

Federal Customs Administration FCA

Facts & Figures 2008

www.customs.admin.ch



Schweizerische Eidgenossenschaft
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Federal Departement of Finance FDF
Federal Customs Administration FCA

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Editorial

Dear reader

Swiss Customs has the responsibility of maintaining what will soon be the only customs border in Western and Central Europe in such a way that it interferes as minimally as possible with the import and export economy. One of the goals is for the Swiss economy to be able to work in the EU Single Market with as few disadvantages as possible relative to its competitors.

To ensure this, Swiss Customs works with modern resources. Declarations of goods are electronic, and inspections take place where possible at the domicile of the carrier or importer. Inspections are targeted and risk-oriented.

Schengen has now been implemented in Switzerland since 12 December 2008 – at airports since the end of March 2009. Not much has changed optically at Swiss borders. The customs facilities remain. Border guards inspect goods brought by travellers



across the border. If a person is suspected of having committed an offence or of not being authorised for entry, members of the Border Guard Corps continue to intervene as before.

A handwritten signature in blue ink that reads "Rudolf Dietrich". The script is fluid and cursive.

Rudolf Dietrich, General Director of Federal Customs Administration

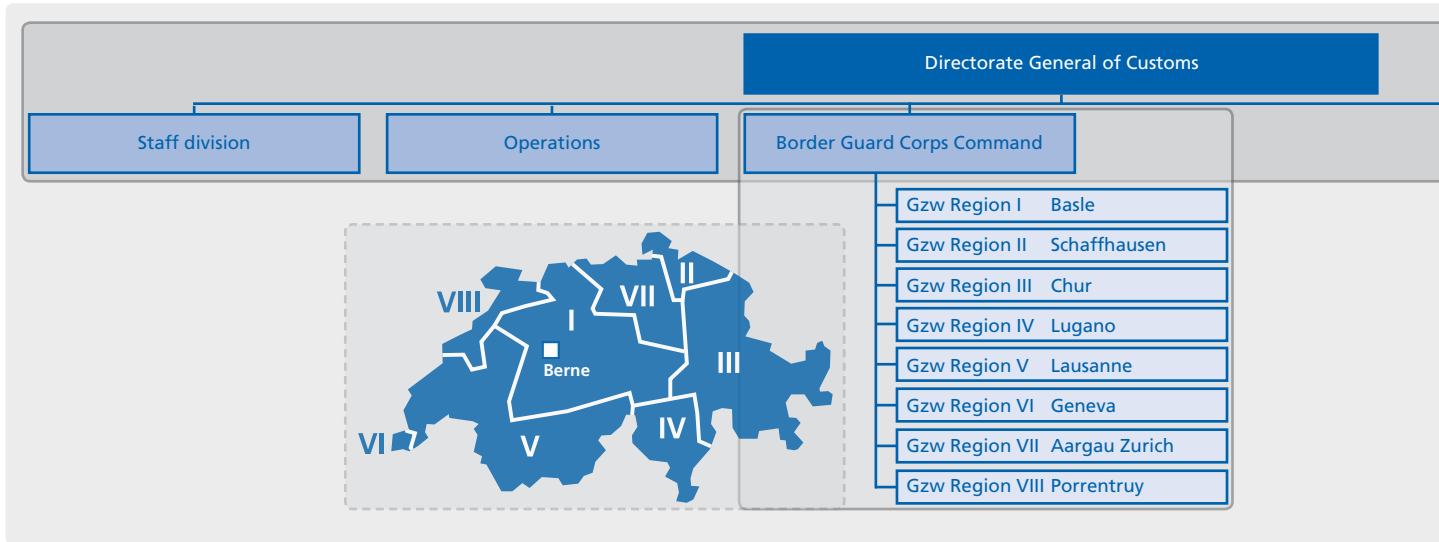
Federal Customs Administration FCA

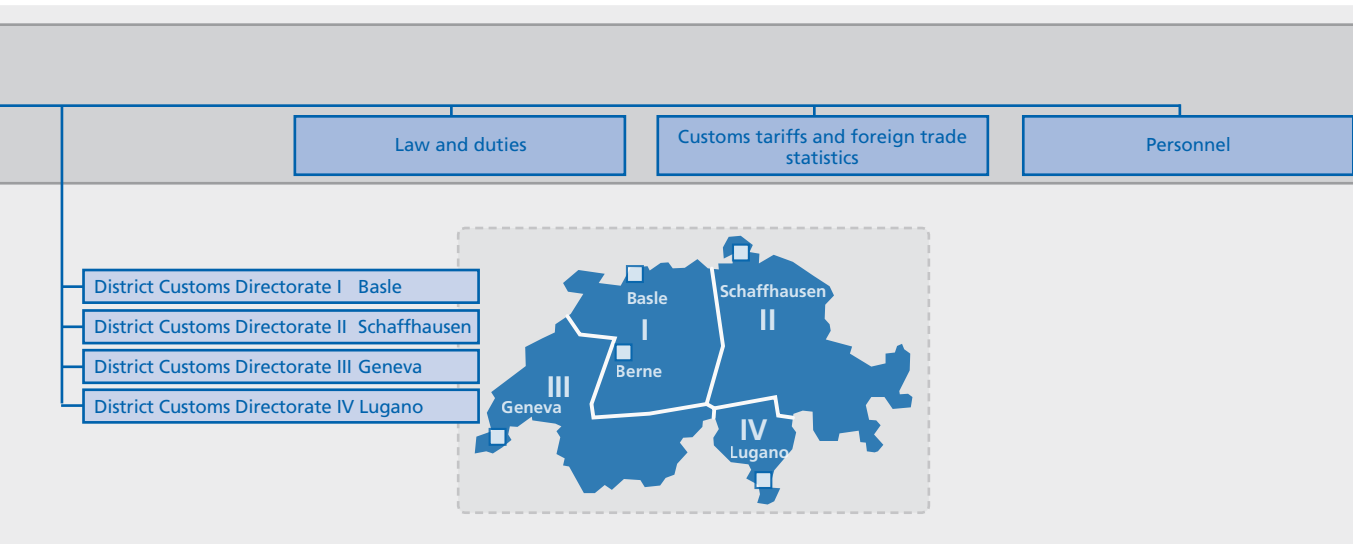
Switzerland generates every second franc abroad. It is only able to do so if cross-border movement of goods and persons is smooth. The services provided by Swiss Customs seek to facilitate border crossing where possible. At the same time, however, it verifies that legal provisions are met – in the interest of the Swiss business location and of the security of citizens. Customs also levies several consumption taxes such as value added tax, mineral oil tax, and tobacco tax. Customs is furthermore responsible for controlling precious metals, issuing the motorway tax sticker, levying the goods vehicle tax, and other tasks.

The Border Guard Corps (BGC) is the uniformed and armed section of the FCA. As the largest national civil security agency in Switzerland, the BGC carries out police security duties and fiscal duties. These including tracing persons, vehicles and stolen property, combating drug smuggling and document fraud, duties linked to aliens police and traffic police, as well as diverse customs services and combating of smuggling in general.



FCA organisation





Staff

The reduction of staff as a consequence of the federal budgetary relief programme was completed by the end of 2008. Over the course of five years, customs has axed 416 jobs.

Number of employees
(as at 31 December)

	2000	2004	2007	2008
Women	719	810	720	749
Man	4,074	3,973	3,675	3,640
Total	4,793	4,783	4,395	4,389

Structure

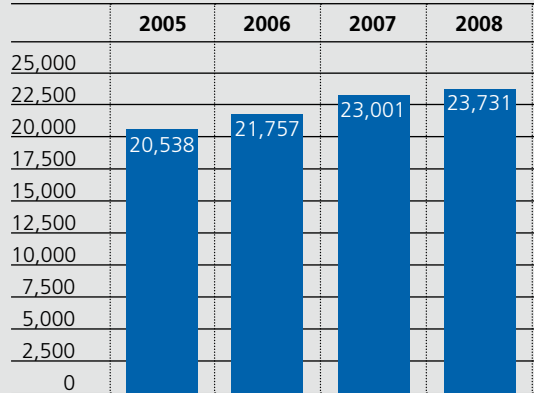
(as at 31 December)

	2000	2004	2007	2008
Customs personnel	1,363	1,399	1,323	1,341
Scientific personnel	27	28	24	21
Other civilian personnel	1,313	1,305	1,040	1,012
Border guards	2,038	1,999	1,950	1,960
Precious Metal Control	52	52	58	55



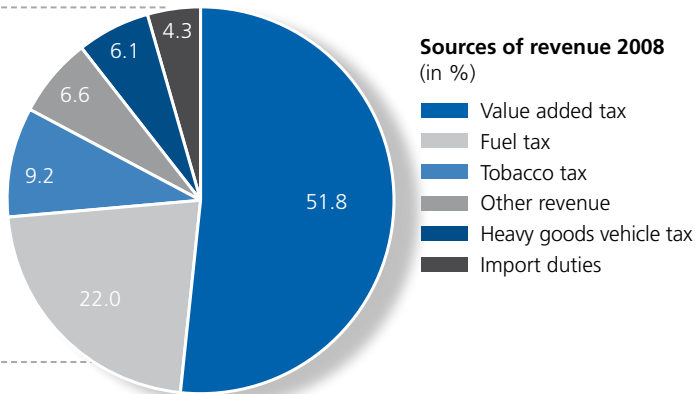
FCA revenue

Total revenue
(in CHF million)



Main sources of revenue
(in CHF million)

Revenue	2005	2006	2007	2008
Import duties	974	1,027	1,040	1,017
Value added tax	10,088	11,033	12,062	12,293
Fuel tax	4,979	4,994	5,086	5,222
Tobacco tax	2,051	2,161	2,186	2,186
Heavy goods vehicle tax	1,231	1,306	1,336	1,441
Other revenue	1,215	1,236	1,291	1,554



The FCA works on behalf of security

Except for agricultural products, where a high level of border protection persists, the significance of customs for trade protectionism continues to diminish. The average worldwide customs burden has sunk dramatically over the past few years. The perception that customs only exists to protect the domestic economy from foreign competition by imposing high duties is less and less accurate. This can also be seen in the revenue figures, which show that import duties – approximately CHF 1 billion last year – now represent only a fraction of the total of approximately CHF 24 billion generated for the Federal Treasury by customs.

Customs still plays a protective role, however – albeit with a different content. Today, the goal is increasingly to ensure the security of citizens – in a wide range of areas.

Schengen

The challenge of Schengen has been mastered successfully. Since 12 December 2008, Schengen has now also been implemented at the national borders. Despite Schengen, border controls at Swiss borders still exist. The Border Guard Corps no longer limits its inspections to the border and the immediate border area: as part of national compensating measures, the area of operations now extends further into the interior of the country.

Schengen Information System SIS

Thanks to the accession of Switzerland to the Schengen area, the BGC was granted access to the Schengen Information System SIS on 14 August 2008. This database allows the BGC to access all registered cases throughout the entire Schengen area and to match these data in the course of BGC inspections. Between 14 August and 31 December 2008, the BGC intervened a total of 1,586 times thanks to SIS queries, namely in the following areas:

- 714 searches for objects (lost documents, etc.)
- 372 denials of entry to citizens of third countries
- 220 targeted inspections of persons and vehicles
- 216 determinations of whereabouts for justice authorities
- 42 missing persons
- 22 searches for persons for purpose of extradition



The FCA works on behalf of security

Illegal migration

The increase of migratory pressure at the southern border in the months of October to December 2008 required regional strengthening of the BGC's staff capacity. In total, border guards prevented 1,981 illegal entries or exits in 2008; illegal stay was determined in the case of 3,321 persons. The BGC successfully intervened in 273 cases of people smugglers.

Drugs seized

Once again in 2008, the Federal Customs Administration successfully cracked down on the illegal possession and dealing of narcotics. It seized the following amounts of drugs:

- 585.8 kg khat
- 145.2 kg cocaine
- 122.1 kg hashish
- 95 kg marijuana
- 19.1 kg heroin
- 12,386 pills of various psychoactive substances (LSD, ecstasy, etc.)

Forgery and misuse of documents

For years, an increasing trend of counterfeit identity papers and misuse of documents has been observed. A new record was reached in 2008, with a total of 2,199 forged documents. In total, 1,617 persons were stopped with forged or misused documents. The quality of forgeries is always improving, and only experienced specialists are able to distinguish "real" from "counterfeit". These verifications demand substantial experience and technical know-how from specialists. Many documents are discovered on trains (798 counterfeits) and by mail and courier (199 cases).

Security checks of heavy vehicles

In 2008, Swiss Customs reported more than 12,000 trucks to the police due to safety deficiencies. The vehicles were either too heavy, too long, or too wide. Other cases involved defective brake discs or tyres and other deficiencies. 124 truck drivers were caught driving under the influence of alcohol.

Supplementing controls upon entering the country, five mobile teams ("Mobe Teams") run by Swiss Customs stopped and checked about 10,000 vehicles and drivers in Switzerland in 2008, finding about 2,500 deficiencies.

On a daily basis, approximately 20,000 lorries cross the Swiss border.

The FCA works on behalf of health

With its inspections, Swiss Customs helps protect citizens from certain dangers. For instance, customs cracks down on product counterfeiters. In addition to the financial loss for the economy, counterfeits may also endanger the health of citizens. This is particularly true of counterfeit medicinal products and so-called lifestyle drugs, as well as smuggled foodstuffs. Since the conditions are not known under which such foodstuffs are produced, and since they are often transported in an unhygienic environment, they entail a considerable health risk. This is also especially true of tainted meat, for instance if false production dates are indicated.

Medicinal products

In 2008, Swiss Customs reported 687 cases (2007: 366) to the Swiss Agency for Therapeutic Products, Swissmedic, whereby attempts were made to import illegal medicinal products into Switzerland. These were either counterfeit drugs or drugs prohibited in Switzerland. Drugs of this kind entail a high health risk for consumers.

The most frequently seized drugs were the following:

- Bodybuilding supplements and doping supplements
- Slimming aids
- Erectile dysfunction treatments and sexual stimulants
- Skin whiteners
- Sedatives and sleep-inducing drugs
- Plant preparations from Asia



The FCA works on behalf of health

Smuggling of foodstuffs

In 2008, Swiss Customs again determined the amount of foodstuffs smuggled nationwide. However, only cases involving amounts over 250 kg were taken into account. Overall, 175 tonnes of foodstuffs (2007: 210 tonnes) of all kinds were seized or detected. Of this amount, approximately 23 tonnes (2007: 83 tonnes) were smuggled meat, and 91 tonnes were fruits and vegetables. The duties evaded were approximately CHF 700,000 (2007: CHF 1.5 million).

The foodstuffs smuggled the most:

1. Fruits and vegetables (2007: rank 5)
2. Grains (6)
3. Meat and meat products (1)
4. Flour (4)
5. Cooking oil (3)
6. Pasta (–)
7. Milk products/cheese (2)

In 2008, the Customs Investigation Department investigated approximately 7,000 cases (2007: 8,000) of organised smuggling. Approximately 3,600 new investigation dossiers (2007: 4,000) were opened. Most of these involved VAT evasion. The cases of smuggling included foodstuffs, animals, spirits, tobacco goods, mineral oils, looted cultural assets, and goods violating the protection of species, as well as plants.

Risk analysis

Customs employs risk-oriented procedures when carrying out inspections. This means that the goal is not to control as much as possible, but rather to intervene in a targeted matter – i.e., as appropriate to the risk. This requires a risk analysis that gathers and evaluates information. This information is prepared in the form of so-called risk profiles. The risk profile contains the known facts concerning a case and provides indications of the risks associated with certain goods. The risk profile also contains data on the importers affected and shows where the goods are mainly imported into Switzerland.

To ensure that no delays are incurred in the shipment of the goods, samples are taken and inspected.

Each year, Swiss Customs compiles several risk profiles (2008: 18) and also carries out additional focus inspections (2008: 9).

The FCA works on behalf of Switzerland as a business location

Swiss Customs has the responsibility of maintaining what will soon be the only customs border in Western and Central Europe in such a way that it interferes as minimally as possible with the import and export economy. Swiss Customs is aware that it thereby plays an important role as a factor in the competition among business locations worldwide. One of the goals is for the Swiss economy to be able to work in the EU Single Market with as few disadvantages as possible relative to its competitors. The following elements seek to make a contribution in this regard:

- The strategy "Customs clearance away from the border" – where possible at the domicile of the carrier or importer – aims to minimise traffic bottlenecks at border crossings
- Provide for computerised declarations around the clock and with short response times
- Employ modern inspection methods
- Targeted inspections based on computer-assisted risk analysis

Foreign trade

Imports, exports, and balance of trade (in CHF billion)

	2000	2004	2007	2008
Total imports	139.4	144.0	193.2	197.5
Total exports	136.0	152.8	206.3	216.3
Balance of trade	-3.4	8.8	13.1	18.8

2008 imports and exports by trade blocks

(in CHF billion)

	Imports	Exports
EU27	155.6	132.0
USA/Canada	12.6	23.1
Japan	4.1	7.1
Transition countries ¹	7.5	11.4
Emerging markets ²	7.7	21.7
Developing countries	9.3	17.6

¹ Transition countries: Southeastern Europe, CIS countries, China, North Korea, Mongolia

² Emerging markets: Thailand, Malaysia, Singapore, Taiwan, Hong Kong, South Korea, Philippines, Mexico, Brazil, Argentina, Chile, Turkey, South Africa, San Marino, Vatican

The FCA works on behalf of Switzerland as a business location

Free trade agreements

The growing number of free trade agreements represents a special challenge for customs. The object and purpose of these agreements is to facilitate trade and reduce tariffs. For customs, however, this means a greater workload, since the task is to identify which goods enjoy privileged treatment. For this purpose, complex rules of origin must be applied, which may vary from one agreement to the next. The partner country can demand that Swiss Customs carry out reviews of exporters. At the end of 2008, 18 free trade agreements were in force.

Commercial import, export and transit: Declarations (millions of units)

The high share of computerised clearance procedures (import 95%, export 43%, international transit 100%) allows widespread automation of customs clearance. Material inspections represent less than 1%.

	2000	2004	2007	2008
Import	10.1	12.2	14.4	13,9
Export	5.7	5.9	6.6	6.5
Transit	6.9	7.1	6.7	6.7

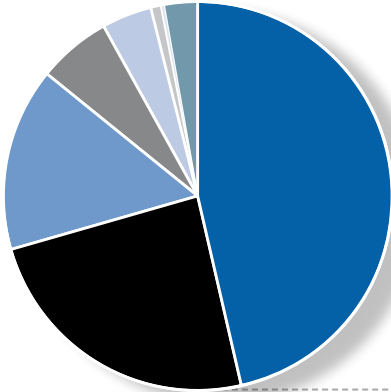
Intellectual property

Number of interventions and market value of seized shipments
(in CHF million)

	2005	2006	2007	2008
Total market value	10.3	3.7	1.3	14.0
Number of interventions	572	383	460	1176



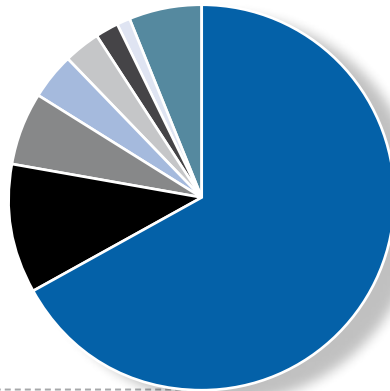
The FCA works on behalf of Switzerland as a business location



Counterfeits by product group:

■	Accessories (handbags, sunglasses etc.): 46.6%
■	Other clothing: 24.2%
■	Medicinal products: 15.1%
■	Watches and jewellery: 6.1%
■	Sports clothing: 4.2%
■	Electrical appliances: 0.9%
■	Perfume and cosmetics: 0.2%
■	Other: 2.7%





Origin of counterfeits:

- China: 67%
- India: 11%
- Hong Kong: 6%
- Turkey: 4%
- EU: 3%
- Thailand: 2%
- USA: 1%
- Others: 6%

Precious metal control

The Precious Metal Control (PMC) office within the FCA carries out risk-based import inspections and supervises the domestic market in the field of precious metals as well as the trade in waste, melting charge, and melted products. All goods circulated for trade in Switzerland and subject to the Precious Metal Control Act must comply with the formal and material requirements. It makes no difference whether the goods were produced in Switzerland or abroad.

PMC hallmarks are considered to be a seal of quality worldwide for precious metal products and are increasingly also used as a marketing tool for goods where hallmarking is voluntary, both for domestic and foreign companies.

	2005	2006	2007	2008
Hallmarking				
With national hallmark (St. Bernard dog's head)	1,621,600	1,695,100	1,957,200	1,897,030
With internationally recognised standard hallmark	1,528,550	1,628,000	1,856 500	1,804,810
Inspections				
Number of shipments checked at the border	21,080	13,600	12,800	10,290
Inland market supervision inspections	90	99	123	44
Infringements of the law	2,835	2,279	2,161	2,038

Pour enclencher le four,
la cheminée doit être
raccordée à un système
de ventilation.



Other responsibilities: International assignments

International assignments have a long tradition at the Swiss Customs Administration. They are carried out within the framework of Swiss foreign, peace, security, and trade policy. Since 1991, the FCA has made expert personnel available to various international organisations. More than 100 staff members have been successfully engaged so far for the United Nations (UN), the Organisation for Security and Co-operation in Europe (OSCE), the Commission of the European Union, and the European Free Trade Association (EFTA).

Seconding border guards and civilian police observers (UNPOL or EUPOL), especially in Balkan countries, is a proven measure of Swiss peace policy.

For some time now, about 20 staff members have been employed as (chief) visa officers at Swiss representations abroad.

As part of the free trade agreement with Egypt, the FCA supports the training of Egyptian customs agents. The project is funded by the State Secretariat for Economic Affairs (SECO). Recently a comparable assistance programme in favour of Tunisian customs started.

Also in collaboration with SECO, the FCA provides the World Trade Organisation (WTO) with experts on an ongoing basis for technical assistance and evaluations in the customs field, as part of economic development cooperation. In 2008, a total of 30 FCA staff members were engaged in international missions.

Luftwaffe



Other responsibilities: Protection of species, environmental protection

In 1973, Switzerland was one of the first signatories of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES encompasses and governs the protection and trade of more than 26,000 plant species and 4,000 animal species worldwide.

The import and export of species protected under CITES is either entirely banned or subject to a licence. The licence is granted by the exporting country. As the enforcement authority for CITES in Switzerland, the Federal Veterinary Office (FVO) approved the export and re-export of nearly 100,000 shipments last year. In the same period, approximately 25,000 licensed shipments were imported. Swiss Customs verifies freight and documents at the border. It refuses improper goods or confiscates them.

In 2008, Swiss Customs objected to 915 shipments of plants and about 300 shipments of live animals and animal products.

CO₂ fee

Switzerland wants to permanently reduce its CO₂ emissions. To create appropriate incentives, the CO₂ fee was introduced as an incentive tax on 1 January 2008. It supplements voluntary and other CO₂-reducing measures and is levied on all fossil fuels (especially heating oil, natural gas, and coal). Swiss Customs is responsible for levying and reimbursing the CO₂ fee.

Incentive tax on volatile organic compounds (VOCs)

Volatile organic compounds (VOCs) are used as solvents in many industries. They are contained in many products such as paints, varnishes, and various cleaning solutions. If these compounds become airborne, they and nitric oxides contribute to the excessive formation of ground-level ozone (summer smog). The VOC incentive tax has been levied since 1 January 2000. As a market-based instrument in the field of environmental protection, it creates a financial incentive to reduce VOC emissions. Customs is

responsible for levying and reimbursing the VOC tax. Revenue is repaid to the population each year via health insurance schemes.

Performance-related heavy vehicle fee (HVF)

The use of public roads entails costs that should be paid by the persons who cause them. For this reason, the Performance-related heavy vehicle fee was introduced on 1 January 2000. The Performance-related heavy vehicle fee is linked to the total weight, emissions level, and driven kilometres in Switzerland and the Principality of Liechtenstein. Swiss Customs is responsible for levying the Performance-related heavy vehicle fee.



Customs Museum

Take a behind-the-scenes look at Swiss Customs: The Swiss Customs Museum – referred to in the vernacular as the “Smugglers’ Museum” is situated opposite Gandria on Lake Lugano. The museum attracts some 20,000 visitors each year. The exhibition covers everything that customs and border control has to deal with on a daily basis: smuggling, drug searching, trademark piracy, protection of endangered species, precious metal control, passport forgery, and much more.

The museum is open from April to October (1:30pm to 5:30pm daily) and is best reached by boat from Lugano. Admission is free.

Until October 2009, the Customs Museum is presenting a special exhibition on the protection of endangered species.

Additional information: www.customs.admin.ch
 (“The FCA” > “Customs museum”)



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