

Origin of goods and Swiss value added

Information, V3.1, as of 31 October 2008

Schweizerische Exportrisikoversicherung
Assurance suisse contre les risques à l'exportation
Assicurazione svizzera contro i rischi delle esportazioni
Swiss Export Risk Insurance



Legal basis

In the interest of creating and preserving jobs in Switzerland and promoting Swiss foreign trade, SERV offers Swiss exporters the possibility of accepting export orders from countries where payment is subject to particular risk. In order to realise these economic benefits, the export product's Swiss origin or the value added in Switzerland is of key importance.

Swiss origin

Goods are considered of Swiss origin, pursuant to art. 9-16, Swiss Ordinance on the Certification of Non-Preferential Origin of Goods (VUB, SR 946.31), if they are made of domestic materials or are manufactured entirely in Switzerland, or were processed or finished in Switzerland to a sufficient extent (art. 3 par. 1 SERV-V). Products are considered processed or finished in Switzerland to a sufficient extent if the foreign materials they contain account for no more than 50 percent of the ex-factory price (Art. 11 par. 1 let. a VUB).

Certificates of origin or domestic verification of origin qualify as proof of origin and of the value or price of a product. No certificate of origin may be issued for services as they are not manufactured goods and cannot be accurately classified pursuant to the legal definition of what constitutes origin.

Further information on certificates of origin for goods can be obtained from the responsible cantonal chambers of commerce. Link: www.cci.ch/adrcci.html

Swiss value added

The country-of-origin regulations mentioned above do not necessarily cover all exports that qualify for SERV coverage (e.g. services and goods of foreign origin). An export can also be eligible for cover if the value added in Switzerland is 50 percent or more of the value of the export order (art. 3 par. 2 SERV-V). The definition of Swiss value added is the difference between the value of an export contract and foreign content or services. When categorising services, attention is paid to whether the services in question are prepared largely in Switzerland prior to their "export" or – where rendered mainly abroad – can at least be attributed to a Swiss exporter.

The insurance premium payable to SERV is considered a component of the value added in Switzerland.

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Exception: Foreign content in excess of 50 percent

If sufficiently substantiated in the application, SERV may grant an exception on minimum Swiss value added. The foreign content ceiling is 70 percent. Lack of or uncompetitive domestic supplies are valid reasons for granting an exception. In such cases the following surcharges apply:

Foreign content	Surcharge on SERV's insurance premium
50 – 55 percent	2.5 percent
56 – 60 percent	5.0 percent
61 – 65 percent	7.5 percent
66 – 70 percent	10.0 percent

In the case of major business transactions involving a high percentage of foreign subcontracted content, the possibility of cooperation in the form of a reinsurance, coinsurance or parallel insurance agreement with the state export credit insurance of the country of the foreign supplier or subcontractor is considered. SERV reserves the right to decide on cooperation with a foreign export credit insurance.

Business transactions with a proportion of foreign content supplied or subcontracted over 70 percent may only be insured under the following conditions:

- The applicant must be able to give coherent reasons for the proposed structuring of the transaction.
- The applicant must be able to prove that the transaction is eligible for support with reference to the aims of art. 5 SERVG.
- SERV must be able to reinsure the proportion of foreign content with the respective foreign export credit insurance, so that the foreign value added does not exceed 60 percent after deduction of the reinsured portion.

Such transactions will be subject to a loading charge of 10 percent on the insurance premium.

Local costs

Local costs incurred in the country of import that form part of the export contract are deemed to be foreign subcontracted content. In the case of medium- to long-term export financing arrangements, such costs can be insured for up to 30 percent of the export contract value.

Trading transactions

As a rule, high-margin commercial transactions that do not involve processing or finishing in Switzerland and are conducted by trading companies domiciled in Switzerland do not qualify for SERV coverage. The decisive factor here is the relationship between the benefits for jobs and the potential financial risk for SERV, an equation which is usually negative in the case of pure trading transactions.
