

Swiss European policy – the bilateral path

Switzerland is situated in the middle of Europe. Apart from the Principality of Liechtenstein, the EU is Switzerland's sole neighbour. It is also the most important economic and political partner. These close ties require an active European policy. In this respect, Switzerland represents its interests via the so-called bilateral path.

Switzerland and the EU are more than just neighbours. In 2008, bilateral trade passed the 1 billion franc mark – per day. Switzerland earns every third franc through trade with the EU. Roughly 80% of exports are to the EU. Conversely, Switzerland is the third most important market for EU products. It ranks below the USA and Russia but ahead of China (2008).

Politically, too, there are many mutual interests. Environmental matters, top-level research, refugee policy or the fight against organised crime are examples of areas with an increasingly transnational character. Here, cooperation and transnational solutions are called for. This makes cooperation with the EU very important.

The mutual interests of Switzerland and the EU are regulated in clearly defined areas by means of bilateral agreements. Following the 1972 Free Trade Agreement and the subsequent Insurance Agreement (1989), the system of bilateral agreements has been continuously extended. Of importance are the 7 Bilateral Agreements I and the 9 Bilateral Agreements II. Since 2000, this “bilateral path” has been approved by the people of Switzerland in five referendums. Today, the contractual framework comprises around 20 main and 100 subsidiary agreements.

Bilaterals I and II

The Bilateral Agreements I were negotiated following the rejection of the European Economic Area in a referendum. With the exception of the Research Agreement, these are classical market opening agreements which today provide Switzerland with extensive access to the EU single market with 490 million potential consumers. This strengthens the competitiveness of Swiss companies against with their European competitors.

Shortly after the successful conclusion of the Bilaterals I, there were already new areas of interest on the table. This led to further negotiations and to the conclusion of the Bilaterals II which cover additional economic

interests, for example, those of the food industry, the financial centre and the tourism sector. Above all, however, they extend the existing cooperation to political areas such as asylum, security and the environment.

How will European policy develop in the future?

Priority is given to looking after existing agreements. The implementation and further development of the individual agreements is an ambitious programme: They must be brought into force and extended to new EU states. Most agreements require updating in order to adapt to changing regulations. Other agreements are renewed at regular intervals.

Wherever there are mutual interests, cooperation should be intensified, including in new areas. This is the case, for example with electricity. The aim is a partial opening of the electricity markets while ensuring security of supply in the liberalised environment.

A further new area of interest is the agricultural and food sector. The aim here is to dismantle trade barriers such as customs duties or differing product regulations. Liberalised trade should apply to agricultural products (e.g. meat) as well as to the input factors of agricultural production (e.g. machines, fertilizers, etc.) and to processed food (e.g. chocolate).

The third area is public health: illnesses do not stop at borders; dangerous substances or defective toys are sold all over Europe. For this reason, cooperation in the field of infectious diseases, food and product safety should be intensified.

How do the bilateral agreements work?

The bilateral agreements are based on intergovernmental cooperation, i.e. no sovereignty rights are transferred to a higher instance (such as the EU institutions Commission, Council of the European Union, Parliament and Court of Justice). Implementation of the agreements is the sole responsibility of the contract partners.

In terms of content, the agreements are based on European law. Some regulate the recognition of the equal status of Swiss and European legislation (e.g. the reciprocal recognition of product regulations) or refer to the

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applicable EU law. Others deal with cooperation between Switzerland and the EU within the framework of EU agencies and programmes (e.g. in joint research).

In order to preserve the advantages of these contractual rulings (e.g. unrestricted market access), it is sometimes necessary to adapt the agreements to new legal developments. Problems can also arise in certain countries in terms of application. The so-called mixed committees are responsible for questions of this nature. These are bodies made up of representatives from Switzerland and the EU. Almost all important agreements are monitored and administered by a mixed committee.

Most of the agreements are contracts in their own right and can be terminated separately at any time. The Bilaterals I agreements are an exception. They were concluded as a package. Termination of one of them automatically results in all ceasing to apply.

Solidarity with Europe

Switzerland contributes to reducing social and economic inequalities in the EU in the form of the enlargement contribution for the new EU countries in Eastern and Central Europe.

This contribution is used to support specific projects chosen by Switzerland. This improves local living conditions, for example, in the fields of the environment, education and state institutions, and it creates increased security, stability and prosperity on the European continent.

The Swiss electorate approved the statutory basis for this support in 2006. The projects will be implemented over the coming years.

The Bilaterals I

Approved by the electorate in 2000 (67%), effective since 2002

- Free movement of persons: opening of the labour markets
- Technical barriers to trade: easier approval of products
- Public procurement: extended access to the European procurement market
- Agriculture: easier trade with specific products
- Overland transport: opening the markets for road and rail transport, securing the road-to-rail transfer policy
- Civil aviation: reciprocal access to the air transport market
- Research: Swiss participation in the EU research framework programmes

The Bilaterals II

Schengen/Dublin approved by the electorate in 2005 (55%), implementation of the agreements in stages

- Schengen/Dublin: easier travel, improved cooperation in security matters, coordinated asylum policy
- Taxation of savings: cross-border taxation of savings income
- Fight against fraud: combating crimes such as smuggling
- Processed agricultural products: removal of customs duties and export subsidies for food industry products
- Environment: participation in the EU Environment Agency
- Statistics: harmonisation and exchange of statistical data
- MEDIA: access to EU subsidies for filmmakers
- Education: participation in EU education programmes
- Pensions: removal of double taxation