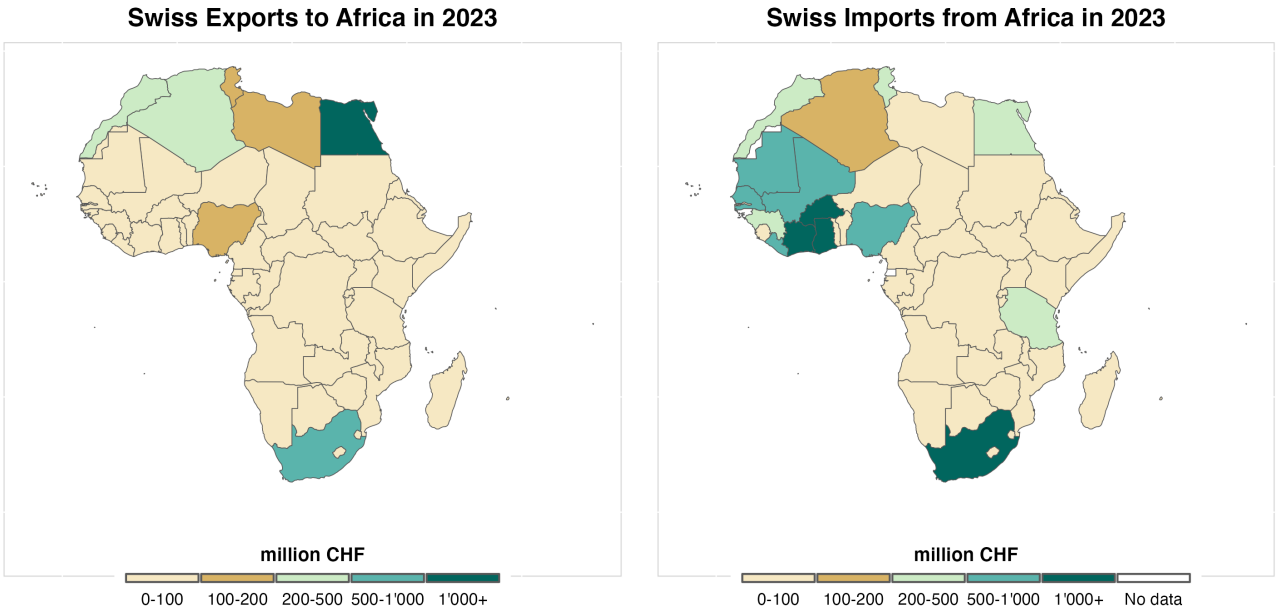
To explore this, we utilize a simple gravity model. Originally developed by Jan Tinbergen ("Shaping the World Economy") this model states that the trade volume between two nations is determined by the GDP of both countries as well as the geographic distance. It that sense it builds upon the idea of gravitational force which is dependent on the mass of two objects as well as their distance.

The figure below shows total trade volumes (exports and imports) excluding precious metals and pearls (HS 71) as well as mineral fuels (HS 27) in relation to the country's GDP in 2022, for only African partners (left) and all partners (right). A clear linear relationship is visible in both plots, as the gravity model of trade would suggest. In other words, Switzerland's trade is highest with the largest economies of Africa and the world. The comparison to partners in the rest of the world shows that Switzerland's trade with Africa is not lower than what can be expected given its economic size. African partners do not trade disproportionately less with Switzerland than other partners do, when excluding mineral fuels and precious metals.



Note: Total trade excluding precious metals, pearls (HS 71) and mineral fuels (HS 27) in relation to the country's GDP in US Dollars. The reference year is 2022. Source: FOCBS – Foreign Trade Statistics, IMF World Economic Outlook Oct. 2023 – GDP figures.

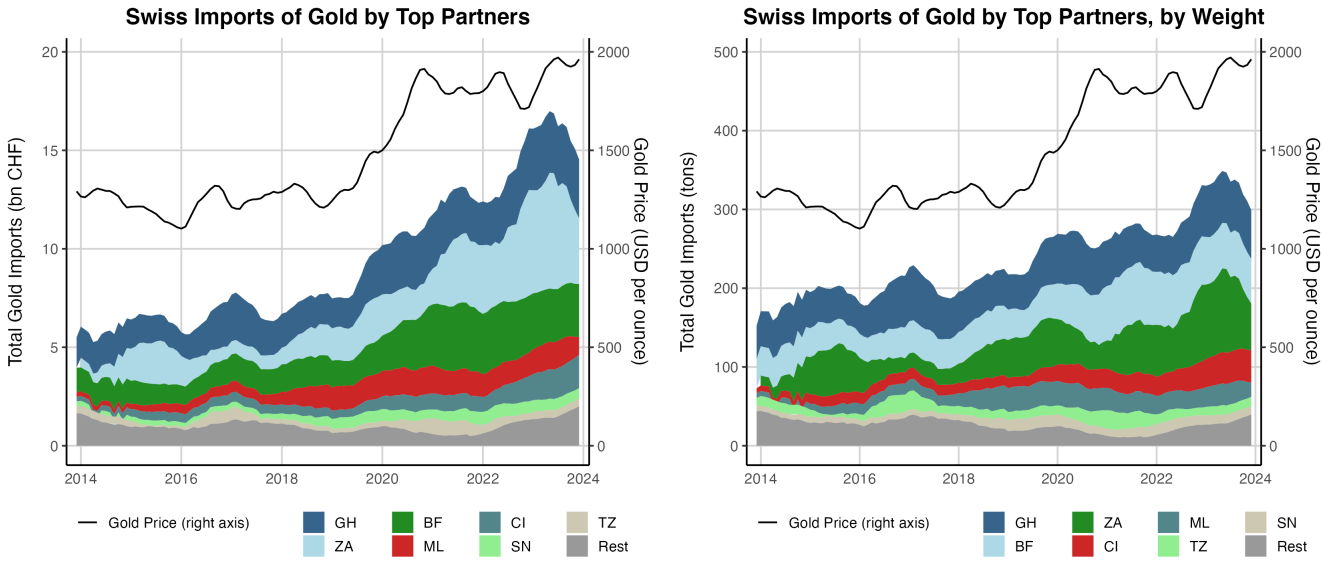
The two map plots below show total trade volumes in 2023 for exports (left) and imports (right). As mentioned before, Northern Africa is more involved in the Swiss goods trade compared to Sub-Saharan Africa. This again is in line with the gravity model. The only exceptions are Tanzania and South Africa. However, South Africa represents both Africa's largest gold exporter to Switzerland and biggest economy.



Note: Swiss export (left) and import (right) volumes with the African continent in 2023. Gold and oil goods are included. Source: FOCBS – Foreign Trade Statistics, Natural Earth – Spatial Data.

Swiss Gold Imports from Africa

Because gold plays such a large role in Switzerland's imports from Africa, we discuss this in more detail. Looking at Switzerland's gold imports more closely, the largest trade partners include South Africa, Ghana, Burkina Faso, and Mali. The gold trade has steadily increased since 2012, simultaneously with the gold price itself, which is represented by the black line in the plot below. Like any other commodity, import volumes measured by value directly depend on the price of the respective commodity.



Note: The figures show Switzerland's 12-month rolling total gold imports from Africa, by value (left) and weight (right). The black line shows the 4-month rolling average gold price. Only trade in HS 7108.12 is considered. Source: FOCBS – Foreign Trade Statistics, IMF PCPS – Gold Prices.

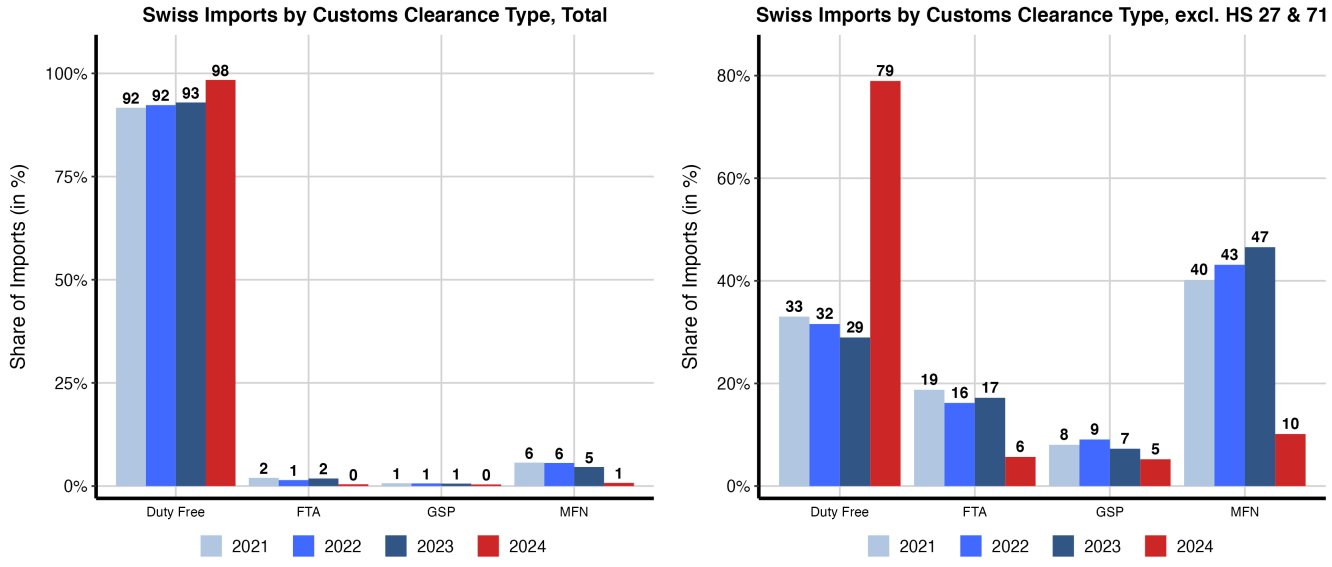
In the past ten years, we observe a large increase of Swiss gold imports from South Africa. This is largely driven by an increase in weight — about 59 tons in 2023 compared to 33 tons in 2020 — while the price only increased from CHF 49'000 to CHF 56'000 per kilogram.

Customs Treatment

A final topic we address is how Swiss imports from Africa a treated with regards to tariffs. In principle, there are four options: imports can be subject to (i) regular most-favored nation (MFN) tariffs, (ii) zero tariffs (because MFN duties are zero), (iii) preferential treatment due to existing free trade agreements (FTA), or (iv) benefit from lower duties in the Generalized System of Preferences (GSP), a scheme that allows developing countries to pay lower tariffs on their exports.

Regarding free trade agreements, Switzerland has one with Morocco since 1999, Tunisia since 2006 Egypt since 2008, and the Southern African Customs Union (SACU, including Botswana, Eswatini, Lesotho, Namibia, South Africa) since 2008.

The figures below illustrate how imports from African trade partners are cleared by customs authorities, for total imports (left) and excluding precious metals, pearls, and mineral fuels (right). As gold imports are cleared as duty free products, total imports from Africa are mostly duty free. Excluding the trade of gold and mineral fuels, a mixed picture emerges. After the abolition of Swiss tariffs on industrial products as of 2024, most non-gold and non-oil imports are also cleared as duty free products. Before 2024, a larger share of products were imported under regular tariffs (MFN) or benefiting from free trade agreements (FTA). Only a very small portion of imports benefit from reduced tariffs as part of the GSP system for developing economies.



Note: Annual shares of imports by customs clearance type, in percent. The left panel shows total imports, the right panel shows total imports excluding precious metals, pearls (HS 71) and mineral fuels (HS 27). Source: FOCBS – Foreign Trade Statistics.

Country Reports

Our quarterly reports provide individual country reports of the largest trade partners in Africa. These include an overview of partner-specific trends, especially concerning export and import product types. Please find them here: `ile.unisg.ch/projects/swiss-trade-monitor/`

Appendix: HS Sections — Descriptions

1	Live Animals
2	Meat
3	Fish
4	Dairy Products
5	Products of Animal Origin
6	Live Trees and Plants
7	Edible Vegetables
8	Edible Fruit and Nuts
9	Coffee, Tea, Spices
10	Cereals
11	Products of the Milling Industry
12	Oil Seeds
13	Lac, Gums, Resins
14	Vegetable Plaiting Materials
15	Animal and Vegetable Fats and Oils
16	Preparations of Meat or Fish
17	Sugars and Confectionery
18	Cocoa
19	Preparations of Cereals, Flour
20	Preparations of Vegetables
21	Misc. Edible Preparations
22	Beverages
23	Residues and Waste of Food Industries
24	Tobacco
25	Salt, Sulfur, Earths, and Stone
26	Ores, Slag, and Ash
27	Mineral Fuels and Oils
28	Inorganic Chemicals
29	Organic Chemicals
30	Pharmaceutical Products
31	Fertilizers
32	Tanning or Dyeing Extracts
33	Essential Oils
34	Soap
35	Albuminoidal Substances
36	Explosives
37	Photographic or Cinematographic Goods
38	Misc. Chemical Products
39	Plastics and Articles Thereof
40	Rubber and Articles Thereof
41	Raw Hides and Skins
42	Articles of Leather
43	Furskins and Artificial Fur
44	Wood and Articles of Wood
45	Cork and Articles of Cork
46	Manufactures of Straw
47	Pulp of Wood
48	Paper and Paperboard
49	Printed Books, Newspapers
50	Silk
51	Wool
52	Cotton
53	Other Textile Fibers
54	Man-made Filan-Made Textile Materials
55	Man Mad Staple Fibers
56	Wadding
57	Carpets
58	Special Woven Fabrics
59	Impregnated, Coated or Laminated Textile Fabrics
60	Knitted or Crocheted Fabrics
61	Articles of Apparel (knitted)
62	Articles of Apparel (not knitted)
63	Other Textiles
64	Footwear
65	Headgear
66	Umbrellas, Walking Sticks
67	Prepared Feathers
68	Articles of Stone, Plaster, Cement
69	Ceramic Products
70	Glass and Glassware
71	Natural or Cultured Pearls, Precious Metals
72	Iron and Steel
73	Articles of Iron or Steel
74	Copper or Articles Thereof
75	Nickel or Articles Thereof
76	Aluminum or Articles Thereof
78	Lead or Articles Thereof
79	Zinc or Articles Thereof
80	Tin or Articles Thereof
81	Other Base Metals
82	Tools, Cutlery
83	Misc. Articles of Base Metal
84	Nuclear Reactors, Boilers
85	Electrical Machinery
86	Railway or Tramway Locomotives
87	Vehicles
88	Aircraft, Spacecraft
89	Ships, Boats
90	Optical, Photographic, Precision Instruments
91	Clocks and Watches
92	Musical Instruments
93	Arms and Ammunition
94	Furniture
95	Toys
96	Misc. Manufactured Articles
97	Works of Art

Appendix: Country Codes

ISO	Country	ISO	Country	ISO	Country
AE	Arab Emirates	GR	Greece	NI	Nicaragua
AF	Afghanistan	GT	Guatemala	NL	Netherlands
AL	Albania	GU	Guam	NO	Norway
AM	Armenia	HK	Hong Kong	NP	Nepal
AO	Angola	HN	Honduras	NZ	New Zealand
AR	Argentina	HR	Croatia	OM	Oman
AT	Austria	HU	Hungary	PA	Panama
AU	Australia	ID	Indonesia	PE	Peru
AW	Aruba	IE	Ireland	PH	Philippines
AZ	Azerbaijan	IL	Israel	PK	Pakistan
BA	Bosnia-Herzeg.	IN	India	PL	Poland
BD	Bangladesh	IQ	Iraq	PS	Palestine
BE	Belgium	IR	Iran	PT	Portugal
BG	Bulgaria	IS	Iceland	PY	Paraguay
BH	Bahrain	IT	Italy	QA	Qatar
BL	St Barthélemy	JM	Jamaica	RO	Romania
BO	Bolivia	JO	Jordan	RS	Serbia
BR	Brazil	JP	Japan	RU	Russia
BS	Bahamas	KE	Kenya	SA	Saudi Arabia
BW	Botswana	KG	Kyrgyzstan	SB	Solomon Islands
BY	Belarus	KH	Cambodia	SD	Sudan
CA	Canada	KR	South Korea	SE	Sweden
CD	Congo (RDC)	KW	Kuwait	SG	Singapore
CG	Congo, Rep. of	KY	Cayman Islands	SI	Slovenia
CI	Côte d'Ivoire	KZ	Kazakhstan	SK	Slovakia
CL	Chile	LA	Laos	SM	San Marino
CM	Cameroon	LB	Lebanon	SN	Senegal
CN	China	LK	Sri Lanka	SV	El Salvador
CO	Colombia	LT	Lithuania	SX	St Maarten
CR	Costa Rica	LU	Luxembourg	SY	Syria
CU	Cuba	LV	Latvia	TG	Togo
CY	Cyprus	LY	Libya	TH	Thailand
CZ	Czechia	MA	Morocco	TM	Turkmenistan
DE	Germany	MD	Moldova	TN	Tunisia
DK	Denmark	ME	Montenegro	TR	Türkiye
DO	Dominican Rep.	MG	Madagascar	TW	Taiwan
DZ	Algeria	MH	Marshall Isl.	TZ	Tanzania
EC	Ecuador	MK	North Macedonia	UA	Ukraine
EE	Estonia	ML	Mali	UG	Uganda
EG	Egypt	MM	Myanmar	US	USA
ES	Spain	MN	Mongolia	UY	Uruguay
ET	Ethiopia	MO	Macau	UZ	Uzbekistan
FI	Finland	MT	Malta	VE	Venezuela
FO	Faeroe Islands	MU	Mauritius	VG	Brit. Virgin
FR	France	MV	Maldives	VI	Amer. Virgin
GB	United Kingdom	MX	Mexico	VN	Viet Nam
GE	Georgia	MY	Malaysia	XK	Kosovo
GF	French Guiana	MZ	Mozambique	YE	Yemen
GH	Ghana	NE	Niger	ZA	South Africa
GP	Guadeloupe	NG	Nigeria	ZW	Zimbabwe