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SWISS TRADE MONITOR



Edition 1:
Foreign Goods Trade
during COVID and War

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From insight to impact.

Abstract

The *Swiss Trade Monitor* documents time trends in Switzerland's foreign goods trade. The first edition considers data from January 2019 until November 2022, a time span that covers both the COVID-19 pandemic in early 2020 and the Russo-Ukrainian War which started in February 2022. Both events led to noticeable declines in trade volumes which were, however, of temporary nature. Swiss foreign trade recovered quickly from the pandemic-induced decrease. And in contrast to the European Union or the United States, Swiss exports to Russia do not show a lasting decline throughout 2022. Large volumes of pharmaceutical exports imply that Swiss-Russian trade in 2022 is at a level similar to the previous years.

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Contents

1	The Swiss Trade Monitor	2
2	Data	2
3	Swiss Foreign Trade	3
4	Time Trends	5
4.1	Overview	5
4.2	Detailed Results: Overall Swiss Foreign Trade	6
4.3	Detailed Results: European Union	7
4.4	Detailed Results: United States	8
4.5	Detailed Results: China	9
4.6	Detailed Results: Russia	10
4.7	Detailed Results: Ukraine	11
5	Focus Topic	12
5.1	The Impact of the COVID-19 Pandemic	12
5.2	The Impact of the Russo-Ukrainian War	13

1 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 trade. Its first edition focuses on two recent events: the COVID-19 pandemic which started in early 2020 and the Russo-Ukrainian War which began in February 2022.

The report first illustrates Switzerland's foreign goods trade in general, pointing out major trading partners, dominant product groups, and key time trends. In a second step, detailed data are presented for the three major partners (the EU, USA, and China) as well as Russia and Ukraine. For each partner, Switzerland's trade in the years 2019 to 2022 is presented. Subsequently, the products which accounted the most for recent decreases/increases in trade volume are shown. For latter, a comparison of the first eleven months of 2022 with the same eleven months of 2019 is shown.

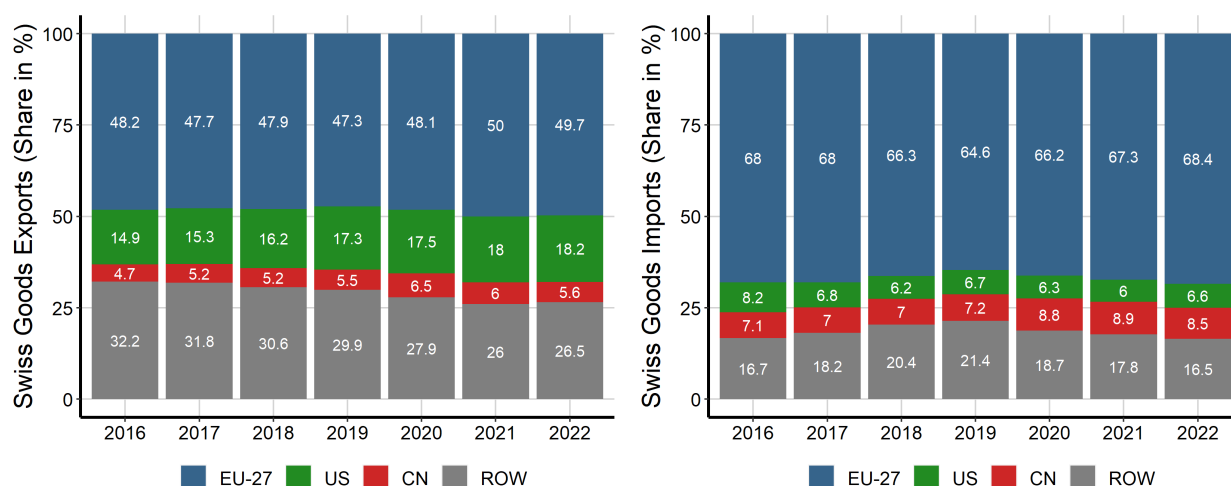
2 Data

All data for Switzerland is obtained from the Swiss Federal Office for Customs and Border Security (FOCBS). Unless stated differently, the trade data exclusively considers goods trade without gold and other precious metals (the FOCBS refers to this as "Total 1"). Data for 2022 covers eleven months, January to November.

Additional trade data for the European Union is taken from Eurostat. For the U.S., the United States International Trade Commission (USITC) is the source of trade data.

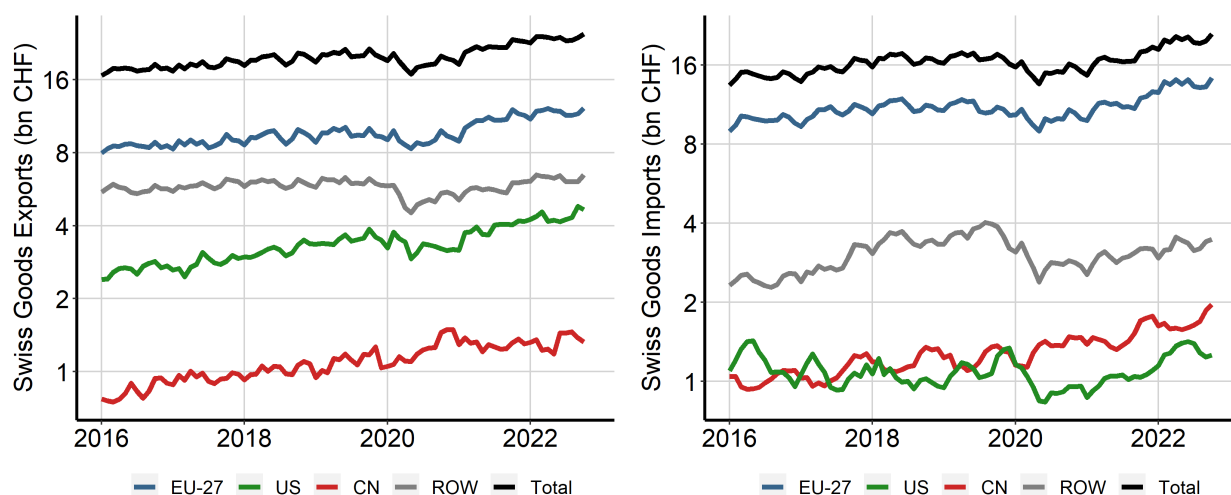
3 Swiss Foreign Trade

Most of Swiss foreign goods trade occurs with three partners: the European Union (EU), the United States, and China. Collectively, these three partners accounted for around 75% of exports and 84% percent of Swiss imports in 2022. Comparing recent years, the three partners' share of both ex- and imports has increased noticeably, especially driven by the EU.



Note: The figure shows shares of Switzerland's total goods exports (left figure) and imports (right figure) for seven separate years (2016–2022), separated by major partners (EU, USA, China) and the rest.

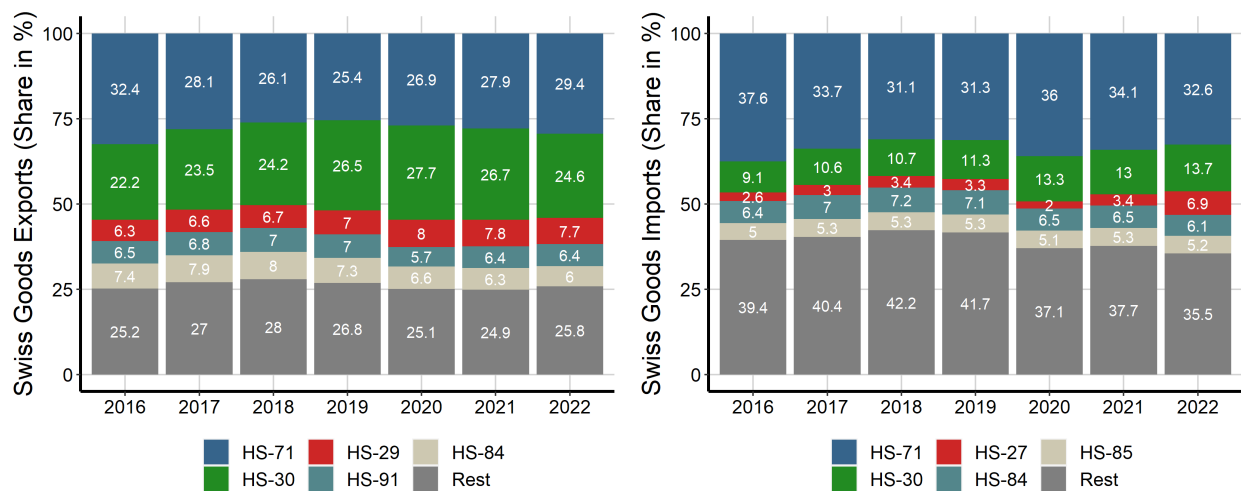
Recently, the US overtook Germany as the most important export destination. The EU-27 overall, however, accounts for about half of all exports and more than 2/3 of Swiss imports.



Note: The figure shows Switzerland's monthly goods exports and imports in total and for its three most important partners (EU, USA, China).

In terms of product groups, Swiss *exports* are dominated by gold (HS 71) and pharmaceutical products (HS 30) which together account for more than half of all exports. Chemicals (HS 29), watches (HS 91) and nuclear reactors (HS 84) are the next most important product groups. The remaining 25% of exports consist of other products.

On the *import* side, gold is also by far the most important product, accounting for roughly a third of the total value. Pharmaceutical products (HS 30), nuclear reactors (HS 84), electrical machinery (HS 85), and vehicles (HS 87) collectively account for another third of Swiss imports.

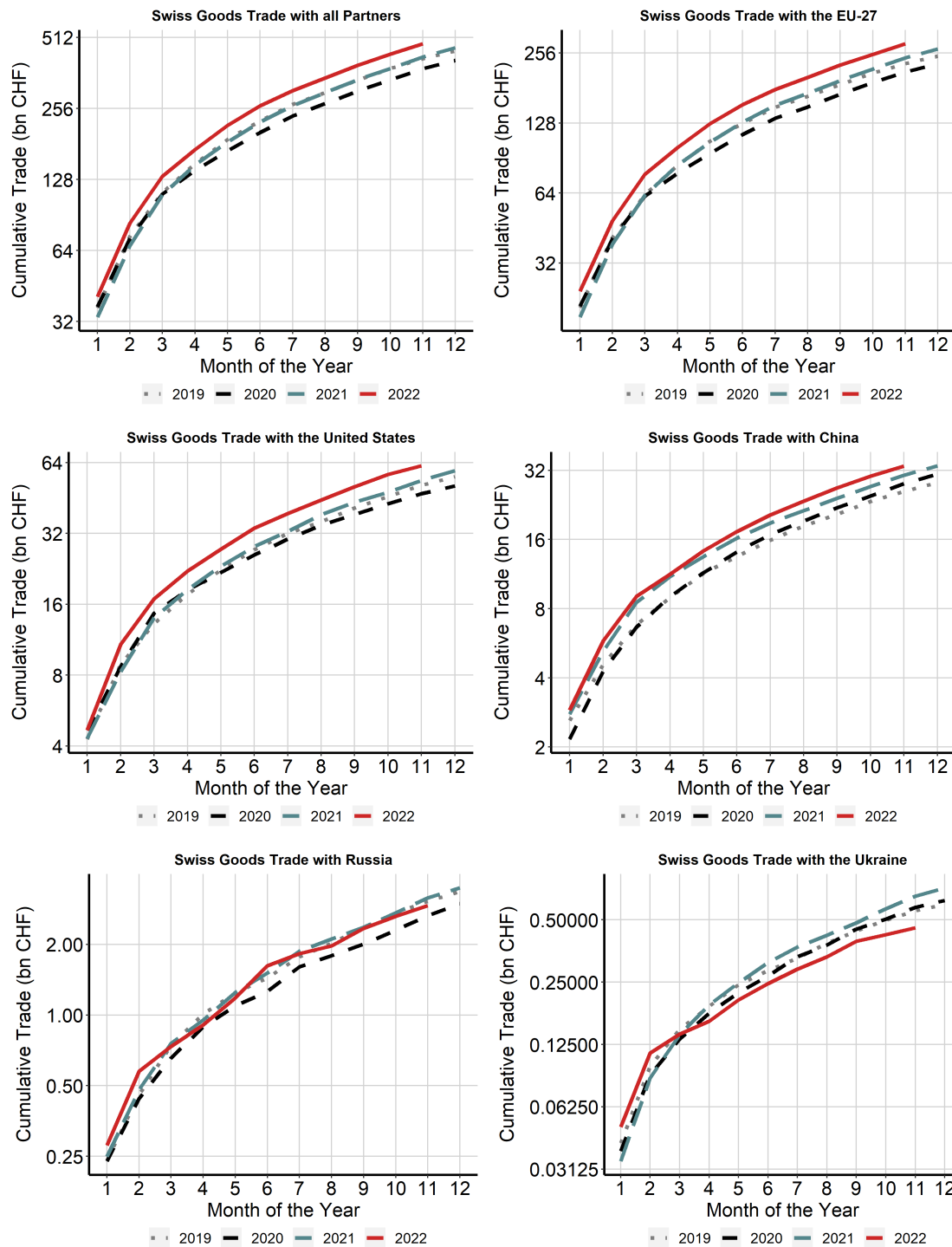


Note: The figure shows for the main product groups (as of 2022) the share of Switzerland's goods exports and imports in the years 2016–2022.

4 Time Trends

4.1 Overview

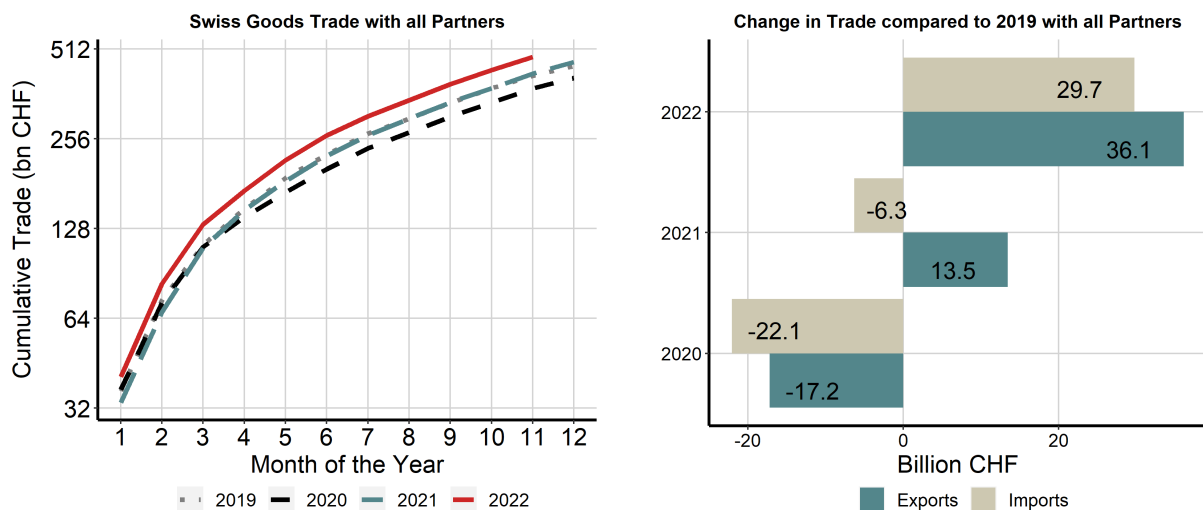
The following charts provide an overview of how Switzerland's foreign goods trade evolved in the years 2019–2022, in total as well as with selected partners.



Note: The figure shows Switzerland's foreign goods trade for four separate years (2019–2022), cumulatively from January to December.

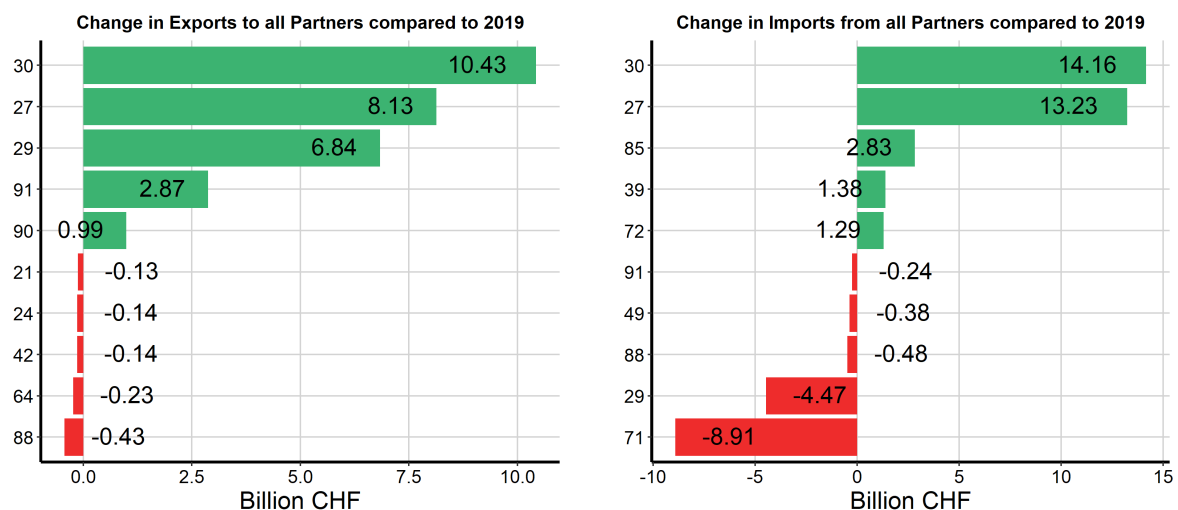
4.2 Detailed Results: Overall Swiss Foreign Trade

The figure below illustrates how COVID-19 caused Switzerland's trade volume of 2020 to fall below the 2019 line. In sharp contrast, 2022 notably exceeds previous years in terms of trade volume. Until November, trade is about 66 billion CHF above the 2019 or 2021 level.



Note: The figure shows Switzerland's foreign goods trade for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

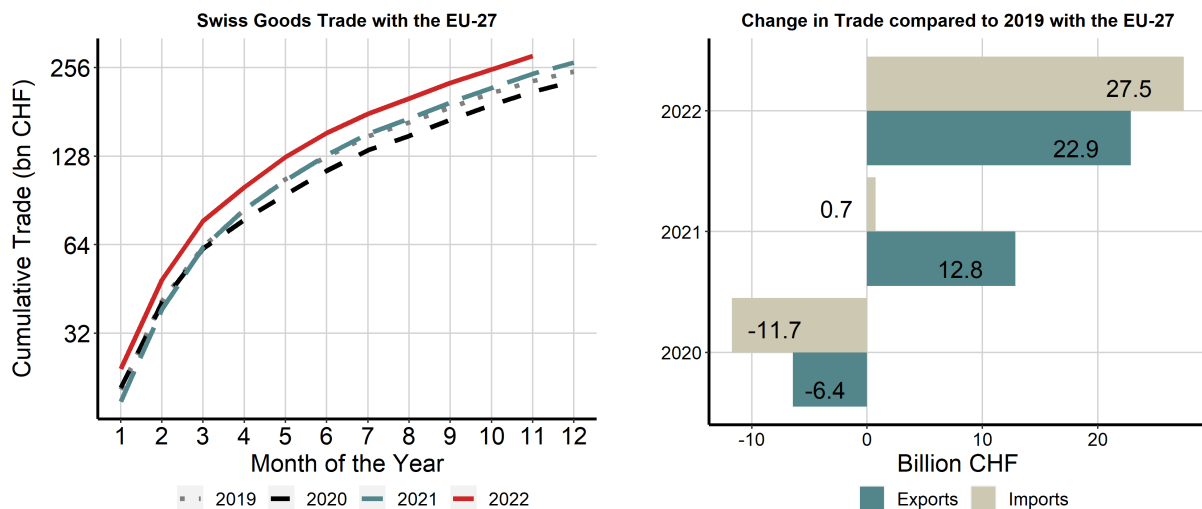
Pharmaceutical products (HS chapter 30) account for the largest changes, followed by chemicals (HS 29) and mineral fuels (HS 27). There is a notable increase in the export of watches (HS 91) and import of electrical machinery (HS 85).



Note: The figure shows changes in Switzerland's foreign goods trade during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

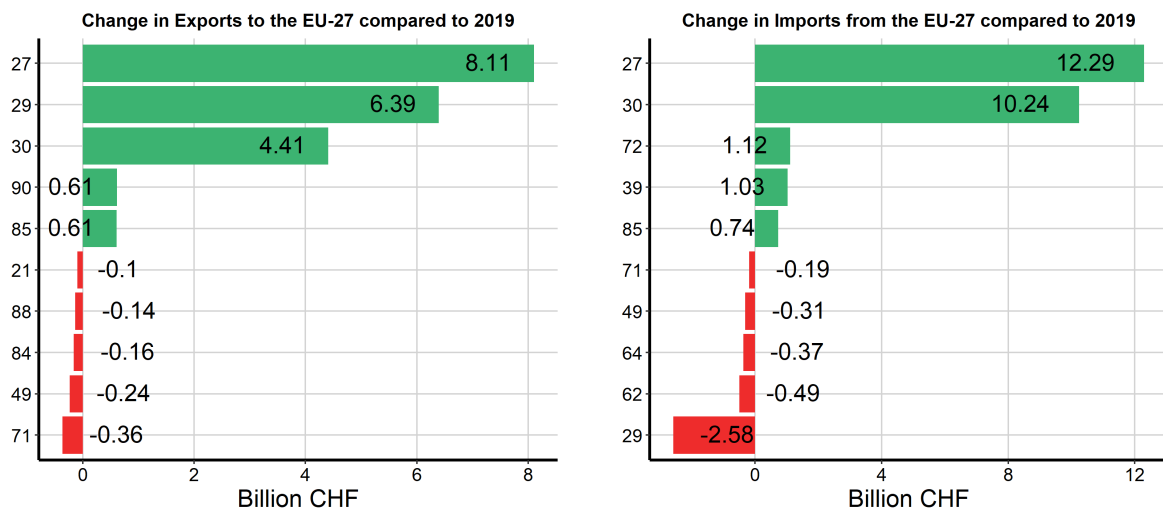
4.3 Detailed Results: European Union

Trade with the EU fell substantially in the wake of the COVID-19 pandemic but 2021 levels already exceeded 2019 ones — and the 2022 trade volume is substantially higher still.



Note: The figure shows Switzerland's goods trade with the EU-27 for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

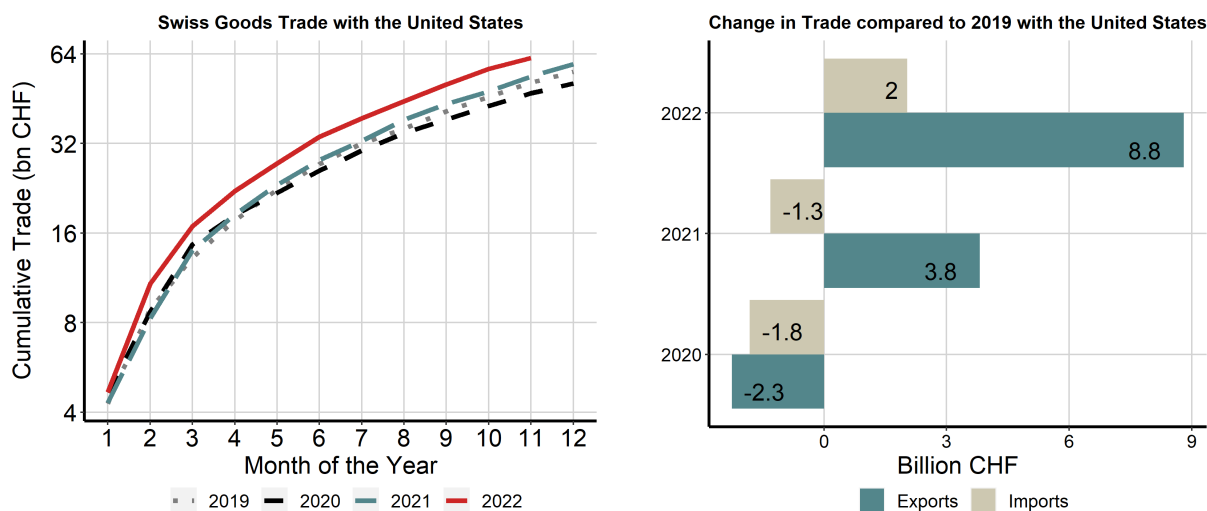
Mineral fuels (HS chapter 27) and pharmaceutical products (HS 30) show the largest increase in ex- and imports. Chemicals (HS 29) exports have surged, while imports decreased.



Note: The figure shows changes in Switzerland's trade with the EU during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

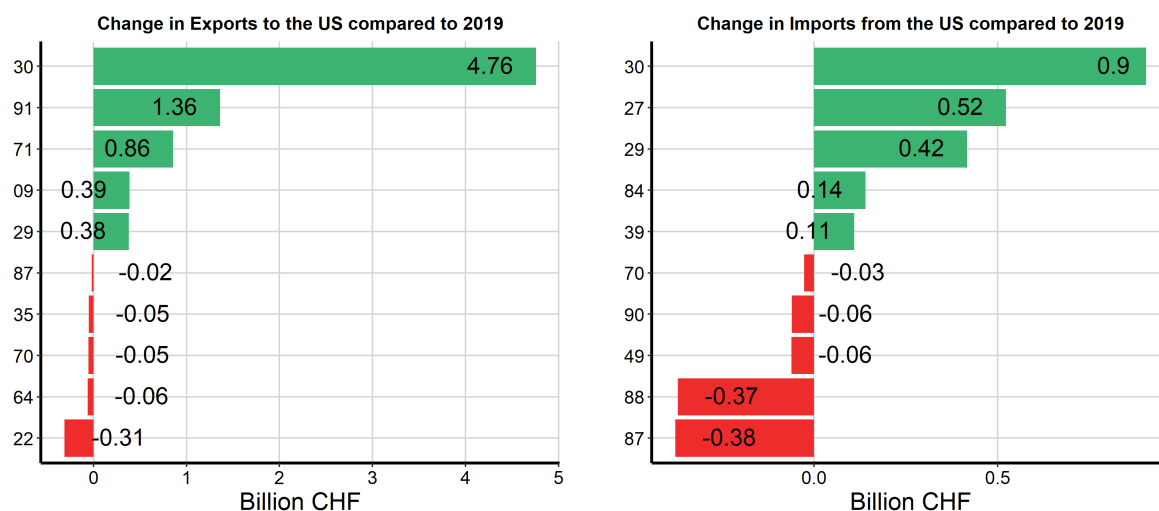
4.4 Detailed Results: United States

Trade with the United States fell in 2020 due to the COVID-19 pandemic but 2021 and especially 2022 volumes are above pre-pandemic levels. Especially Swiss exports have increased strongly.



Note: The figure shows Switzerland's goods trade with the US for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

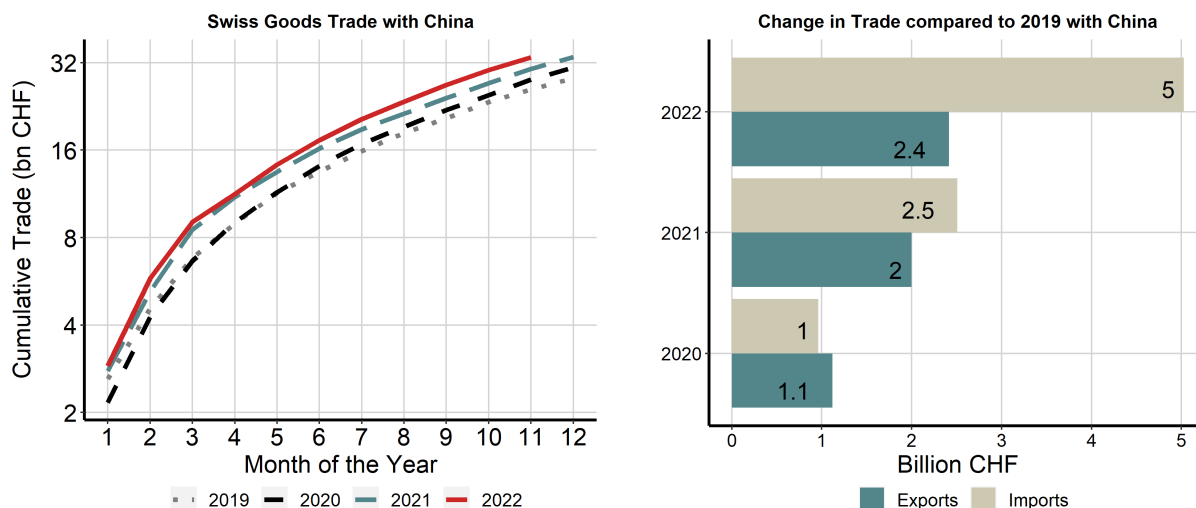
Pharmaceutical products (HS chapter 30) drive the Swiss export boom, followed by watches (HS 91). Increases in imports are smaller, focused on pharmaceuticals and mineral fuels (HS 27).



Note: The figure shows changes in Switzerland's trade with the US during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

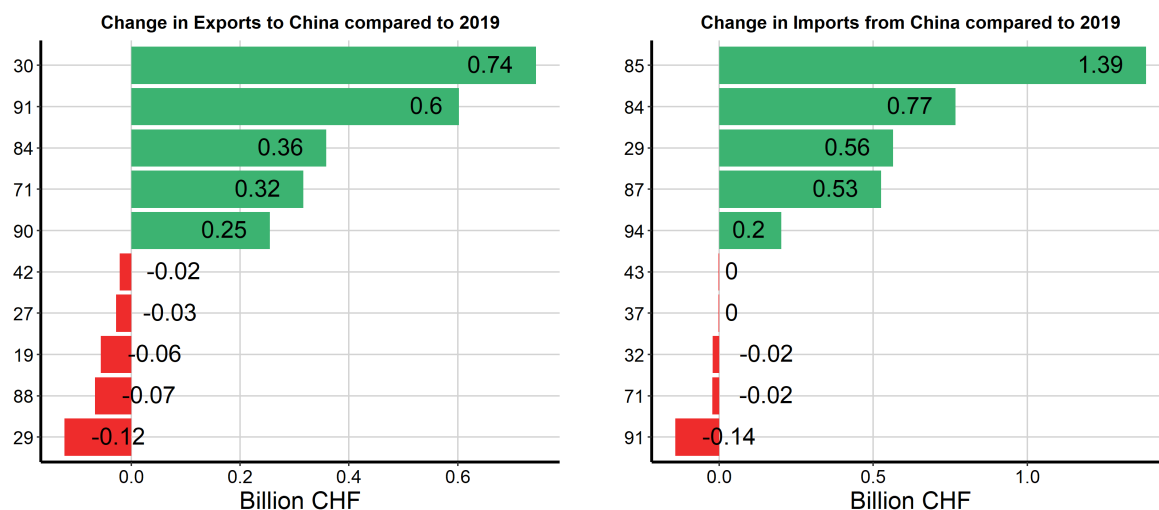
4.5 Detailed Results: China

Trade with China did not suffer in 2020 but has steadily increased in recent years. In 2022, the trade volume is about 30% above 2019 levels. Recently, Swiss imports from China grew much more than exports to China.



Note: The figure shows Switzerland's goods trade with China for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

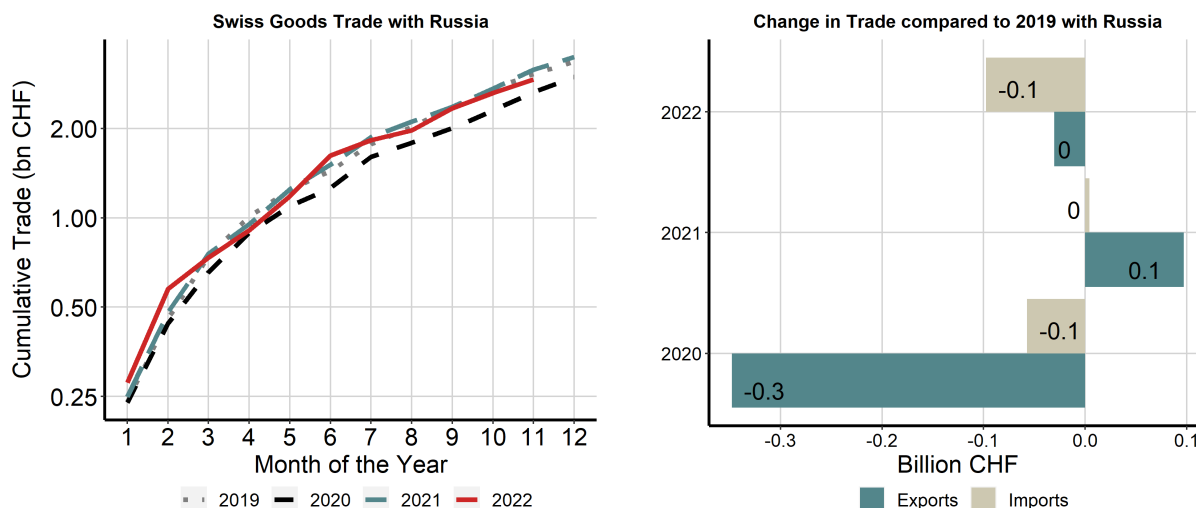
On the export side, pharmaceutical products (HS chapter 30) and watches (HS 91) show the largest increase. For Swiss imports, the data indicate significant increases in electrical machinery (HS 85) as well as nuclear reactors (HS 84), chemicals (HS 29), and vehicles (HS 87).



Note: The figure shows changes in Switzerland's trade with China during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

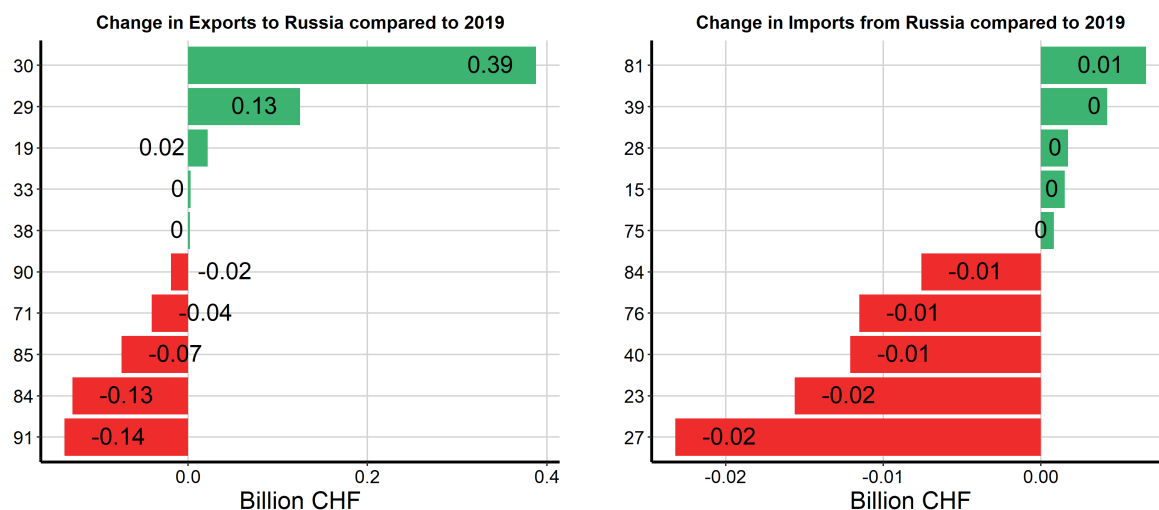
4.6 Detailed Results: Russia

Trade with Russia fell significantly in the wake of the 2020 COVID-19 pandemic. Both 2021 and 2022 show similar trade volumes — comparable to 2019 levels. Swiss exports have fared better than imports in 2021 and 2022.



Note: The figure shows Switzerland's goods trade with Russia for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

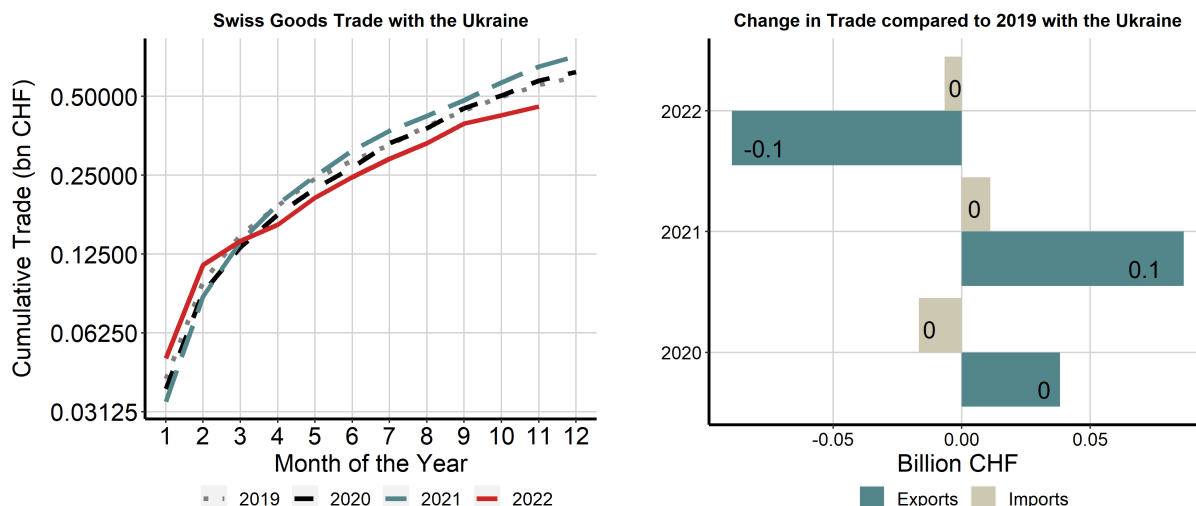
Pharmaceutical products (HS chapter 30) show a large increase on the Swiss export side, followed by chemicals (HS 29). Exports of watches (HS 91) as well as imports of mineral fuels (HS 27) stand out with the largest decreases.



Note: The figure shows changes in Switzerland's trade with Russia during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

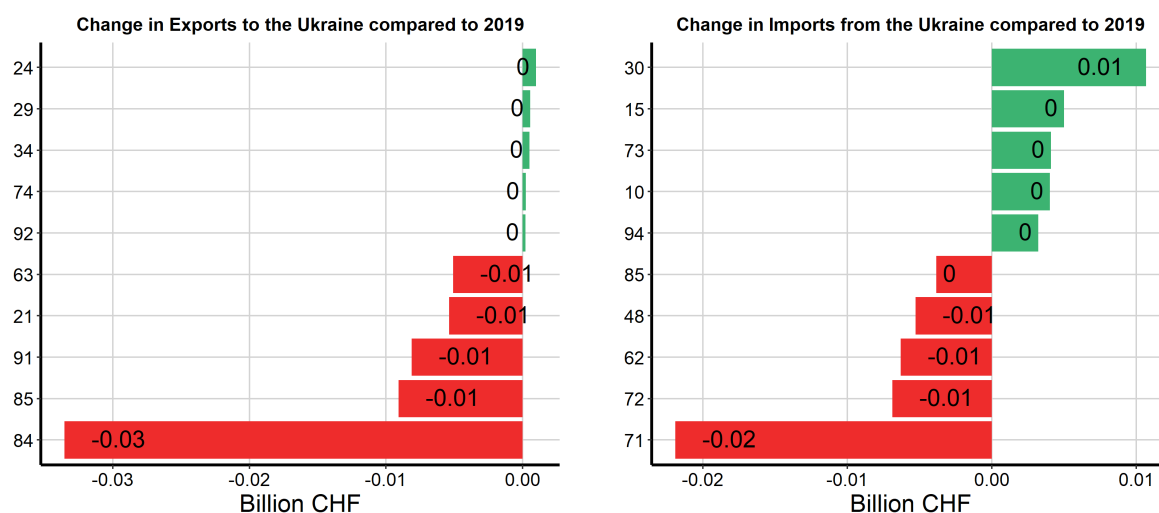
4.7 Detailed Results: Ukraine

Trade with Ukraine in 2020 was similar to 2019 despite the COVID-19 pandemic. While there was a clear increase in 2021, this stopped in spring of 2022 with the Russo-Ukrainian war. Swiss exports account for the entire decline in Swiss-Ukrainian trade.



Note: The figure shows Switzerland's goods trade with Ukraine for four separate years (2019–2022), cumulatively from January to December. On the right, changes in exports and imports relative to 2019 are illustrated.

On the import side, pharmaceuticals (HS chapter 30) as well as fats & oils (HS 15), articles of iron or steel (HS 73), cereals (HS 10), and furniture (HS 94) show increases. Large decreases are found among Swiss exports of nuclear reactors (HS 84), electrical machinery (HS 85), and watches (HS 91) as well as imports of precious items (HS 71).



Note: The figure shows changes in Switzerland's trade with Ukraine during the first eleven months of 2022 compared to 2019. For both exports and imports, the five HS chapters with the largest increase or decrease are visualized.

5 Focus Topic

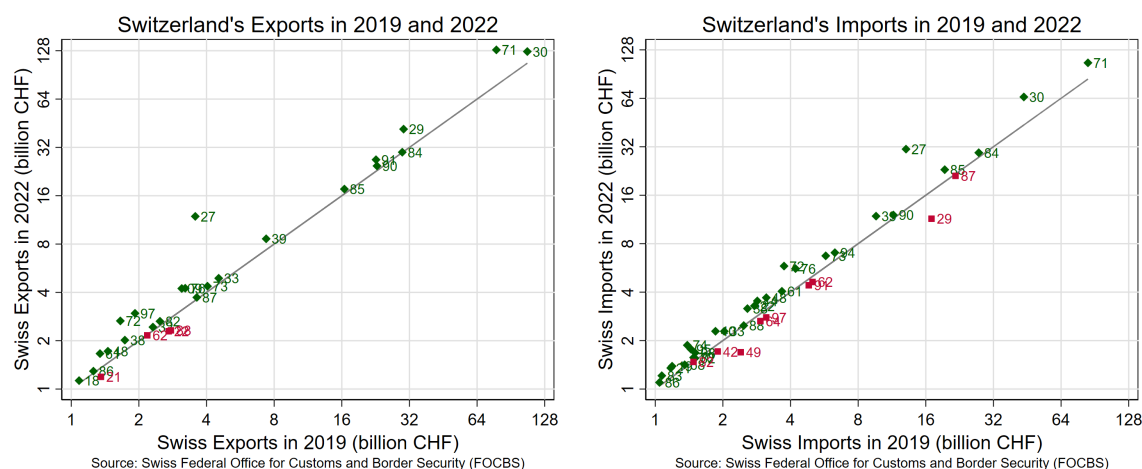
This first edition of the *Swiss Trade Monitor* documents Switzerland’s foreign goods trade, comparing developments over time (2019 – 2022) and across major partner countries. A particular focus is on the impact of the COVID-19 pandemic and the Russo-Ukrainian War.

5.1 The Impact of the COVID-19 Pandemic

Early research by Büchel, Legge, Pochon, and Wegmüller (2020) documented a strong decline of Switzerland’s foreign trade during the first half of 2020 — a considerably steeper decline than in the aftermath of the 2008 financial crisis.¹

The new data presented in this document shows that Swiss foreign trade recovered strongly from the negative COVID-19 shock. Both exports and imports with all three major trade partners increased substantially in 2022. Switzerland’s trade volume in the first eleven months of 2022 is about 14% above 2019 levels.

Looking at product groups with more than one billion Swiss Francs in trade volume, the figure below illustrates that for almost all goods trade volumes are higher in 2022 than in 2019.



Note: The figure shows Switzerland’s exports (left figure) and imports (right figure) in the first eleven months of 2019 and 2022, separated by HS 2-digit product groups.

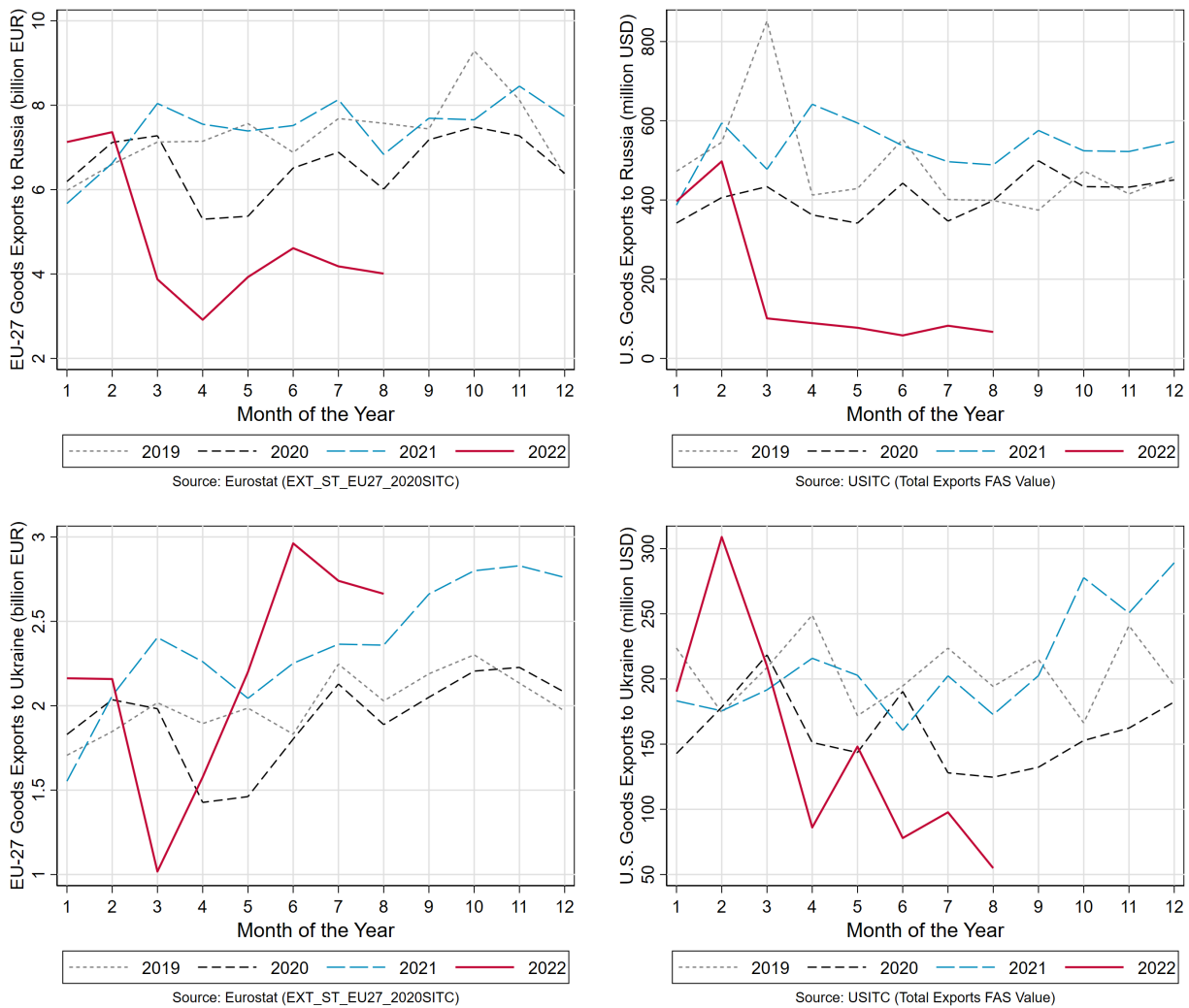
On the export side, gold (+52 billion CHF), pharmaceuticals (+19), organic chemicals (+11), and mineral fuels (+8) show the largest increase. For the Swiss imports, the largest increases are found among gold (+22), pharmaceuticals (+21), and mineral fuels (+18).

¹“Swiss trade during the COVID-19 pandemic: an early appraisal” was published in the *Swiss Journal of Economics and Statistics*.

5.2 The Impact of the Russo-Ukrainian War

Russia has been subject to sanctions since the 2014 annexation of Crimea, but more so since the invasion of Ukraine starting on February 24, 2022. These sanctions could, theoretically, affect Swiss-Russian trade either *negatively* or *positively*.

Imposing sanctions can lead to a substantial reduction in trade volumes. Exports to Russia of the EU-27 and US fell sharply in 2022 as is documented by the top two charts in the figure below. Interestingly, EU-27 exports to *Ukraine* quickly recovered during 2022 while US exports to Ukraine have continuously fallen throughout the year.

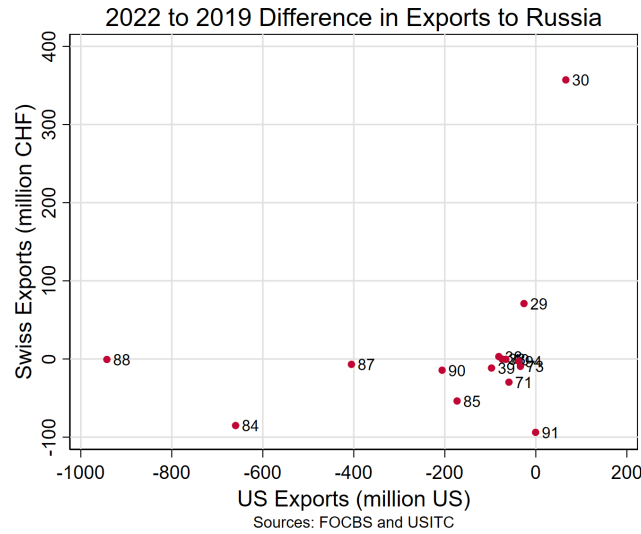


Note: The figure shows monthly exports to Russia from the EU-27 (left figure) and United States (right figure) for four separate years from 2019 to 2022.

In contrast to the EU and US data, Turkish exports surged by 32 percent in 2022. The latter development indicates that some nations might seek to “fill the gaps” caused by other nations’ sanctions.²

²This was reported, e.g., in an *NZZ* article entitled “Das Schlupfloch am Bosphorus” (October 29, 2022).

The fact that Switzerland’s trade with Russia in 2022 is similar to previous years raises the question whether the nation is in a similar position as Turkey.³ To analyze this, one can compare Swiss exports to Russia with those from the United States. The US decline in exports to Russia is mainly driven by five product groups: HS 88 (aircrafts), HS 84 (nuclear reactors), HS 87 (vehicles), HS 90 (optical instruments), and HS 85 (electrical machinery). For none of these groups do the data show an increase in Swiss exports to Russia. The largest decline in Swiss exports to Russia is found for HS 91 (watches) — a product for which US exports did not change.



Note: The figure shows changes in exports to Russia in the first eleven months of 2022 compared to 2019 — for both Switzerland and the United States.

The comparison reveals that Switzerland and the United States export different products *in general*. Pharmaceutical products (HS 30) accounted for 3% of US exports to Russia in 2019, but 46% of Swiss exports to Russia. They also drive Swiss exports to Russia in 2022, yet the figure above indicates that they show up with the largest increase *both* for Swiss and US exports to Russia.

The Swiss trade data is relevant insofar as sanctions are more powerful if large coalitions of countries impose them. This is the result of research by Chowdhry, Hinz, Kamin, and Wanner (2022) who document that the implemented measures against Iran and Russia inflicted considerable economic harm.⁴ In the case of the 2022 sanctions against Russia, however, the impact of sanctions might be limited as research by Evenett and Pisani (2022) shows that only a very small fraction of Western firms actually divested from Russia.⁵

³In July 2022, several media outlets reported on high levels of Swiss exports to Russia (e.g., “Schweizer Firmen verdienen in Russland mehr denn je”, *Blick*, July 27, 2022).

⁴“Brothers in Arms: The Value of Coalitions in Sanctions Regimes” was released in September 2022.

⁵The research note entitled “Only Five Percent of Western Firms Have Actually Divested from Russia” was released on October 18, 2022.

Appendix: HS Sections — Descriptions

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