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# Economic Report 2023

## REPUBLIC OF KOREA

30 June 2023

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### **Executive Summary**

South Korea is the 10th largest economy globally, the fourth largest in Asia and the sixth largest exporter worldwide. The country has become a key player in many global growth sectors, such as semiconductors, pharmaceuticals, shipbuilding, ICT, chemicals, hydrogen and increasingly in aeronautics & defense. The country has recently launched an ambitious strategy in quantum technology.

Growth has slowed to around 1% in the first half of 2023 due to sluggish exports - especially of semiconductors, which make up nearly 6% of South Korea's GDP - and a sharp decline in the manufacturing sector. At the same time, fundamentals have remained robust and domestic consumption has shown signs of a recovery, despite high interest rates and a decelerating real estate market. Traditionally an export-oriented country, South Korea experienced its largest trade deficit in its history last year, \$47.5 billion, due to high energy prices and slow exports.

South Korea's high-technology, industrialized economy is attractive to Swiss high-precision and innovation based companies. The growing purchasing power forms a lucrative consumer market with a particular appetite for high quality luxury products. Swiss exports fully recovered from the slump during the past two pandemic years, increasing by 8.3% compared to 2021. Switzerland is also an important destination for Korean tourists, with arrival numbers so far in 2023 bouncing back and exceeding last year's numbers by 697%. Especially for big infrastructure projects and production facility investments, Korean conglomerates have a global footprint with opportunities for well-positioned Swiss businesses.

While the country took a more trade and business-friendly direction with the new conservative government under President Yoon, plans to reform the economy and especially the labor market have been hindered by a parliament controlled by the opposition. Aspects of the business environment remain sometimes difficult in Korea due to protection of local industries - insufficient adoption of international standards and regulations, a relatively inflexible labor market, strong unions and relatively high wage levels. The accelerating demographic decline, caused by the lowest fertility rate in the world, is an issue that looms large for the future of the Korean economy.

The pace and timing of the recovery in semiconductor demand, together with China's economic recovery, will significantly influence the growth trajectory of the Korean economy. Korea's economic growth could slow further if the situation in Ukraine deteriorates, causing food and energy prices to soar, or if financial markets become destabilized by persistently high interest rates in the major economies.

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## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

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A member of the OECD and the G20, South Korea now ranks as the 10<sup>th</sup> largest economy globally and the fourth largest in Asia according to the World Bank.<sup>1</sup> South Korea achieved its rapid economic rise in large part due its effective export-oriented industrialization, transforming from a GDP per capita of \$64 in 1955 – one of the lowest in the world - to \$33'254 in 2023.<sup>2</sup> Per capita incomes in South Korea have been catching up to those of most advanced economies and the business climate and growth often outperform advanced economy peers. As a high-technology, industrialized economy the country is a key player in important global markets including semiconductors, pharmaceuticals, ICT, chemicals, hydrogen, aeronautics & armament, and shipbuilding.

South Korea has been experiencing a **growth slowdown in 2023**, due to a contraction in exports with its biggest trading partners, particularly China. The country was affected by a global slump in demand for semiconductors, a sharp decline in manufacturing and sluggish growth worldwide. Global economic uncertainties including financial instability stemming from monetary tightening policies and concerns about the prolonged Russia-Ukraine war have also affected the Korean economy. In the first half of 2023, South Korea's economic **growth rate** is expected to fall to around 1%. A modest recovery is expected in the second half of the year if the Chinese economy recovers and the demand for semiconductors picks up again. The Korean economy is expected to grow by **1.5% in 2023**, marking a slowdown from the 2.6% growth rate achieved in 2022.<sup>3</sup> The Korean economy is expected to follow a moderate recovery path in 2024, if inflation gradually stabilizes and macroeconomic conditions return to normal levels by the end of the year. The recovery will be significantly influenced by the fortunes of the Chinese economy and the semiconductor market. A renewed surge of energy prices - due to a deteriorating situation in Ukraine - or persistent high interest rates and unstable financial markets could jeopardize South Korea's economic recovery.

While experiencing a sharp drop in exports, there were signs of a **recovery of private consumption** in 2023 due to a partial recovery in consumer sentiment and increased demand for travel. Services posted strong growth, boosted by e-commerce companies. Higher interest rates have played an important role in the ongoing correction of housing prices, which is also a factor holding back domestic demand. Despite the stagnation in the housing market, investment in construction posted moderate growth.

South Korea's total trade volume in 2022 amounted to \$1.4 trillion, making it the sixth largest trading nation in the world.<sup>4</sup> Albeit being a heavily trade-reliant economy, the country experienced its worst **trade deficit** since the customs agency started compiling data in 1956 (\$47.5 billion for 2022). The economy recorded a 15-month-long trade deficit, the longest since the 1997-98 Asian financial crisis primarily due to weak demand for semiconductors and petrochemicals, the country's leading export products. Exports of semiconductors, South Korea's single largest export item, fell 36.2% to \$7.3 billion. Petroleum products dropped to 33.2% to \$4.3 billion, petrochemicals 26.3% to \$3.8 billion and steel 8.8% to \$3.3 billion. Nevertheless, South Korea's external financial stability remains robust, given the considerable size of its net foreign assets.

Despite the growth slowdown, **inflation** has remained significantly above the Bank of Korea's 2% target. External factors, in particular Russia's war in Ukraine, have had implications on the

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<sup>1</sup> World Bank, [GDP \(current US\\$, Korea Rep.\)](#) (26.06.2023)

<sup>2</sup> IMF, [GDP per capita, Korea, Republic of](#) (26.06.2023)

<sup>3</sup> OECD, [Korea projection note OECD Economic Outlook](#) (06.2023)

<sup>4</sup> The Korea Times, [South Korea rises to 6th-largest trading country for the first time](#) (05.12.2022)

South Korean economy – which is largely an “energy island”. The war contributes to significant disruptions in trade and rising fuel costs, resulting in high inflationary pressures. With stabilizing energy markets despite the ongoing conflict, Inflation has tended to come down.

Although manufacturing weakened, **employment** conditions remained favorable thanks to strong growth in services output. South Korea’s employment rate has reached a record high of 28.83 million in May 2023, an increase of 351,000 from a year earlier.<sup>5</sup> The unemployment rate of 2023 stands at 3.7% and 6.5% for youth unemployment. South Korea’s high university entry rate of around 73.8% has created a highly skilled workforce, making it among the most highly educated countries in the world.<sup>6</sup> As of 2023, five Korean universities featured among the QS top 100 global universities.<sup>7</sup>

South Korea’s **national debt** rose around 10% in 2022 from the previous year to \$813 billion. The debt-to-GDP ratio reached 49.6% in 2022, partially attributed to the pandemic stimulus policy. Household debt has risen to 225% of GDP, which is one of the highest levels in the OECD.<sup>8</sup>

From a bubble market in 2020-21, **South Korea’s real estate market** has undergone a significant readjustment since summer 2022, due to high borrowing costs, tight credit conditions, and previously stringent tax and regulatory measures on property. House prices declined for the 11<sup>th</sup> consecutive month in April – its longest streak of decline in 11 years. The nationwide house price index fell 0.47% in April from the previous month. Data shows that the house price index fell by a combined 8.53% during the 11-month period, the worst since when the board began to release the data.<sup>9</sup> However, South Korea’s real estate market is leaning toward a soft landing, supported by deregulations and revamped taxation rules. The downturn is likely to continue throughout 2023, especially in areas outside of the capital.

South Korea’s economy is susceptible to be affected by **changing geo-politics and supply chains**, especially the China-US rivalry. Like many others, the country has engaged in a “de-risking” strategy. While China remains the most important trading partner, South Korea’s export reliance on its big neighbor dropped below 20% in the first quarter of this year.<sup>10</sup> China’s chip imports from South Korea slumped nearly 20% in the first five months of 2023. At the same time, exports to the US are helping fill the vacuum. The US has continued to tighten export restrictions on the sale of advanced semiconductors and semiconductor equipment to China, which affected Korean exports. South Korea is also trying to diversify exports to markets beyond the US – to the Indo-pacific region, the Middle East and Europe - to reduce its heavy dependency on the world’s second-largest economy.

Upon taking office in May 2022, President Yoon Suk-yeol announced its **economic policy** direction and promised deregulation to spur economic growth and investment. He vowed to lift regulations and reform the labor market to prevent stagflation. In its “110 key policy tasks” the current administration announced measure to liberalize the economy and cut red tape. The government established a regulatory adjudication system to review regulations based on international standards. The National Assembly passed in December 2022 a 2023 budget that cut tax rates by 1% in all tax brackets to promote investment and job creation by businesses,

<sup>5</sup> Business Standard, [Amid economic uncertainties, South Korea’s employment rate hits record high](#) (14.06.2023)

<sup>6</sup> Statista, [Enrollment rate in university in South Korea from 2013 to 2022](#) (06.01.2022)

<sup>7</sup> QS Top Universities, [World University Rankings 2023](#) (08.06.2023)

<sup>8</sup> OECD, [OECD Economic Outlook, Volume 2022 Issue 2](#) (11.2022)

<sup>9</sup> Reuters, [South Korean housing prices fall for 11th straight month](#) (15.05.2023)

<sup>10</sup> The Korea Times, [Korea’s export dependency on China dips below 20 percent](#) (05.06.2023)

while delaying taxation of financial investment income.<sup>11</sup>

President Yoon has taken steps to open up the Korean financial market to foreign investors by loosening regulations and administrative hurdles which required to undergo a complex registration process in order to buy stocks. Starting from 14 December 2023, foreign investors will be permitted to create accounts according to international standards, with their passports or legal entity identifiers.<sup>12</sup>

South Korea's unanswered demographic decline may have serious consequences in the medium term for the economy. The fertility rate fell again to hit a record low of 0.78 in 2022, the lowest in the world. It is projected that the economically active population (15-64 year olds) will decline from 37.4 million in 2015 to 20.6 million in 2065.<sup>13</sup>

## 2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

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South Korea is a high-technology, industrialized economy. The flagship industries are electronics, telecommunications, automobiles, pharmaceuticals and chemicals, shipbuilding and steel. South Korea is also becoming one of the world's biggest arms exporters, reaching a global market share of 2.4% in 2018-2022 compared to 1.3% in the previous 5-year period.<sup>14</sup> The country's economy is fuelled by highly diversified conglomerates known as chaebols, among them Samsung, LG, Hyundai and the SK Group. These conglomerates play a pivotal role in South Korea's research and development investments and have a global presence.

South Korea, like Switzerland, is an innovation leader. In the Global Innovation Index 2022, the country was ranked 6<sup>th</sup> globally and 1<sup>st</sup> in Asia.<sup>15</sup> South Korea also ranks 2nd among OECD members when it comes to R&D spending as a portion of GDP with 4.81% (US\$ 75.4 billion), only behind Israel.<sup>16</sup> In the coming years, the government plans to focus on fostering innovation clusters based on high-tech industries such as biotech, semiconductors, quantum technology and batteries by improving related systems. South Korea's approach to innovation differs from Switzerland's in some ways. While Switzerland relies strongly on private sector investment and collaboration between academia and industry, for example, South Korea focuses on government-funded or driven R&D. South Korea's education system is also more STEM-focused than Switzerland's dual education system.

The Korean market holds potential for SMEs, with sectors like MEM, medtech, precision machinery, and chemicals being particularly promising. Niche opportunities can also be found in the consumer goods sector such as food and cosmetics. Emerging opportunities arise in ICT, specifically blockchain technologies and metaverse/electronic services. Notably, there are areas in South Korea that haven't reached the highest technological advancement, presenting opportunities for Swiss companies to fill these gaps in the value chain with their specialized products.

South Korea is an interesting market for Swiss **pharmaceutical and biotech companies**. Pharmaceutical products are the largest trading goods in either direction. Many Korean

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<sup>11</sup> Lexology, [South Korea's Tax Reform for 2023: Summary of Key Changes](#) (16.02.2023)

<sup>12</sup> Reuters, [Seoul stock market regulator to end foreign registration rule on December 14](#) (05.06.2023)

<sup>13</sup> The Guardian, [South Korea's birthrate sinks to fresh record low](#) (19.03.2023)

<sup>14</sup> SIPRI, [Trends in International Arms Transfers, 2022](#) (03.2023)

<sup>15</sup> WIPO, [Global Innovation Index 2022](#) (29.09.2022)

<sup>16</sup> FKI, [R&D Investment Status and Implications](#) (20.04.2022)

companies are trying to diversify from China, with recent signatures of MOUs with India testifying to the government's interest to foster business opportunities. The country recently announced its wish to replicate Boston's successful bio clusters to attract global companies, institutes and universities. The government also announced plans to provide tax advantages and financial benefits to companies and overseas talents active in the biopharmaceuticals, semiconductors and artificial intelligence sectors.<sup>17</sup>

South Korea recently invested to build larger **biotech clusters** in Incheon area (Songdo). Seoul Metro Government, on the other hand, plans to expand bio clusters in the North-Eastern part of Seoul. Both governments are keenly interested in collaborating with Switzerland, especially with Basel area. The Korean government also plans to advance the digital healthcare industry by allowing healthcare data more accessible to the private sector. Through this initiative, it will first open the data of 25,000 people in H2, 2023 and then sequentially open the entire integrated data of 1 million people between 2030 and 2032. This may change the Korean biotech industry portfolio.<sup>18</sup>

South Korea is a leader in secondary **battery production** worldwide. They occupied the second-largest market share after China in 2022. The Korean government, along with top battery companies including LG Energy Solution, Samsung SDI, and SK Innovation, plans to invest \$15.1 billion by 2030 to develop advanced battery technologies, including solid-state batteries. The investment comes as stricter EV tax rules introduced by the U.S. brought to light the need to enhance South Korea's domestic production capabilities to keep up with the global EV battery market and boost exports.<sup>19</sup> In June 2023, LG Chemical announced that they have developed single-crystal cathodes for the first time in the world, which increases the safety and lifespan of EV batteries. This high-nickel single-crystal cathodes may change the future battery materials market.<sup>20</sup> Energy transition is a recent hot topic and Swiss companies engaged in next generation battery technology might look into entering into collaborations with Korean battery manufacturers. The Swiss Business Hub Korea (SBH) has been facilitating matchmaking between Korean battery manufacturers and Switzerland Innovation Parks for collaborative research and development related to develop battery de-manufacturing.

South Korea is determined to **become a leading quantum hub**, with a strong focus on focusing on developing core technologies and infrastructure. Korea aims to bridge the quantum capabilities gap with the United States and other quantum leaders such as Japan, China and the European Union. In 2023 South Korea's Ministry of Science and ICT announced an investment of \$2.3 billion by 2035 with the support of its large conglomerates. Its roadmap for quantum technologies covers areas such as quantum computing, quantum communications (especially cryptography), and quantum sensors. It is notable that the country intends to connect its quantum drive with its defense industry. Swiss companies specializing in quantum technologies have significant opportunities to participate in joint research projects and contribute to Korea's goal of expanding the quantum workforce and fostering innovation. Through the signing of a Memorandum of Understanding between Seoul and Basel in September 2022, avenues for collaboration and knowledge exchange between Swiss and Korean companies were fostered. A joint science collaboration was established between Switzerland and the Republic of Korea in May 2023, which includes cooperation in quantum.

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<sup>17</sup> The Korea Economic Daily, [S. Korea to bolster biotech R&D, benchmarking US' Boston](#) (01.06.2023)

<sup>18</sup> Pulse News, [Korea ramps up efforts to build global biotech cluster](#) (01.06.2023)

<sup>19</sup> Reuters, [South Korea announces \\$15 billion investment in advanced battery technologies](#) (20.04.2023)

<sup>20</sup> The Korea Economic Daily, [LG Chem produces single-crystal cathodes, to raise \\$1.5 billion in bonds](#) (26.06.2023)

In 2019, (MSIT) announced a US\$40 million investment in quantum computing over the next five years. Swiss company ID Quantique (IDQ) partnered with SK Broadband to establish the largest quantum cryptography network outside China, securing communication for numerous government organizations. Additionally, SK Telecom and Samsung Electronics released the Galaxy Quantum 3 smartphone incorporating IDQ's QRNG chip for enhanced encryption. These developments indicate the growing importance of quantum technology in South Korea and present opportunities for Swiss companies in the sector.

Korean EPC companies, such as Hyundai Engineering & Construction, Samsung C&T, GS C&T and SK Ecoplant, are prominent players in **infrastructure investments**, holding leading positions in the industry. With a strong presence in Asia, the Middle East, the United States, and Latin America, South Korean general contractors have successfully expanded their operations by leveraging their extensive technical expertise gained through years of domestic infrastructure projects. Korean firms have made significant contributions to various areas, including power generation (renewable energy and nuclear power plants), natural resources, petrochemicals, oil refineries, and transportation infrastructure such as roads, railways, metros, airports, and seaports. Top notch construction technologies from Switzerland (Leica) and Germany were applied when building the Lotte World Tower and some bridges (Mageba). The Korean government has recently announced its intention to install cable cars in large mountainous areas such as Seolak, where Swiss products would have potential.

South Korea is striving for transforming into a “**hydrogen economy**”. Besides the mobility sector where Hyundai Motor Company leads with its hydrogen car Nexo and truck Xcient, local companies actively seek collaboration and innovative technologies in fuel cell and liquid hydrogen sectors. Swiss companies specializing in (liquid) hydrogen production/ storage, drone, and cryogenic technologies would benefit from devising a strategic approach for entering the Korean market to take advantage of its growing domestic market and global potential.<sup>21</sup> To meet the growing demand of hydrogen, large companies such as POSCO and Samsung Heavy Industries have built consortiums to develop green and blue hydrogen. These collaborations would also pose another opportunities for Swiss companies if they would be involved in the supply chain.

Sustainability becomes a greater priority in the **shipping industry**, where South Korea has remained a market leader. As a result, demand is growing for solutions using more environmentally friendly sources such as liquefied natural gas (LNG), ammonia and hydrogen. Hyundai Heavy Industries and Winterthur GD have partnered in June 2020 to develop ship engines using ammonia so as to reduce carbon emission<sup>22</sup>. Burckhardt Compression producing compressor solutions for LNG carriers have operated in Korea for ten years while Peter Fuchs Technology AG are expanding its market in Korea with high pressure components. The Swiss Business Hub Korea operates a Swiss Pavilion for the third time at Kormarine, one of the top five marine & shipbuilding trade fairs to promote Swiss marine technology, with 13 exhibitors showcasing their products and technology. They plan not only to promote leading Swiss marine technologies but also to introduce potential business opportunities such as pumps in the LNG field.

South Koreans are the world's biggest spenders on personal **luxury goods** per capita. The spending during the pandemic has grown 24% in 2022 to \$16.8 billion, or \$325 per capita.<sup>23</sup> The trend is driven by increased purchasing power, Korean consumers' strong appreciation for

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<sup>21</sup> The Korea Herald, [Korean business leaders join forces for hydrogen leadership](#) (14.06.2023)

<sup>22</sup> Chosun, [Hyundai seeks engine commercialization of ammonia engines](#), (20.06.2022)

<sup>23</sup> CNBC, [South Koreans are the world's biggest spenders on luxury goods](#) (12.01.2023)

design and quality and a desire to display social status. The Korean market holds significant potential in particular for the Swiss luxury watch industry. The growing affluent middle class, well-developed luxury retail infrastructure, and the recognition of Swiss watch brands' heritage contribute to the potential for growth in the Korean market. Exports of Swiss watches and jewelry products increased last year. Swiss luxury companies have the potential to expand existing markets and explore new market opportunities in Korea.

In his first year of presidency, President Yoon Suk-yeol continued his ambitions to turn Seoul into **a regional hub**. This is hindered by the challenging conditions for foreign companies regarding acquisition of work permits, housing, language barriers, administrative obstacles and protectionism. South Korea is attractive for the primary art market due to attractive taxation laws, high local demand and guaranteed freedom of expression. Seoul hosted 'Frieze' art fair at COEX in September 2022 for the first time and plan to open this fair every year. Seoul has also become a hub of Anglo-Saxon media in Asia in recent years, with New York Times and the Washington Post having established their regional headquarters in Seoul.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Host country's policy and priorities

South Korea's foreign economic policy is characterized by its focus on export-oriented industrialization, international trade and foreign direct investment (FDI) to foster growth, and an emphasis on technological innovation and the development of high-value industries. The government has implemented various initiatives and provided support for R&D in sectors such as IT, biotechnology, clean energy, and robotics.

President Yoon's first year in office was marked by the continued reverberations of the Covid-19 pandemic. Minimizing the impact of the pandemic on the national economy was therefore a priority. Looking forward, his focus lies on enabling economic growth in a challenging environment of elevated inflationary pressure and the ongoing consequences of the war in Ukraine.

South Korea's foreign economic policy is heavily influenced by its geopolitical circumstances and by its relationships with China, the US and Japan. In that regard, Yoon's US-friendly foreign policy extends to his economic policy. At the G7 summit in Hiroshima in May 2023, to which Korea was invited as an observer, Korea joined other leading democracies in their "de-risk, not decouple" approach to economic engagement with China. South Korean Foreign Minister Park Jin claimed that reducing Korea's reliance on China and diversifying its trading partners will help the Korean economy.<sup>24</sup> Since China remains South Korea's most important trading partner, however, South Korea's alignment with the US and its efforts to counter Chinese economic coercion represent a non-negligible risk for its own economy.

The US Chips Act poses a challenge to large Korean semiconductor companies such as Samsung Electronics and SK Hynix. The Chips Act, which is designed to bring semiconductor manufacturing plants to the US, offers significant incentives for investment in the US. However, for Korean companies, some of the conditions for the funding could "deepen business uncertainties [and] violate companies' management and technology rights"<sup>25</sup>. Further concern exists regarding a proposed rule by the US that would prevent Korean recipients of US funding from building new semiconductor manufacturing and research facilities in China beyond 5% of

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<sup>24</sup> VOA News, [South Korea Seeks to Join Efforts to Counter China's Economic Coercion](#) (25.05.2023)

<sup>25</sup> Reuters, [S. Korea's trade minister to raise concerns over Chips Act in US meetings](#) (08.03.2023)



their existing capacity.<sup>26</sup> Another challenge comes from the US Inflation Reduction Act (IRA), which provides tax credits for electric vehicles. To receive credit, the vehicles need to have been assembled in the US and materials need to have been sourced locally as well. For South Korean auto makers, whose vehicles produced in South Korea would not be eligible, the IRA could threaten their ability to compete in the US market.<sup>27</sup>

South Korea and Japan's recent rapprochement of diplomatic relations will bring about significant developments in the economic exchange between the two countries. Japan put Korea back on its list of favored trade partners, which will take effect starting July 21, 2023. Japan had removed Korea from its white list in July 2019 after initiating export curbs on three key materials needed to manufacture semiconductors. The two countries also agreed to revive a currency swap agreement for times of crisis.

Yoon's government is pushing to sign more than ten Free Trade Agreements (FTAs) in 2023 in an effort to boost growth, diversify its supply chains, and reduce its dependence on China. Besides clinching new FTAs, South Korea is also reviewing and updating existing agreements. Talks with the UK, for example, in this matter began in December 2022.<sup>28</sup> Another upgrade is in the works for the ASEAN-Korea FTA, as trade between South Korea and the 10 ASEAN member states amounted to almost US\$ 200 billion in 2021.<sup>29</sup> South Korea is also working towards concluding a digital trade pact with the European Union, with the aim of boosting digital commerce and industry cooperation. South Korea signed its first bilateral digital trade agreement in November 2022 with Singapore.

As of March 2023, Korea has 20 Free Trade Agreements with ASEAN, Australia, Cambodia, Canada, Central America (Partial), Chile, China, Colombia, EFTA, EU, Israel, India, Indonesia, New Zealand, Peru, Singapore, UK, USA, Turkey, Vietnam and RCEP.<sup>30</sup>

South Korea also continues to take part in negotiations for the US-led Indo-Pacific Economic Framework (IPEF) and recently joined the Digital Economy Partnership Agreement (DEPA) as the first non-founding partner. DEPA aims to establish rules for digital trade, including cross-border data flows, digital identities, and artificial intelligence. Besides the IPEF, South Korea has also officially announced its decision to accede to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

### 3.2 Outlook for Switzerland

The Free Trade Agreement between the European Free Trade Association (EFTA) and South Korea has been in force since 2006, covering all major areas of trade relations including trade in goods and services, competition, technical barriers to trade (TBT), intellectual property and others.<sup>31</sup> From a Swiss perspective, the EFTA-ROK FTA has been a success. According to Korean data, total trade value between EFTA and South Korea amounted to US\$ 7.24 billion in 2022, a 10.1% decrease from 2021 (exports to EFTA: US\$ 1.97 billion, imports from EFTA: US\$ 5.24 billion) The trade surplus in 2022 amounted to US\$ 3.24 billion from the perspective of EFTA.<sup>32</sup> Trade volume between EFTA members and South Korea has increased significantly

<sup>26</sup> Reuters, [South Korea asks US to review China rule for chip subsidies](#) (24.05.2023)

<sup>27</sup> Nam Soojin, [Inflation Reduction Act's Clean Vehicle Provisions: Analysis of Potential International Trade Law Violations](#), Journal of East Asia and International Law Vol. 15, Issue 2 (11.2022)

<sup>28</sup> UK Department for International Trade, [UK kicks off process to negotiate new trade deal with South Korea](#) (09.12.2022)

<sup>29</sup> Jakarta Post, [Upgraded ASEAN-Korea Free Trade Agreement in Pipeline](#) (12.04.2023)

<sup>30</sup> MOTIE, [FTA.go.kr](#) (09.06.2023)

<sup>31</sup> EFTA, [Free Trade Agreements and Trade Relations by Partners – Republic of Korea](#) (14.06.2022)

<sup>32</sup> Korea Customs Service, [Trade Statistics for Export/Import](#) (30.06.2022)

since the FTA came into effect in 2006. Traditionally, Swiss companies make use of the FTA more than Korean companies do: As of 2021, the preference utilization rate for imports from Korea amounted to 53.3%, while the rate for exports to Korea reached 73.6%. In 2020, US\$ 199 million in tariff savings were achieved under the FTA for exports to South Korea.<sup>33</sup>

EFTA members have been calling for a **modernization of its Free Trade Agreement** with South Korea for some time. While discussions were unable to move forward for some time, Swiss Federal Councillor Guy Parmelin and South Korea's Trade Minister Ahn Duk-geun agreed to continue consultations regarding upgrading the free trade deal on 18 May, 2023. Another area of mutual interest lies in e-commerce and digital trade, where other countries have been trying to push agreements with South Korea. From a Swiss perspective there is a risk of falling behind other newer trade agreements being signed with trading partners.

In May 2023, a **joint statement for cooperation in research** was signed by FC Guy Parmelin and Korean Minister of Science and ICT Jong Ho Lee. The document aims at strengthening ties for cooperation in quantum science and technology, digital transformation and biotech, and consists in *an addendum* to the *Memorandum of Understanding (MoU)* signed in 2008. The areas for collaboration were identified based on complementary strengths and national strategies. Organization of *symposia*, workshops, mobility of researchers and students as well as joint research funding have been suggested as examples of instruments enabling cooperation.

## 4 FOREIGN TRADE

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### 4.1 Developments and general outlook

#### 4.1.1 Trade in goods

South Korea's **total trade volume** in 2022 amounted to US\$ 1.41 billion, which represents an increase of 12.3% from 2021. **Exports increased by 5.7%** to US\$ 683.6 billion, while **imports increased by 15.9%** to US\$ 731.7 billion. This resulted in a trade deficit of US\$ 47.8 billion. The deficit marks a sharp turn from 2021, when the country last recorded a trade surplus.

Exports have been rising in 2022 with a slowdown in the final quarter (Q1: +18.4% y/y; Q2: 13% y/y; Q3: 5.7% y/y; Q4: -10% y/y), driven by falling demand for some South Korea's key export items, such as semiconductors. In Q1 of 2023, exports grew by 14.6% compared to the same period a year prior, totaling US\$ 151.3 billion.

Imports grew steadily (Q1: + 30.2% y/y; Q2: +23% y/y; Q3: +22.6% y/y; Q4: +3% y/y) across the year. In Q1 of 2023, imports increased only minimally at a rate of 2.3% year-on-year with a total of US\$ 173.9 billion. The total trade volume in Q1 2023 stood at US\$ 325.3 billion, declining by 8% year-on-year.

South Korea is the sixth biggest exporting country in the world. Despite a decline, **China** remained South Korea's biggest export market in 2022 (US\$ 155.8 billion, -4.4%). Exports to the **United States** increased (US\$ 109.8 billion; +14.5%), as did exports to the **European Union** (US\$ 68.1 billion; +7%), followed by **Viet Nam** (US\$ 61 billion; +7.5%) and **Japan** (and US\$ 30.6 billion; 1.8%). Exports to **Hong Kong** declined sharply (US\$ 27.7 billion; -26.2%). The most important export goods are machines (elec.) (US\$ 210.4 billion), vehicles, aircraft etc. (US\$ 75.5 billion) and machines (non-elec.) (US\$ 73.3 billion).

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<sup>33</sup> SECO, [Analysis on the Utilization of Free Trade Agreement, FTA Monitor 2021](#) (05.2023)

**China** is also by far Korea's biggest source of imports (US\$ 154.6 billion; +11.5%), followed by the **United States** (US\$ 81.8 billion; +11.7%), the **European Union** (US\$ 68.1 billion; +3.4%), **Japan** (US\$ 54.7 billion; +0.1%), **Australia** (US\$ 44.9 billion; +36.5%) and **Saudi Arabia** (US\$ 41.6 billion; +71.6%). The most important import goods are energy sources (US\$ 218.7 billion), machines (elec.) (US\$ 131.8 billion) and machines (non-elec.) (US\$ 68.4 billion).<sup>34</sup>

#### 4.1.2 Trade in services

As of 2021, services account for 62.5% of the Korean economy<sup>35</sup> (2022 data is unavailable), but Korea suffers from low productivity compared to the OECD average. In 2015, South Korea's service sector productivity was only 44% in manufacturing, compared to the OECD average of 84%.<sup>36</sup> In 2021, the average annualized growth rate of services was 4.4%, while manufacturing was 6.9%.<sup>37</sup>

South Korea is a net consumer of cross-border services. In 2022, South Korea recorded US\$ 130.2 billion in service exports and 136 billion USD in service imports, resulting in a service trade balance of – US\$ 6.2 billion.<sup>38</sup>

The financial sector witnesses challenges due the licensing requirements for capital transactions. Korean banks with a presence abroad serve mostly Korean customers. Entry for foreign institutions is difficult in the financial sector because of numerous rules. In recent years, Western banks and security houses have increasingly withdrawn, while the presence of Japan and Chinese financial institutions has increased. More recently, the Korean government has been trying to liberalize the financial services sector as part of its efforts to promote FinTech.

## 4.2 Bilateral trade

### 4.2.1 Trade in goods

Bilateral trade between Switzerland and South Korea has significantly grown over the past few years. The **bilateral trade volume** in 2022 amounted to a total of **CHF 5.83 billion**, an **8.1% increase** from 2021. Switzerland has consistently recorded a trade surplus with Korea since 1990, with the exception of 1998 and 1999. In 2022, the trade surplus amounted to CHF 1.39 billion (2021: CHF 1.27 billion).

**Swiss exports** fully recovered from the slump experienced during the two past pandemic years, increasing by 8.3 percent. Export volume increased by 8.3% compared to 2021, totaling CHF 3.61 billion (with gold). The most important categories of export goods were pharmaceutical goods, watches and components, machines (elec.), jewelry and precision instruments and equipment.

The top 5 export goods, pharmaceutical products (+9.7%), watches (+2.5%), machines (elect.) (+23.8%), jewelry (+20.5%) and precision instruments and equipment (+12.8%) all recorded increases compared to last year.

Between **January and April 2023**, exports shrank by -9.2% year-on-year. Among the major categories of goods, only energy sources (+11.1%) and machines (elec.) (+16.2%) saw an

<sup>34</sup> Korea Customs Service, [Trade Statistics for Export/Import](#) (07.06.2023)

<sup>35</sup> KOSIS, [Economic sectors, GDP](#) (2023)

<sup>36</sup> KEI, [Korea's Potential Growth Rate has Fallen to Around 2%](#) (26.01.2022)

<sup>37</sup> Bank of Korea Issue Note, [Key Features and Implications of Productivity Changes in Korea after COVID-19](#) (30.01.2023)

<sup>38</sup> KNOEMA, [Republic of Korea – Service exports in current prices](#) (2023)

increase in volume. Pharmaceutical products (-13.1%), watches (-11.5%), jewelry (-7.3%) and precision instruments and equipment (-6.2%) all recorded shrinking export volumes.

**Imports from South Korea grew by 7.9 percent** in 2022 (2021: 107.5%), amounting to CHF 2.22 billion. Pharmaceutical products made up more than half of all imports with 57.9%, this represents an increase of 1.4% compared to the previous year. Other important categories were machines (elec.) (+4.8%), metals (+41.1%) and precision instruments and equipment (+12.5%), all of which recorded increases. Imports of vehicles decreased by 0.6%.

Between **January and April 2023**, imports from Korea grew by 40.3% year-on-year. Imports of pharmaceutical goods (+78.3%), vehicles (+73.1%) and watches (+68.9%) saw the biggest increases in trading numbers in this period.

Notably, trade statistics do not include the import of Korean cars and electronics from third countries (e.g. Eastern Europe and Vietnam), nor the significant deliveries of ships to Swiss shipping companies.

In terms of trade volume, **Switzerland is of limited significance for the Korean economy**. According to Korean statistics, Switzerland ranked 33<sup>rd</sup> among importers of Korean goods (2020: 31<sup>st</sup>) and 51<sup>st</sup> among exporters to South Korea (2020: 54<sup>th</sup>).

It is important to note that the Korean trade numbers significantly deviate from the Swiss numbers. This is the case especially concerning Korean exports to Switzerland, where Switzerland indicates a much larger trade volume than South Korea (more than double, see Annexes 4 and 5). This significant difference may lead to a mismatch in perception regarding the importance of Switzerland as an export destination for Korean goods.

#### **4.2.2 Trade in services**

Figures on bilateral trade in services were not available.

Swiss banks are present in South Korea mainly in the securities and asset management sectors. Of the insurance companies, only Swiss Re currently has a local presence. The retail business does not seem to be particularly lucrative and some foreign providers have withdrawn. As a major commodity importing country, South Korea seems to be of some importance to Swiss commodity traders, although the available information is limited.

## **5 DIRECT INVESTMENTS**

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### **5.1 Developments and general outlook**

South Korea is an important player in FDI (Foreign Direct Investment) worldwide due to the global reach of its conglomerates. The country places in the top 10 of home economies of FDI outflow in 2021. Most of the investment is going to the Asia-Pacific regions and the United States. In the past few years, Korean conglomerates have invested more in North America, Asia and Europe, mainly to seek bilateral R&D cooperation.<sup>39</sup> In 2022, South Korea's outflow of FDI amounted to US\$77.2 billion, a 0.4% increase from 2021.<sup>40</sup> Investment into Europe has continuously increased for the last five years by over 20% annually (excluding 2020). The main

<sup>39</sup> UNCTAD, [World Investment Report 2022](#) (2022)

<sup>40</sup> Ministry of Economy and Finance, [Korea's FDI Posts US\\$77.17 billion in 2022](#) (24.03.2023)

categories for overseas investment are finance, manufacturing, and ICT industries.<sup>41</sup>

South Korea's FDI is expected to grow more in the future for several reasons. Firstly, the Korean government is deregulating and loosening the rules and guidelines for outbound FDI. Secondly, companies seek to invest more overseas in raw materials resources of industrial products such as those related to battery production, as response to a series of protective trade measures around the world. Finally, Korean companies are expanding their global presence as part of business strategies to compete with international companies.

Factors such as high-interest rates, a weak Korean Won, the ongoing war in Ukraine, and economic recession in the nation pose obstacles to outbound investment from Korea. Moreover, the upcoming implementation of the Critical Raw Materials Act (CRMA) in the EU is expected to impact Korean investment in Europe. The CRMA aims to reduce dependence on foreign resources and parts in order to establish a stable supply network within Europe. Despite these challenges, the overall trend suggests that South Korea's outbound FDI will continue to grow, driven by government initiatives, global business strategies, and the pursuit of raw materials resources.

## 5.2 Bilateral investment

South Korea's FDI inflow witnessed an increase of US\$932.7 million (2022: US\$30.45 billion; 2021: US\$29.51 billion). Switzerland ranked in Top 13 for arrived FDI with \$198.8 million. This represents an increase from last year when Switzerland ranked 19 for arrived FDI with US\$67.6 million.<sup>42</sup>

As of 2023, about 40 Korean companies are operating in Switzerland (Annex 7). They are mainly R&D centers in MEM, ICT, and companies active in the finance industry such as Hyundai Electric, Doosan Heavy Industries, Crosscert, and Korean Re. At the end of 2021, five major Korean pharmaceutical companies signed a contract to utilize facilities in Basel Area Business and Innovation for three years. Those five companies are currently in the process establishing their corporate presence in Switzerland. Thanks to this initiative, more and more bio and pharmaceutical companies are looking into Switzerland for R&D collaboration and investment.

In 2023, three Korean life science companies are expected to establish entities in Switzerland. The Korean government also supports developing a strategic growth plan for the bio-industry, including helping entrepreneurs establish biotech startups overseas. The government supports the growth of the bio-industry, with plans for 1,000 new biotech ventures annually until 2030 and a substantial increase in production capacity to reach US\$ 90 billion within the next ten years. Samsung Life Science Fund recently invested in ETH-spin-off Araris Biotech AG for ADC development, demonstrating Korean interest in Swiss biotech ventures.<sup>43</sup>

Further to this prospect, Korean fintech, ICT, and digital technology companies are keeping keen eyes on extending their business in Switzerland. Adenasoft, one of the leading SaaS companies, is establishing its presence and pursuing a fintech license. The Korean government aims to boost exports of digital products like AI and metaverse, fostering potential collaborations with Swiss academia, institutes, and Switzerland Innovation Parks. SBH Korea actively engages in Country Calls with Cantons and Switzerland Innovation Parks, reporting and discussing investment activities in partnership with S-GE.

<sup>41</sup> Korea Development Institute, [Korea's FDI in 2022](#) (24.03.2023)

<sup>42</sup> Ministry of Industry, Trade and Energy 2022 FDI Report, [Foreign Direct Investment 2022](#) (2023)

<sup>43</sup> The Korea Times, [Korea to foster local bio industry to produce US\\$ 76.9 billion by 2030](#) (07.06.2023)

## 6 ECONOMIC AND TOURISM PROMOTION

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### 6.1 Swiss foreign economic promotion instruments

**Switzerland Tourism Korea** was established 2005 to promote Switzerland as a tourist destination to attract Korean tourists. The emphasis is placed on providing Switzerland with a strong, classically modern brand profile on the international markets. Its main Swiss partners are Jungfrau region, Lake Luzern region, Matterhorn region, RhB, Schilthorn, Zermatt and Zurich. It consists of three full-time staff, including a market manager, sales manager, media manager, and one part-time personnel for accounting.

The **Swiss Business Hub Korea** is the Korean office of Switzerland Global Enterprise (S-GE). It serves as the official Swiss export and investment promotion agency. Since its establishment in 2010, it has provided market information and support to Swiss and Liechtenstein SMEs looking to penetrate or expand in South Korea, with a focus on industries such as MEM, CleanTech, FinTech, MedTech, food, and e-commerce. Over 120 Swiss companies have been assisted in their market expansion efforts in South Korea. Starting in 2020, SBH Korea also began attracting Korean companies interested in foreign direct investment and R&D collaboration in Switzerland. Currently, around 40 Korean companies based in Switzerland are thriving in the European market, with a strategic focus on advanced manufacturing, personalized healthcare, robotics/drones, AI, and blockchain. Moving forward, S-GE plans to prioritize life sciences, automation, and digitalization industries from 2024.

**The Science & Technology Office** – is an integral part of Swissnex under the State Secretary of Education Research and Innovation (SERI) and an entity of the Embassy of Switzerland in Seoul. Swissnex is a key component of Swiss foreign policy to promote science, technology, innovation and higher education. The S&T Office in Seoul is the knowledge hub that connects Swiss and Korean universities, research institutes, start-ups and R&D focused companies. It builds networks and creates partnership for joint collaborative efforts between Swiss and Korean scientists, students, and researchers. Under the mandate of Innosuisse, the S&T Office in Seoul offers validation and market entry camps for Swiss startups interested in exploring Korean ecosystem.

The **Swiss-Korea Business Council (SKBC)** was established in 1993 with the objective to encourage the development of business relations between Switzerland and South Korea. It promotes the interests and activities of companies and individuals with connections between the two countries. The SKBC provides tailored consulting and services and provides assistance in establishing networks between potential business partners upon the request of member companies. It also identifies potential business partners in the two countries and work to establish business partnerships.

The **European Chamber of Commerce in Korea (ECCK)** represents the interests of companies from the EU and EFTA member states operating in South Korea. The ECCK's primary objective is to provide its members with information, communication, and access pertaining to the business and regulatory environment of South Korea.

### 6.2 The host country's interest in Switzerland

South Korea is highly interested in Switzerland's advanced technologies and is seeking to establish science and R&D exchanges, especially in the areas of Life Science and AI. As Switzerland is recognized as one of the top innovators in the world, its scientific institutions and universities enjoy a good reputation in South Korea. Regular exchanges take place on all levels, from startups and businesses to universities and government.

Quantum technology has recently become an area of interest for cooperation with Switzerland. In January 2023, President Yoon visited the ETH Zurich Quantum Center to exchange views with quantum scientists. The visiting delegation included Korean ministers, which is testament to the importance the Korean government attaches on quantum technology. In the policy plan for 2023, the government set quantum technology as one of the future technologies South Korea should nurture. In doing so, South Korea seeks to develop a quantum computer by 2026 and other products such as quantum sensor that detects defective semiconductors by 2027. The dynamic Korean ecosystem, high quality tech infrastructures and expertise in development and commercialization make South Korea a potential tech transfer partner for Switzerland.<sup>44</sup>

Additionally, South Korea hopes to collaborate with Switzerland in the areas of biotechnology and in the biomedical field. Switzerland's role as a leading country in the biopharmaceutical field is of interest to South Korea, in particular through the presence of Novartis and Roche. South Korea is building a K-Bio Lab hub in Songdo, Incheon. It plans to invest about 270 billion won in about 40,000 square meters of land and complete it by 2025. South Korea sees in Basel area as a world-class bio-cluster a potential avenue for cooperation in the biopharmaceutical sector.

As Switzerland has always been one of the top destinations for Korean travelers particularly for summer holidays. In the first four months of 2023, there were 43,143 Korean arrivals to Switzerland. The numbers are slowly recovering from the COVID19-pandemic. A tacit agreement between the two countries in 2022 allows direct flights between Zurich and Incheon International Airport and operated by Swiss International Airlines again. The announcement of resumption of direct flights would by Swiss would be an important positive step for the tourism sector.

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<sup>44</sup> ETH Zurich, [Visit of the President of the Republic of Korea to ETH Zurich](#) (20.01.2023)

## ANNEX 1 – Economic structure

**Economic structure of the host country**

	<b>2017</b>	<b>2022</b>
<b>Distribution of real GDP<sup>45</sup></b>		
Agriculture, Forestry, and Fishery	<b>2%</b>	<b>2%</b>
Mining	<b>0.14%</b>	<b>0.10%</b>
Manufacturing	<b>29.0%</b>	<b>28.92%</b>
Electricity, Gas, and Water	<b>2.7%</b>	<b>2.7%</b>
Construction	<b>5.8%</b>	<b>4.8%</b>
Services	<b>60.3%</b>	<b>61.7%</b>
- of which public services	<b>10.4%</b>	<b>10.6%</b>

	<b>2017</b>	<b>2021</b>
<b>Distribution of employment<sup>46</sup></b>		
Agriculture	<b>4.9%</b>	<b>5.4%</b>
Industry	<b>25.3%</b>	<b>24.6%</b>
Services	<b>69.8%</b>	<b>70.1%</b>

<sup>45</sup> KOSIS, [GDP and GNI by Economic Activity](#) (30.06.2023)

<sup>46</sup> Statista, [South Korea: Distribution of employment by economic sector from 2011 to 2021](#) (24.05.2023)



## ANNEX 2 – Main economic data

## Host country's main economic data

	2021	2022	2023
<b>GDP</b> (US\$ bn, current)*	1'798.54	1'804.68	1'721.90
<b>GDP per capita</b> (US\$, current)*	34'997.09	32'250.40	33'393.07
<b>Growth rate</b> (% of GDP, constant)*	4.02	2.6	1.5
<b>Inflation rate</b> (%)*	2.50	5.1	3.52
<b>Unemployment rate</b> (%)*	3.68	2.88	3.65
<b>Fiscal balance</b> (% of GDP)*	n/a	n/a	n/a
<b>Current account balance</b> (% of GDP)*	4.7	1.79	2.15
<b>Total external debt</b> (% of GDP)**	35.1	38.0	n/a
<b>Debt-service ratio</b> (% of exports)**	n/a	n/a	n/a
<b>Gross international reserves</b> (US\$ bn)**	458.3	482.3	n/a

\* Source: IMF, World Economic Outlook (April 2022)

- <https://www.imf.org/en/Publications/WEO/weo-database/2022/April>

\*\* Source: IMF, Article IV Consultation (March 2022)

- <https://www.imf.org/en/Publications/CR/Issues/2022/03/24/Republic-of-Korea-2022-Article-IV-Consultation-Press-Release-Staff-Report-Staff-Statement-515711>

*Note: Numbers with a grey background are estimates or projections.*

## ANNEX 3 – Trade partners

## Trade partners of the Republic of Korea

Year: 2022

Rank	Country	Exports from the host country (US\$ million)	Share	Change <sup>47</sup>	Rank	Country	Imports to the host country (US\$ million)	Share	Change
1	China	155'789	22.8%	-4.4%	1	China	154'576	21.3%	11.5%
2	USA	109'766	16.1%	14.5%	2	USA	81'785	11.3%	11.7%
3	Viet Nam	60'964	8.9%	7.5%	3	Japan	54'712	7.5%	0.1%
4	Japan	30'606	4.5%	1.8%	4	Australia	44'929	6.2%	36.5%
5	Hong Kong	27'651	5.0%	-26.2%	5	Saudi Arabia	41'640	5.7%	71.6%
6	Taiwan	26'198	3.8%	7.9%	6	Taiwan	28'275	3.9%	204%
7	Singapore	20'205	3.0%	42.8%	7	Viet Nam	26'724	3.7%	11.5%
8	India	18'870	2.8%	20.9%	8	Germany	23'615	3.3%	7.4%
9	Australia	18'753	2.7%	-9.4%	9	Qatar	16'567	2.3%	42.7%
10	Mexico	12'654	1.9%	12.1%	10	Indonesia	15'735	2.2%	46.7%
<b>51</b>	<b>Switzerland</b>	<b>974</b>	<b>0.1%</b>	<b>13.9%</b>	<b>33</b>	<b>Switzerland</b>	<b>3'244</b>	<b>0.4%</b>	<b>-3.6%</b>
	EU	68'072	10%	7%		EU	68'190	9.4%	3.4%
	Total	683'503	100%	6.1%		Total	724'932	100%	18.5%

Source: Korea Customs Service ([https://unipass.customs.go.kr/ets/index\\_eng.do](https://unipass.customs.go.kr/ets/index_eng.do)), as of June 2023<sup>47</sup> Change from the previous year in %

## ANNEX 4 – Bilateral trade

## Bilateral trade between Switzerland and the host country

	Export (CHF million)	Change (%)	Import (CHF million)	Change (%)	Balance (in million)	Volume (in million)
2017	3'258.1	12.3	735.1	-11.6	2'523.0	3'993.1
2018	3'516.5	7.9	789.2	7.4	2'727.3	4'305.8
2019	3'662.6	4.2	863.6	9.4	2'799.0	4'526.2
2020	2'935.5	-19.8	991.7	14.8	1'943.8	3'927.3
<b>2021</b>	<b>3'331.5</b>	<b>13.5</b>	<b>2'058.3</b>	<b>107.5</b>	<b>1'273.3</b>	<b>5'389.8</b>
<b>2022</b>	<b>3'606.9</b>	<b>8.3</b>	<b>2'219.9</b>	<b>7.9</b>	<b>1'386.9</b>	<b>5'826.9</b>
<i>(Total 1)*</i>	<i>(3'552.1)</i>	<i>(10.7)</i>	<i>(1'991.7)</i>	<i>(3.4)</i>	<i>(1'560.3)</i>	<i>(5'543.9)</i>
<b>2023**</b>	<b>1'056.6</b>	<b>-8.6</b>	<b>852.2</b>	<b>57.1</b>	<b>204.3</b>	<b>1'908.9</b>

Exports	2022 (% of total)	2023** (% of total)
1. Pharmaceutical products	33.7	33.2
2. Watches, components	21.1	20.5
3. Machines, appliances, electronics	13.3	15
4. Jewelry	9.7	10

Imports	2022 (% of total)	2023** (% of total)
1. Pharmaceutical products	57.9	61
2. Machines, appliances, electronics	10.1	8.1
3. Vehicles	9.4	11.6
4. Metals	3.2	2.8

\*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques

\*\*\*) Data includes trade between January and May 2022, change in % compares to the same period in the previous year.

Source: Federal Office for Customs and Border Security, Foreign Trade Statistics. TN103: Swiss Foreign Trade by Countries and Chapters

## ANNEX 5 – Main investing countries

## Main investing countries in the host country

Year: 2022

Rank	Country	Direct investment (US\$ Million) <sup>48</sup>	Share	Variation <sup>49</sup>	Inflows over past year (US\$) <sup>50</sup>
1	USA	8,685	28.5%	+65.2%	N/A
2	The Netherlands	4,922	16.2%	+405%	N/A
3	Singapore	3,248	10.7%	-22.5%	N/A
4	Japan	1,529	5.0%	+26.8%	N/A
5	China	1,481	4.9%	-21.6%	N/A
6	Malta	967	3.2%	-80.2%	N/A
7	UK	580	1.9%	-28.7%	N/A
8	Guatemala	571	1.9%	-*	N/A
9	Germany	538	1.8%	-81.0%	N/A
10	Canada	508	1.7%	+1.0%	N/A
...	EU	8,074	27%	-36.9%	N/A
...	<i>Switzerland</i>	262	0.9%	+160.7%	N/A
	<b>Total</b>	<b>30,445</b>	<b>100%</b>	<b>+62.9 %</b>	

Source: Ministry of Trade, Industry and Energy

\*Guatemala was not on the FDI list in the previous year

<sup>48</sup> Stock figures of FDI unavailable; Figures from countries associated with international tax evasion excluded<sup>49</sup> As above<sup>50</sup> Figures unavailable