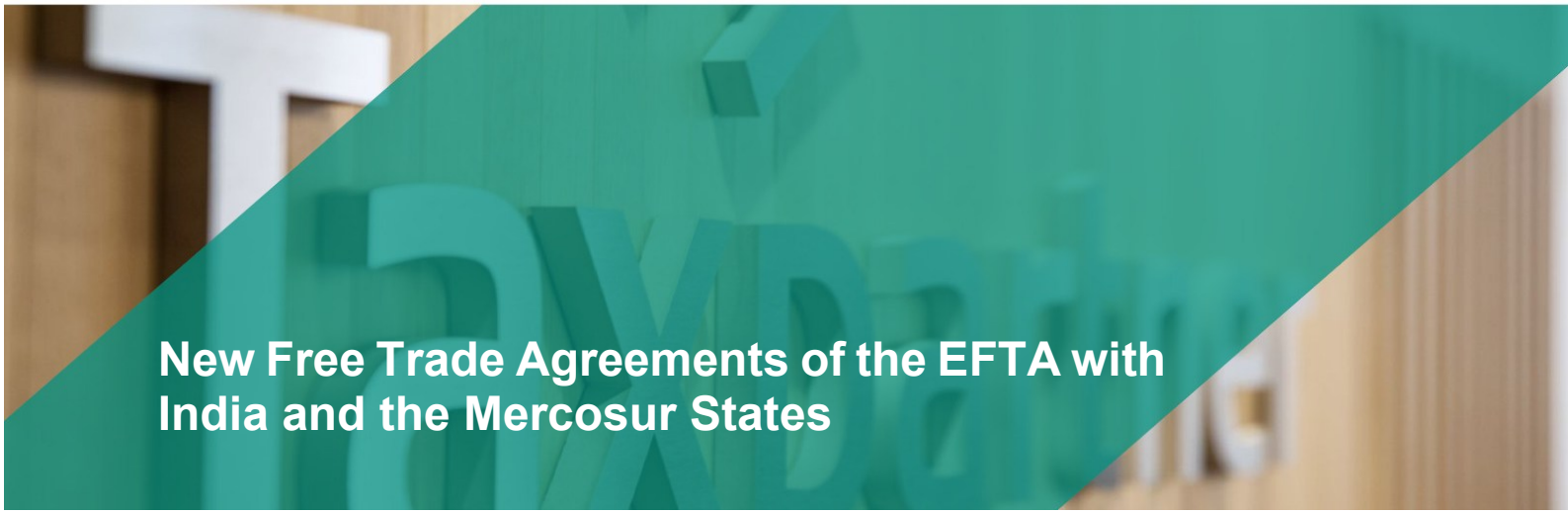


New Free Trade Agreements of the EFTA with India and the Mercosur States

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Following several years of negotiations, Switzerland has concluded two important free trade agreements. The Trade and Economic Partnership Agreement between EFTA and India (TEPA) entered into force on 1 October 2025. The Free Trade Agreement between EFTA and the Mercosur States (Argentina, Brazil, Paraguay and Uruguay) was signed on 16 September 2025 and is expected to be submitted to Parliament for ratification in 2026. Its entry into force is anticipated in 2027. Through these two agreements, Switzerland reaffirms its commitment to further expanding economic cooperation, reducing trade barriers and achieving a tangible reduction in customs duties with five additional trading partners.

The EFTA–India Agreement

The TEPA establishes a comprehensive contractual framework for trade in goods and services, investment protection, and cooperation in areas such as intellectual property, competition and sustainable development. For Swiss companies, the agreement is particularly attractive: according to the Federal Department of Economic Affairs, Education and Research (EAER), a large share of existing Swiss exports to India will benefit from improved tariff conditions. After the expiry of transition periods of up to ten years, the vast majority of these exports will be fully duty-free, while the remaining share will benefit from partial tariff reductions.

In trade in goods, exports of pharmaceutical products, machinery, chemicals, optical instruments (including medical devices) and watches will benefit in particular. Customs duties on these products will be eliminated, subject to transitional periods. Textiles and precision instruments will also enjoy improved market access. In the agricultural sector, India grants duty-free treatment or tariff reductions for processed agricultural products such as chocolate or food preparations.

Annex 2.C.3 of the agreement allows Swiss exporters to verify whether, and from which point in time, their products will become duty-free in India. The published tables indicate, for each tariff line, the Indian base rate as well as the applicable tariff reduction category (market access offer). The base rate serves as the starting point for calculating the reduction or elimination stages. The agreement provides for different stages, ranging from immediate effect to gradual reductions over a period of up to

ten years. For example, category EIF provides for immediate duty-free treatment, whereas for products classified under category E10, customs duties are reduced over ten years. If the base rate for a product was, for example, 33% as of 1 October 2025 and the applicable category under Annex 2.C.3 is E10, the duty rate is reduced by 3.3% per calendar year until the importation of the product becomes fully duty-free as of 1 January 2034. Tariff reductions are applied linearly over the specified period unless the agreement provides for an immediate reduction to zero, a standstill period with a defined starting year for reductions, or product-specific special arrangements. This approach was, for example, also applied in the Free Trade Agreement between Switzerland and China.

In the industrial sector, Switzerland grants India fully duty-free market access; however, this reflects Switzerland's existing practice following the abolition of industrial tariffs as of 1 January 2024. In the agricultural sector, Switzerland offers targeted tariff reductions for selected products, without affecting border protection for sensitive areas such as meat, dairy products or cereals. For processed agricultural products, concessions are similar to those in other free trade agreements: the industrial protection element is dismantled, while the mechanism for compensating raw material costs through import duties largely remains in place.

The rules of origin are set out in Annex 2A, with product-specific rules contained in Appendix 2A.1. Swiss exporters may prove origin either by means of a movement certificate EUR.1 or by an origin declaration issued by an approved exporter. These documents must be drawn up exclusively in English using the prescribed wording and electronically signed using a recognised certification service provider (DigiCert Switzerland AG, Swisscom (Schweiz) AG, SwissSign AG, Federal Office of Information Technology and Telecommunications FOITT). Indian exporters may issue certificates of origin exclusively in accordance with Annex 2.A.3. Cumulation is permitted among the contracting parties.

The EFTA–Mercosur Agreement

The agreement between EFTA and the Mercosur States—Brazil, Argentina, Paraguay and Uruguay—also covers all key aspects of trade, including goods and services, investment, sustainability and public procurement. This agreement is likewise of major importance for Switzerland, as the vast majority of Swiss exports to the Mercosur States will become duty-free or significantly reduced after no more than 15 years. As under the TEPA, key beneficiaries include the machinery, pharmaceutical, precision engineering and watchmaking industries. In addition, export products such as cheese, chocolate, coffee, wine, meat, spirits and energy drinks will benefit from tariff reductions, preferential quotas or full liberalisation.

Tariff reductions in the Mercosur States follow a multi-year staging system analogous to that of the TEPA, with different reduction categories depending on the product group. The calculation is based on the category agreed for each tariff line and the applicable base rate in each Mercosur State. The details are set out in Annex II of the agreement. Certain products become duty-free immediately upon entry into force (category 0), while for others duties are reduced gradually over several years—either fully or down to a defined residual duty rate. Under category FP50%Y5, for example, duties are reduced to 50% of the original base rate after five calendar years (with the year of entry into force counted as year 0). A helpful overview of the applicable percentages can be found in Table 1 of Annex II.

In return, Switzerland grants the Mercosur States duty-free access for industrial products—already in force as of 1 January 2024—upon entry into force of the agreement, as well as specific agricultural tariff quotas, for example for meat, edible oils, fruit and wine. These concessions are designed so as not to substantially impair Swiss agriculture. The concessions granted by Switzerland are listed in Annex V of the agreement.

The rules of origin follow the European model and are set out in Appendices 1 to 5 of Annex I. Both origin declarations and certificates of origin are accepted as proof of origin. The relevant details are governed by Section IV of Annex I. It is expected that the Federal Office for Customs and Border Security (FOCBS) will issue a corresponding circular on the rules of origin in due course. Cumulation is also permitted among the contracting states.

Conclusion and Recommendations

The TEPA and the agreement with the Mercosur States offer Swiss companies the opportunity to sustainably strengthen their competitive position in key growth regions—particularly against the backdrop of current trade policy uncertainties in other markets, such as the United States. Exporters should review their tariff classifications and the applicable preferences under the TEPA and the EFTA–Mercosur Agreement to determine whether, and to what extent, customs savings can already be achieved today or during the transition periods. Internal origin management processes should be reviewed accordingly and adjusted where necessary.

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