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This is no way to treat our Swiss friends

**Author:**

Richard W. Rahn

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## This is no way to treat our Swiss friends

By Richard W. Rahn

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US President Donald Trump arrives for a bilateral meeting with Switzerland's President on the sidelines of the World Economic Forum (WEF) annual meeting in Davos on January 21, 2026. The World Economic Forum is taking place in Davos from January 19 to January 23, 2026.

LAURENT GILLIERON / POOL / AFP VIA GETTY IMAGES

The Trump administration is preparing to investigate Switzerland under Section 301 – the same trade enforcement tool used against China. That tells you almost everything you need

to know about how Washington has lost the plot on trade policy.

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These investigations, launched after the Supreme Court invalidated earlier tariff measures, could serve a legitimate purpose. Done properly, they could help identify countries that genuinely cheat the system. Done poorly, they could damage America's closest economic relationships and weaken the very economy they are supposed to strengthen.

As someone who has spent decades advising governments and businesses around the world, I have learned that trade deficits alone tell us very little. Yet in Washington, many still speak as if every bilateral trade deficit is proof that America is being victimized. That is simply not true.

Take Switzerland, a country I know well and admire greatly.

In 2024, the United States imported roughly \$38 billion more in goods from Switzerland than Switzerland imported from America. Many politicians immediately see such numbers and conclude foul play must be involved. But economics is not that simple. Once services are included, Switzerland actually bought about \$30 billion more in American services than it sold to the United States. The net imbalance amounted to roughly \$8 billion – about the cost of a cup of coffee per American per month.

Hardly a national emergency.

More importantly, Switzerland is one of the fairest trading nations in the world. It imposes no tariffs on industrial goods and allows virtually all American products to enter duty-free. Unlike many countries, Switzerland does not prop up large sectors of its economy with massive industrial subsidies or state-owned enterprises. The one major exception is agriculture – and that policy has historical roots dating back to World War II, when the Swiss learned the hard way that food security matters for small countries surrounded by hostile powers.

The reality is that Americans buy Swiss goods because they want them. Swiss companies produce some of the world's best pharmaceuticals, medical technologies, precision instruments, and consumer products. Swiss businesses have earned an extraordinary global reputation for quality and reliability. There is a reason Switzerland has one of the world's highest concentrations of globally successful companies.

But what many Americans do not realize is how deeply Swiss investment benefits the United States itself. Over the past two decades, trade between the United States and Switzerland has multiplied several times over. Switzerland is now among the largest foreign investors in America. Swiss companies support nearly 400,000 American jobs – an astonishing number

for a nation of only about nine million people. These are not abstract statistics. They represent factories, research centers, laboratories, supply chains, retirement accounts, and middle-class livelihoods across the United States.

Which raises an important question: Why would Washington want to punish one of its best economic partners?

There are certainly countries engaging in predatory trade behavior. China's long record of subsidies, intellectual property abuses, forced technology transfers, and market restrictions is well documented. Some countries manipulate taxes or regulations in ways that disadvantage American workers and businesses. But Switzerland is not China.

In fact, Switzerland has behaved exactly as American policymakers say they want responsible countries to behave. When earlier U.S. tariffs were announced, the Swiss government deliberately chose not to retaliate. Instead, Swiss officials publicly expressed their desire to negotiate fairly and maintain strong bilateral economic relations.

That should matter enormously to Washington. Switzerland did everything right. It is about to be punished anyway.

One of the first lessons of economics is that incentives shape behavior. If countries that cooperate with the United States are treated exactly the same as countries that exploit the system, then America creates incentives for more conflict, not more cooperation. Trade policy should resemble intelligent statecraft, not a medieval blood feud in which every nation — friend or adversary — is treated as an enemy.

The credibility of the Section 301 process will depend entirely on whether investigations are conducted honestly or merely used to justify predetermined political outcomes. If Washington wishes to encourage reform abroad, it must be willing to reward countries that follow fair-market principles while confronting those that do not.

Switzerland is not part of the problem. In many respects, it represents part of the solution. Rather than treating Switzerland as a target, Washington should be asking why more countries don't behave like it. And if it punishes Switzerland for doing everything right, it will have answered its own question about why more countries don't bother.

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By Richard W. Rahn

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