

Foreign Policy Strategy 2020–2023



Americas Strategy 2022–2025

This report, which was approved by the Federal Council on 16 February 2021, is a geographical follow-up strategy to the <u>Foreign Policy Strategy 2020–23 (FPS 20–23)</u> . The approval of the Americas Strategy 2022–25 is one of the measures taken by the Federal Council in meeting its <u>annual objectives for 2021</u> .

## **Foreword**



At a popular meeting place in Bern there is a plaque featuring the geographic coordinates of 13 towns in the United States called Bern, along with their distance from said meeting place. But emigrants from Bern are not the only ones to have immortalised their roots in American place names. Numerous other locations throughout the continent testify to the Swiss origins of their founders: New Glarus, Nova Friburgo, Villa Lugano and Nueva Helvecia are just a few examples. In many places, Swiss and their descendants have played a key role in shaping the development and fate of their new homelands — as presidents, ministers, diplomats, bridge builders or Super Bowl winners.

As I saw for myself when visiting the region, many of these descendants still feel a deep connection with Swiss values and traditions, even after several generations in the 'New World'. This largest Swiss diaspora outside Europe makes a decisive contribution to the in many respects close relations that Switzerland currently enjoys with the nations of the Americas, and which go far beyond the economic ties that have existed for decades. For instance, Switzerland is also held in high regard thanks to its good offices and long-standing development cooperation in various countries.

This is the backdrop against which the Federal Council has honed its policy towards the Americas in this strategy by setting priorities and focusing on those countries in which Switzerland has the greatest and most diverse interests. The United States naturally occupies the most prominent position thanks to its great economic and geopolitical weight. But the Federal Council also makes a point of referring to those countries in which bilateral development cooperation work is to be discontinued in accordance with the International Cooperation Strategy 2021–24.

Setting priorities in this way is an important part of any strategically aligned foreign policy. However, it does not mean turning one's back on certain regions and countries. In the interests of universality, Switzerland will continue to maintain a strong presence throughout the continent and seek to establish specific partnerships in mutually beneficial areas.

As with the existing geographical strategies on MENA, Sub-Saharan Africa and China, the Americas strategy was drawn up as part of a broad-based consultation process. The objectives and measures adopted by the Federal Council help make Switzerland's foreign policy towards the Americas even more coherent and effective. Implementation will also be guided by the 'whole-of-Switzerland' approach. And I include the Swiss diaspora in that. Bern and New Bern, so to speak!

Ignazio Cassis, President of the Swiss Confederation Head of the Federal Department of Foreign Affairs

## Table of contents

Sun	nmary	5
1.	Introduction	6
1.1	Why an Americas strategy?	8
1.2	Switzerland and the Americas	9
1.3	Coherence	11
2.	Geopolitical overview	12
2.1	United States as a global power	12
2.2	Regional integration and global actors	14
2.3	Regional trends	16
3.	North America	20
3.1	United States	22
3.2	Canada	26
4.	Latin America and the Caribbean	28
4.1	Latin America's jaguar economies	29
4.2	FDFA priority countries for international cooperation	36
4.3	Regional organisations	38
5.	Implementation partners	40
Ann	nex 1: Map with network of representations	42
Ann	nex 2: List of abbreviations	45
Ann	nex 3: Glossary	47

## Summary

With its Americas Strategy for the 2022–25 period, the Federal Council wishes to raise the profile of Switzerland's foreign policy regarding the American continent and strengthen the coherence of the associated activities.

The United States is Switzerland's second most important trading partner and the top global destination for Swiss direct investment. As a global power, it plays an important role in the implementation of the Foreign Policy Strategy 2020–23. The continent is home to another G7 country (Canada) and to three G-20 countries (Mexico, Brazil and Argentina). It is also the region outside Europe with the largest community of Swiss nationals residing abroad.

In the International Cooperation Strategy 2021–24, the Federal Council decided to phase out the FDFA's bilateral development cooperation work in Latin America and the Caribbean by the end of 2024 as part of the increased focus on other priority regions. This Americas Strategy also takes that decision into account. By doing so, the Federal Council is emphasising the fact that Switzerland has no intention of turning its back on the region, despite the necessary reduction of resources.

The strategy is based on a geopolitical overview and an analysis of regional trends. Due to the major political and socio-ecological differences, it is divided into two sub-regions – North America, and Latin America and the Caribbean (LAC).

The Federal Council has identified five geographical priorities:

- 1. the United States;
- 2. Canada:
- 3. the 'jaguar economies' of Latin America (Argentina, Brazil, Chile, Colombia, Mexico, Peru);
- the FDFA's priority countries for international cooperation (Bolivia, Cuba, Haiti, Honduras, Nicaragua), although the adjustment of the Swiss foreign policy portfolio takes centre stage here;
- 5. selected regional organisations.

The strategy sets out how the four thematic focus areas of the Foreign Policy Strategy 2020–23 (peace and security, prosperity, sustainability, and digitalisation) are to be implemented in the five geographical priorities in the Americas. To this end, the Federal Council has defined objectives and measures for the 2022–25 period.

To ensure coherent implementation of the strategy in the Federal Administration, a coordination vehicle will be created for the LAC region along the lines of the existing Interdepartmental Working Group on the United States. The strategy also explains how Switzerland works together with its various partners. A glossary ensures the terms used are clear.

## 1. Introduction

This strategy deals with the entire American continent, i.e. North, Central and South America plus the Caribbean. It covers a region comprising 35 countries in total. The strategy takes account of the fact that the structures in the United States and Canada are different to those in Latin America and the Caribbean (LAC).<sup>1</sup>

In North America, the United States and Canada – both G7 members – are stable democracies with closely connected, competitive economies. Both are known for their deep-rooted democratic traditions, sound rule of law, capacity for innovation and prosperity. It is true that the United States faces considerable domestic policy challenges, including political polarisation and a wide socio-economic gap. Many people live in precarious economic and health situations because they are denied equal access to educational and employment opportunities. This applies in particular to ethnic minorities and low-income groups, which suffer from widespread racism and discrimination. Nevertheless, in both regional and global terms, the country is able to offer good prospects for the future, in part thanks to the robustness of its institutions. The United States also plays a pre-eminent role in foreign policy due to the extent of its power.

In contrast, following a lengthy period of positive developments, many countries in the LAC region have not been able to manage their growth trends sustainably or make better use of their economic and social potential. Development progress has declined while crisis symptoms have intensified due to the COVID-19 pandemic. Dependence on commodity exports and commodity prices remains high. The LAC region has thus far been slow to seize the opportunities presented by digitalisation. In many places, obstacles to economic development, such as bad governance, corruption and impunity, poverty, social inequalities, violence, excessive bureaucracy, a lack of infrastructure and inadequate education and health systems, remain. Human rights violations are still numerous and often go unpunished. Recent positive turnarounds remain a realistic scenario for some countries, but the regional picture is not uniform in this respect. However, the dominant impression at present is one of major challenges; the accompanying discontent with the widening socio-economic divide, debt-related cuts in public services and, in some cases, authoritarian governments is increasingly being voiced in the form of protests by the younger generation and the middle classes.

The background is thus different in each region, as are Switzerland's interests. That is why the Federal Council has set various geographical priorities in this regional strategy, for each of which it has defined objectives and measures. Particular attention is given to relations between Switzerland and the United States.

Mexico counts here as part of Latin America.



### 1.1 Why an Americas strategy?

In its Foreign Policy Strategy 2020–23 (FPS 20–23) A, the Federal Council states that relations with the major powers are gaining in importance. The United States remains the dominant economic, military, political and technology power in the international system. Its handling of global and regional challenges has a decisive influence on Switzerland. Examples include climate change, the design of multilateral organisations and the transatlantic security architecture. All of which makes the United States a global priority country for Swiss foreign policy. The Federal Council aims to deepen bilateral cooperation on the basis of this strategy. It also sees potential for intensifying relations with Canada.

Switzerland also has significant interests in the LAC region. Three countries there – Mexico, Argentina and Brazil – are also members of the G20, and Brazil is another global priority country for Switzerland. A number of other countries have considerable, and in some cases virtually untapped, economic potential, as can been seen from the Foreign Economic Policy Strategy Adopted by the Federal Council in 2021. Latin America remains important to Switzerland as a financial and commodities trading centre. In addition, Switzerland is interested in working together to promote stability, good governance and human rights. The protection of natural resources and the fight against climate change are further

important issues.

The FDFA is phasing out its bilateral development cooperation work in the LAC countries under the <u>International Cooperation Strategy 2021–24</u>. However, international cooperation instruments such as Humanitarian Aid, global programmes, promoting peace and human rights, and SECO's economic development cooperation will remain in use where fit for purpose. At the same time, cooperation with the private sector and in scientific, educational, health and environmental affairs is to be encouraged. The present strategy is intended to reflect this shift in Switzerland's foreign policy portfolio.

The countries of the American continent are often important partners for Switzerland in the multilateral arena. In the FPS 20–23, the Federal Council made expanding cooperation with regional organisations such as the Organization of American States (OAS), the Pacific Alliance and CARICOM a priority of its Americas policy. The focus is to be placed on governance, human rights, the fight against corruption and impunity, economic development and sustainability, disaster risk reduction, innovation and vocational education and training.

### 1.2 Switzerland and the Americas

Switzerland maintains intensive cultural and economic relations with the countries of the Americas. These close ties go back a long way. For instance, in 1819 Swiss emigrants founded Nova Friburgo, the first non-Portuguese settlement in Brazil. The names of many other cities throughout the continent testify to the Swiss origins of their founders. Swiss emigrants and their descendants have played a decisive role in the development of many countries. Today, around one-quarter of all Swiss living abroad do so in the Americas, mostly in the United States, Canada, Argentina and Brazil. This is the largest Swiss diaspora outside Europe. In the United States alone, some one million US citizens have Swiss roots.

Switzerland opened its first diplomatic and consular representations in the United States, Canada and Argentina as early as the 19th century. A dense network of embassies, consulates, Swiss Business Hubs, cooperation offices, Swissnex and Pro Helvetia locations, and Swiss schools demonstrates Switzerland's strong presence on and close ties with this continent.<sup>2</sup>

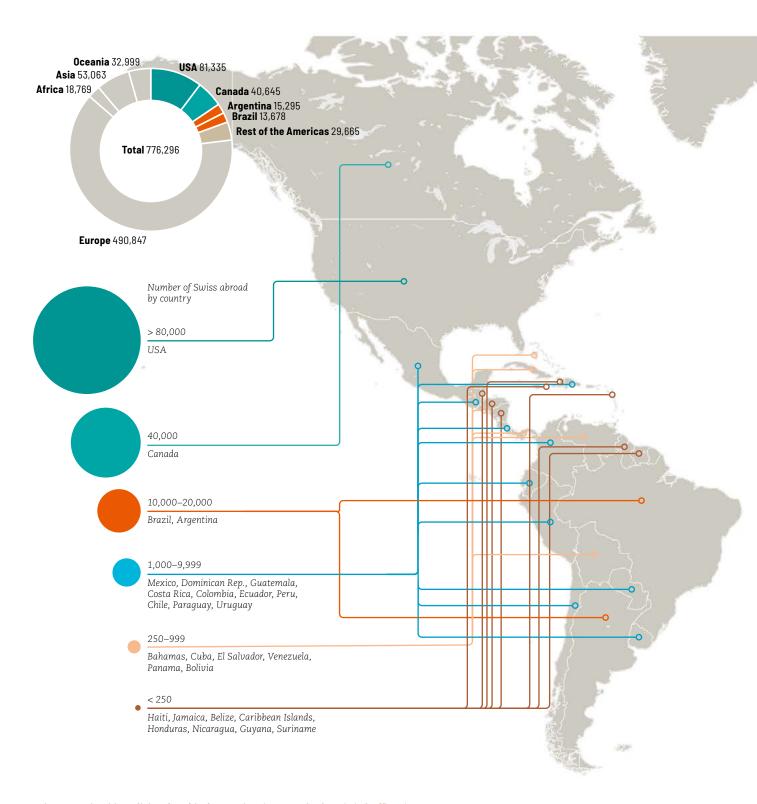
Relations are as wide and varied as they are long-lasting. Regular political and sectoral dialogues are maintained with a large number of countries. Many Swiss companies have operated branches there for decades, providing employment to hundreds of thousands of people. The United States is the most important destination for foreign investments by Swiss companies and, after the EU, Switzerland's second most important trading partner. Trade is supported by several EFTA free trade agreements. These are supplemented by numerous investment protection and double taxation agreements. Swiss stakeholders engage in a lively exchange on education, research and innovation with their North American partners. In recent years, the exchange with actors in Latin America has also been stepped up.

Switzerland has gained an excellent reputation through its decades of development cooperation and humanitarian aid in Latin America and the Caribbean. Its good offices, including the protecting power mandate for the United States in Cuba and vice versa (ended in 2015) and for the United States in Iran (since 1980), have also earned it a great deal of credibility<sup>4</sup>. The same is true of its engagement in various Colombian peace processes.

<sup>3</sup> With Canada, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Panama and Peru. An agreement with the Mercosur states (Argentina, Brazil, Paraguay and Uruguay) has not yet come into force.

<sup>4</sup> Switzerland has also been representing Iran's interests in Canada since June 2019.

<sup>2</sup> See map in the annex.



#### 1.3 Coherence

The Americas Strategy is the fourth geographical follow-up strategy to the FPS 20–23 \$\&\text{Q}\$, following MENA, Sub-Saharan Africa and China. It concerns all the departments and was drawn up with their involvement. The strategy identifies geographical priorities in the Americas and shows how the thematic focus areas of the FPS 20–23 – peace and security, prosperity, sustainability, and digitalisation – are implemented there. It defines Switzerland's objectives and measures for the

2022–25 period. Given the phasing out the FDFA's bilateral development cooperation efforts in the LAC countries, it is aligned with the <u>International Cooperation Strategy 2021–24</u> And the corresponding (sub-)regional guidelines and economic development cooperation programmes. The cascading strategy process ensures the coherence of the Federal Council's foreign policy.

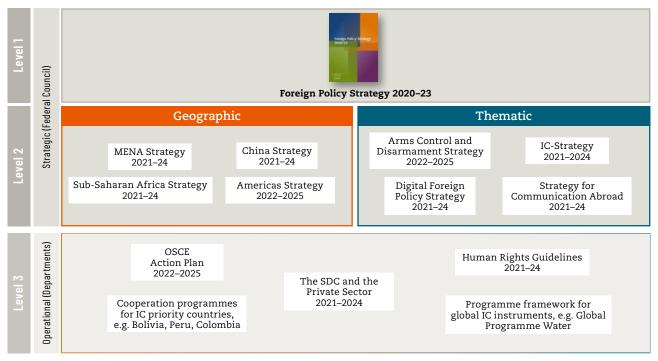


Figure 3: Foreign policy strategy cascade (source: FDFA – selection of documents illustrating the three levels).

With regard to domestic policy, in addition to the FPS 20–23 &, the strategy is based on the Federal Constitution &, the relevant federal legislation of the Foreign Economic Policy Strategy &, the International Cooperation Strategy 2021–24 &, the Digital Foreign Policy Strategy 2021–24 &, and other federal government sectoral strategies as well as the FDFA's Human Rights Guidelines 2021–24 &, Switzerland's 2028 Foreign Policy Vision (AVIS 2028) & serves as an additional, longer-term source of inspiration for Swiss foreign policy in the Americas. With regard to international policy, the 2030 Agenda for Sustainable Development & provides a comprehensive guiding framework.

The Americas strategy is intended to strengthen cooperation with partners inside and outside the Federal Administration and is committed to a 'whole-of-Switzerland' approach. This is particularly important for the LAC region over the next few

Promotion of Human Rights &.

years due to the phasing-out of the FDFA's bilateral development cooperation. SECO will continue to support selected partner countries in LAC within the framework of economic development cooperation, with a focus on Colombia and Peru. Within the scope of SECO's thematic expertise (including private sector development), part of the resources allocated to economic development cooperation may also be used in a more flexible way in the future to complement the activities of other federal agencies.

On the ground, Switzerland presents a united front, with representatives of the FDFA and other departments working together under the umbrella of the Swiss representation to jointly implement the strategy's objectives. In doing so, Switzerland draws on the wide-ranging expertise of its diplomatic and consular staff, Swiss Business Hub, Swissnex, SECO, SIF and SDC staff, the defence and police attachés, the Human Security Advisers, the members of the Swiss Humanitarian Aid Unit (SHA) and the employees of Switzerland Tourism and Pro Helvetia.

<sup>5</sup> Federal Act on International Development Cooperation and Humanitarian
Aid &; Federal Act on Measures pertaining to Civil Peace Support and the

## 2. Geopolitical overview

### 2.1 United States as a global power

Thanks to its unique economic and military power, its cultural and media influence, and its undisputed technological leadership in many areas, the United States continues to play a leading role in world politics. Its quota subscriptions to the IMF and the World Bank give it the largest share of voting rights in each of these organisations. It has a decisive influence on the fate of the UN and UN sub-organisations, as

a consequence of the size of its contribution to the budget. There is scarcely a single country for which the US economy and policies are not of vital importance, not least due to its influence on global regulatory standards.

However, its status as the world's sole remaining global power after the end of the Cold War no longer remains unchallenged.



Figure 4: The United States as dominant power (source: World Bank &, Fortune Global 500 &, Times Higher Education Rating &, FDFA &).

China has emerged as a rival with a growing influence on political thinking and action, both around the globe and in Washington.<sup>6</sup> While the United States will largely retain its technological and military leadership role in the foreseeable future, China may well replace it as the world's largest economy before the end of this decade. It has already done so in terms of purchasing power. China is using this economic power to expand its scientific, technological and, last but by no means least, military capabilities and capacities. These form the basis for China's growing political influence around the globe, as it puts its own centralist, authoritarian system forward as an alternative to Western liberal democracy. This competition between systems also has an impact on the international economic order, which is shaped by a tendency towards economic liberalism. The American model, on the other hand, has lost prestige in some places also due to the storming of the Capitol, among other factors.

The United States sees China's claim to power as a challenge, not to mention threat. This rivalry shapes American sectoral, bilateral and multilateral policymaking. Therefore, any strategy and positioning in relation to the United States cannot be limited to purely bilateral interests. It must also take the geopolitical dynamics into consideration. In addition to China, containing Russia's and Iran's geopolitical claims remains at the forefront of the US foreign policy agenda.

In this context, the tone towards its traditional partner countries has become more conciliatory. President Biden has committed to reviving time-tested partnerships and alliances – particularly in the transatlantic and Asia-Pacific areas – as well as strengthening the multilateral organisations. Over and above that, central importance is being given to common values such as democracy, the rule of law and human rights. It should also be noted that the United States is placing a greater focus on the fight against corruption, including where that corruption is associated with authoritarian geopolitical opponents. With regard to the environment, its immediate rejoining of the Paris climate agreement is a strong signal.

However, despite an increased willingness to engage in dialogue, the pressure on like-minded states and allies is unlikely to lessen much, especially in relation to key dossiers such as China, sanctions and burden-sharing (the division of costs, for example, within the North Atlantic Treaty Organization). Even in the context of a foreign policy that reembraces partnerships, the United States can be expected to remain committed, first and foremost, to its own national interests and to seek to enforce them using the full variety of means in its power.

How American politics deals with internal divisions will be crucial to the United States' development. Until early 2020, the deep political rifts within society and major socioeconomic challenges were partially obscured by the growth of the US economy. The outbreak of the corona crisis brought the fragility of large parts of the population and the tensions in the political system out into the open. Discontent with racial discrimination, police violence, especially against ethnic minorities, growing inequality and a lack of medical care grew louder, leading to protests and outbreaks of violence on a level that had not been seen in the United States for decades. The government's handling of these health, economic, social and political crises was perceived by many Americans as inadequate, causing US society to become deeply polarised.

President Biden's stated intention of "healing society" and managing the pandemic and its consequences are the main focus of direct attention, along with tackling and resolving the many domestic policy stumbling blocks, which also includes renewing the frequently dilapidated infrastructure. The goal of satisfying the socio-economic needs of the American electorate also influences foreign policy action (examples include the reshoring policy, protectionist measures such as "buy American", and tariffs on goods). However, social division, political polarisation and the narrow majority in Congress mean there is very little room for manoeuvre.

<sup>6</sup> China Strategy 2021–24, section 2.2 &.

### 2.2 Regional integration and global actors

Progress in economic integration varies considerably across the American continent. The economies and industrial value chains of the United States, Canada and Mexico are closely interlinked. These countries are each other's most and second most important trading partners respectively. The 1994 North American Free Trade Agreement (NAFTA) was replaced in 2020 by the renegotiated United States-Mexico-Canada Agreement (USMCA) &.

In the LAC region, however, there are still high protectionist hurdles despite efforts, by Mercosur for example, to liberalise trade. Intraregional trade between the national economies, which are primarily geared to the exploitation and export of commodities, is far less evident than in Europe or the Association of Southeast Asian Nations (ASEAN), for instance, because tariff and non-tariff barriers to trade have scarcely been effectively eliminated. In addition to being relatively small and barely diversified, the industrial bases of these countries largely fail to complement each other and, with few exceptions, are not very competitive. Large distances and a difficult topography combine with insufficiently developed infrastructures to make the exchange of goods and services more difficult.

Regional cooperation is often determined by ideological positions, which can alter abruptly whenever there is a change of government, leading to constantly shifting alliances. This is not conducive to a regional, integrative solution and affects a number of regional initiatives such as CELAC, MERCOSUR, SICA, UNASUR, PROSUR and ALBA. These are mostly political rather than economic alliances. The region is a long way from establishing a comprehensive common market, as advocated by the Latin American Integration Association (ALADI).

The Pacific Alliance formed by Chile, Colombia, Mexico and Peru is one exception to these political interactions. Despite differences in their government constellations, its members work together loosely on topics of common interest. In the Caribbean, CARICOM and its many sectoral sub-organisations seeks to promote development and cooperation in its member states.

As the sole pan-regional organisation<sup>8</sup>, the Organization of American States (OAS) plays an important role in safeguarding democracy and human rights. However, the OAS is also adversely affected by the ideological fault lines that run across the continent.

Peace prevails between the states on the American continent, despite individual border disputes. The potential for conflict between these states is mainly associated with displacement, irregular migration and drug, weapons and human trafficking. The emigration accelerated by the economic collapse in Venezuela places a burden on the destination countries now hosting some 6 million displaced persons. Migration movements from Central America to North America have a highly negative impact on relations between the countries concerned and, especially in the United States, also on domestic policies.

Thus far, LAC has not been a focus of the geopolitical struggles between the major world powers. The United States has been the primary influence there since the 19th century. In recent decades, however, its foreign policy interests have increasingly turned to the Asia-Pacific and Eurasian regions. The United States' efforts in LAC were focused on containing socialist governments – specifically in Cuba, Venezuela and Nicaragua – using political and other means of pressure, as well as on curbing drug trafficking, organised crime and irregular migration.

China is attempting to exploit the United States' focus on other priorities and its waning interest in the region by providing loans and infrastructure financing, for example, and, more recently, through its 'vaccine diplomacy'. It is interested in the great wealth of resources and steadily expanding its economic presence. China has now become the most important trading partner for many countries in the region. Other nations, such as Russia and India, are also increasingly seeking out niches.

The EU and European states maintain close relations with the region's countries based on historical, cultural and linguistic ties. They pursue a policy based on relatively broad interests, including the promotion of good governance, democracy, peace and human rights, and prosperity, in LAC. To date, the EU has concluded 27 association, trade and/or cooperation agreements with countries in the LAC region. It is also the most important investor in the region and the largest donor for cooperation in the field of sustainable development. In addition, the EU has launched a Digital for Development (D4D) Hub to promote digital transformation through the exchange of knowledge, technical support and investment in LAC. The EU's engagement is viewed with some suspicion in the region and also criticised with reference to the sovereignty of the states concerned, especially by governments with authoritarian tendencies.

<sup>7</sup> See list of abbreviations.

<sup>8</sup> Cuba is the only non-active member. In addition, in November 2021 Nicaragua announced its intention to withdraw from the organisation.

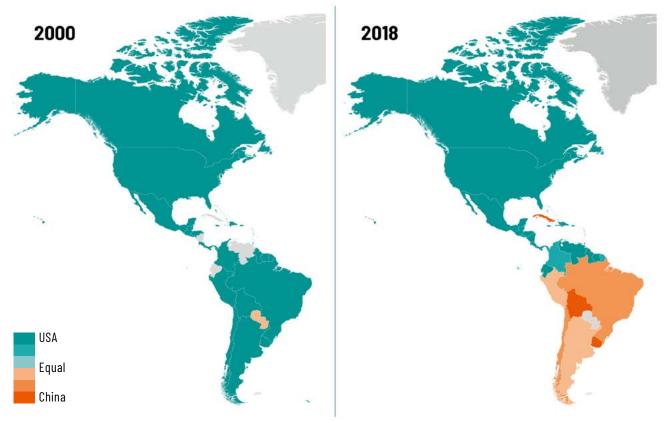


Figure 5: Shifts in global trade – visualisation of the more important trading partner (USA or China) in 2000 and 2018 (source: Lowy Institute, based on IMF Direction of Trade Statistics).

### 2.3 Regional trends

#### The economy

There are vast economic disparities across the American continent. In the north, the economies of the United States and Canada are highly developed, with strong global connections and properly functioning rule of law institutions. The GDP per capita, standard of living and life expectancy in Canada and the United States are among the highest in the world. The United States alone generates just under one-quarter of the world's economic output.

But there are also structurally weak countries experiencing great poverty. The LAC region recorded remarkable growth rates at the beginning of the 21st century. The last decade, however, saw development progress decline and growth remain below average compared with other regions of the world. Economic upswings when commodity prices were high were not used to implement urgently needed structural reforms, strengthen infrastructure and diversify the economy. Thus, mining and agriculture continue to play a predominant role, and the industrial value added in many places remains low. Unfavourable framework conditions, a lack of legal certainty and an insufficient level of education, despite improvements being made in this area, hinder innovation and competitiveness.

LAC has a wealth of raw materials and is one of the world's largest agricultural producers. However, establishing sustainable supply chains in the commodities sector remains a challenge. The commodities boom in the 2000s fuelled steady growth, which contributed to a significant reduction in poverty and an explosion of the middle class. Thanks to the improvement in basic health and education, millions of people were able to significantly improve their lives by the start of the last decade. However, social inequalities largely remained in place.

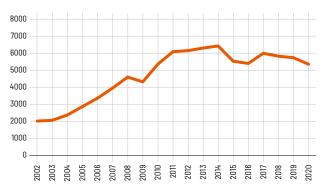


Figure 6: GDP growth in the LAC region in USD billion since 2002 (source: World Bank &).

With a fall in GDP of 6.7%, LAC suffered more economic damage from the COVID-19 pandemic in 2020 than any other region.<sup>9</sup> It is still too early to determine the long-term consequences. However, there are signs that the development progress made in previous decades is being wiped out in many places. In those countries where public debt has increased due to the pandemic, the government's scope of action is further reduced. More than half of the workforce remains in the shadow economy. As a result, many people are experiencing a high degree of economic fragility. According to UN estimates, 24 million people from middle-income households have fallen below the poverty line as a result of the COVID-19 crisis. Inequalities within the countries in income, wealth, education and access to medical care, which are already among the world's highest, are also worsening.

Due to its weak system of labour protection and lack of a social safety net, the COVID-19 crisis also exposed the fine line separating the middle class from poverty in the United States. Inequalities are growing. Large corporations, especially from the tech sector, are making the most of their quasi-monopolistic market power. Protectionist tendencies are increasing and giving rise to uncertainties on the global markets. The trade conflict between the United States and China is causing collateral damage, but also creating opportunities, especially in Mexico and Central America, as alternative investment locations and trading partners.

#### Governance

There has been a significant expansion of democracy in the Americas since the 1980s. State institutions have become more stable, elections are free and fair in most countries, and the people are increasingly being granted decision-shaping rights. Civil society has grown stronger and is making its voice heard, including via social media.

However, the rule of law remains fragile in the majority of Latin American countries, and continued impunity threatens progress in human rights. The exercise of the right to freedom of assembly, for example in the context of protests, is met with an excessive use of force by the security forces in many countries in the region. Latin America is the region in which the most people working to defend human rights and the environment are killed.<sup>10</sup> In addition, laws curbing the involvement of civil society have been passed in several countries in recent years.

<sup>9</sup> World Bank, 29 March 2021 &.

<sup>10</sup> Front Line Defenders Global Analysis 2020 A

Bad governance, inadequate rule of law, nepotism, corruption, impunity and inefficient bureaucracy are obstacles to the region's sustainable development. In many countries in the Americas, economic, social and cultural rights such as access to education, health care and sufficient, high-quality water are not guaranteed for all. Non-state actors such as drug cartels create or occupy lawless areas, with serious consequences for security and human rights.

#### The environment

The American continent is severely affected by climate change. Rising sea levels threaten livelihoods in coastal areas and the island states of the Caribbean. Extreme weather events (such as hurricanes) have already become more frequent and devastating in and around the Caribbean basin. The same is true of forest fires in the Amazon, the Brazilian Pantanal and California as a result of drought. The damage caused is immense and, in LAC, frequently also affects vulnerable population groups and indigenous peoples. Continuing climate change is expected to exacerbate these trends.

At the same time, the ecological balance is being put under increasing pressure by direct human intervention and overuse. The continent is rich in raw materials and natural resources. In Central and South America, slash-and-burn techniques are used to clear land for livestock and monoculture farming. This destroys important carbon sinks and reduces biodiversity. Overexploitation in the Amazon region also reduces precipitation and endangers the agricultural economy. These challenges also have strong human rights

consequences, especially for the rights of indigenous communities. The partly illegal use of raw materials leads to pollution. Patterns of consumption in North America mean its ecological footprint is much larger than average.

Natural disasters pose a threat to the sustainable development of many countries in the region and are increasing in size and scale. In addition to climate change, this is due to a combination of poor or non-existent governance, corruption, fast-growing megacities and the overuse of natural resources.

In countries involved in fossil fuel production or with a substantial agricultural sector, climate change is sometimes denied and the urgent need for environmental measures is downplayed. At the same time, environmental awareness and interest in energy-efficient technologies are increasing among wealthy consumers. The United States' rejoining of the Paris climate agreement is expected to bring new momentum to the climate change agenda.

#### Security

In the last major, long-running internal conflict on the American continent, the Colombian government's 2016 peace agreement with the FARC has had a positive impact on security. However, large areas of the country still suffer from violence at the hands of numerous armed groups. Nowhere else in the world do so many people still die from armed violence as on the American continent. In the United States, Brazil and Mexico alone, there are tens of thousands of gun-related deaths each year. This is due to the high crime

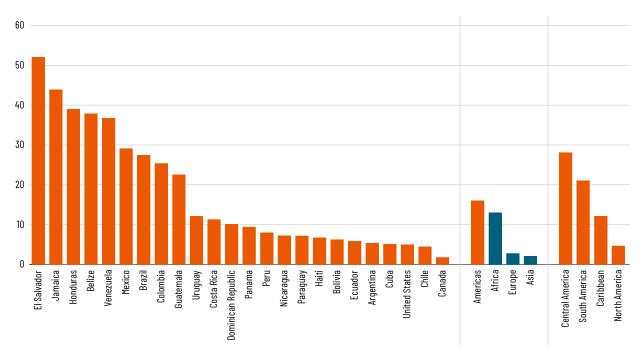


Figure 7: Intentional homicides (per 100,000 people) in the Americas and international comparison, 2018 (source:  $\underline{World\ Bank}\ \mathcal{L}$ ).

rate in Latin America and the widespread proliferation of firearms (especially in the United States, Central America and Haiti). Criminal organisations there show great willingness to use force. Drug and weapons smuggling promise high profit margins, as do trafficking in human beings and the illegal exploitation of natural resources. These 'markets' are secured through the use of great brutality. In some countries, journalists regularly become victims of armed violence without the governments of those countries effectively exercising their duty to protect them.

Police violence is rife in several countries, particularly in relation to minorities and vulnerable groups. Private security forces are deployed in many places but frequently inadequately controlled by the state; they too are often responsible for human rights violations. In addition, it is not unusual for state and private security forces to take part in organised crime. Poor governance of security issues and widespread impunity in LAC play their part in ensuring that numerous crimes, including widespread violence against women, remain unpunished.

#### Migration

One of the largest global migration movements in recent years has its origins in Venezuela. As it no longer provides a means of livelihood for large parts of the population, around 6 million people have fled the country since 2015. According to the UNHCR, only Syria had more persons displaced abroad than Venezuela in 2020.<sup>11</sup> In addition to the search for a viable livelihood, repressive government policies and high crime rates are further reasons. Most of these displaced persons have found refuge in neighbouring countries, but often live there in precarious circumstances.

Crime, a lack of economic prospects, violence, political repression and natural disasters are also the main reasons why many people emigrate or are forced to flee their homes in Central America and the Caribbean. In Central America alone, more than 1 million people are affected. The United States is the main target destination. Apart from Spain, Europe is not really an important destination for Latin American migrants. The search for a better life frequently ends in neighbouring countries such as Mexico, Costa Rica or the Dominican Republic. Following the last US administration's strengthening of the border with Mexico, to prevent irregular migration, Mexico also tightened security at its own southern border. For many migrants, the situation remains precarious on reaching their destination. Often they are victims of abuse and exploitation. However, the money they send back to their countries of origin is an important source of income there.

#### **Demographics**

As dynamic business locations, the United States and Canada attract many migrants in search of work from all over the world. At the same time, both countries have relatively high fertility rates. As a result, they have become highly ethnically diverse societies with a tradition of immigrant economic and social integration. If these trends continue as expected, the United States and Canada will benefit from steady population growth coupled with an increase in the labour force and slower population ageing. However migration also gives rise to status anxiety. Part of the population sees it as a threat to its prosperity and demands that more is done to seal off the borders. Discrimination against minorities remains a problem.

LAC has not yet managed to harness its potential demographic dividend. The age structure there now closely resembles that in Europe, the United States and Canada, but without comparable per capita income rates. This is attributable to falling birth rates and the emigration of people of working age. In some countries, the overall population will begin to decrease in a few years' time. This will lead to a decline in the total population, including those of working age, and give the region clear demographic disadvantages. Pension systems, which in some cases are rudimentary, are likely to face severe financial difficulties in the future.

Discrimination is widespread in LAC, affecting particularly vulnerable groups such as the poor, people of colour, women, LGBTIQ+, indigenous peoples and rural populations. Inequalities manifest themselves, inter alia, in access to education, employment, healthcare, politics and the legal system. While the elites show scant willingness to allow more inclusive development, civil society has become stronger and better informed thanks to the growing middle classes and is now demanding to be actively involved in decision-shaping on reforms.

<sup>11 &</sup>lt;u>UNHCR Global Trends: Forced Displacement in 2020</u> &.

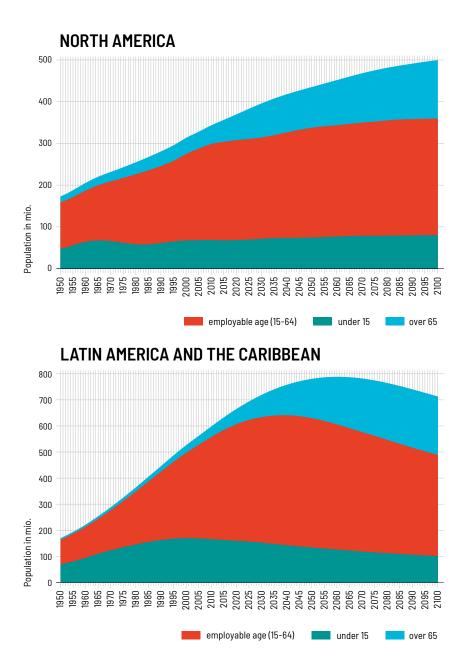


Figure 8: Demographic development in the Americas, 1950–2100 (source: UNDESA World Population Prospects 2020).

#### Conclusion

Overall, the analysis shows that, although various trends have a pan-regional impact, at present it is mainly the differences between North and Latin America that are becoming even more accentuated. The LAC region has been marked by various negative developments for several years. However, this impression can be partly relativised by referring to global indices: of the 57 'fragile contexts' identified worldwide by

the OECD in 2020, only 5 – Guatemala, Haiti, Honduras, Nicaragua and Venezuela – are in LAC.<sup>12</sup> Only Haiti features on the UN list of the 46 least developed countries.<sup>13</sup> And only a tiny minority of LAC countries occupy the lowest rankings in the democracy indices.<sup>14</sup> The region has lost momentum in many respects, but is not a zone of instability compared with other areas of the world. And it also has fresh opportunities to introduce positive reforms in the context of managing the pandemic.

<sup>12</sup> OECD States of Fragility 2020 &.

<sup>13</sup> UNCTAD Least Developed Countries List &.

<sup>14</sup> Congressional Research Service, Democracy in Latin America and the Caribbean: A compilation of Selected Indices, 24 May 2021 &.

## 3. North America

The Federal Council defined the geographical priorities of its Americas policy on the basis of the geopolitical overview. It began by taking into account North America's great importance for Switzerland. No other region in the world has economic, political and cultural ties of this magnitude with Europe and thus with Switzerland. And Switzerland does not enjoy relations this close with any other region outside Europe. A vigorous exchange with the United States and Canada is pursued on politics, business, science and culture. After France, North America is home to by far the largest Swiss diaspora. And Switzerland and Canada share a common language: French.

As the world's largest and tenth-largest economies, the United States and Canada are both major trading nations. Both are key actors in the multilateral system. As host countries of the UN and numerous multilateral organisations (New York: UN headquarters and various special organisations, funds and programmes; Washington: IWF, World Bank, OAS, IDB; Montreal: ICAO, WADA, CBD)<sup>15</sup>, they are also amongst the largest donors and most active members. Their diplomatic networks are the most wide-reaching of any in the world. As NATO members and OSCE participating states, the United States and Canada are part of the transatlantic and European security architecture, and play a significant role in shaping it. They are also Arctic coastal states that decide on the use especially military – of the largely undeveloped Arctic region, with potentially far-reaching consequences for its ecological and transport development. Lastly, the United States and Canada make a significant contribution to climate change and play a correspondingly important role in achieving the Paris Agreement goals.

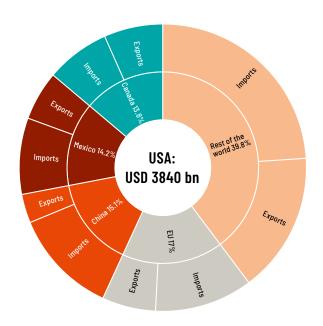
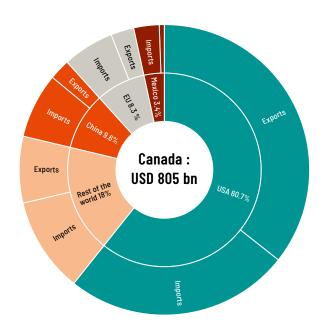


Figure 9: Foreign trade of the USA and Canada, 2020 (source: WTO &).



<sup>15</sup> See list of abbreviations.

However, the United States and Canada also differ in many respects, both in relation to their weight and role in world politics and the global economy, as well as their importance to Switzerland and its foreign policy. Economically, the United States is a much more important partner for Switzerland than Canada. In general, bilateral relations with Washington have thus far been closer and more diverse; this is also reflected in the fact that the Federal Council has identified the United States as a global priority country for its foreign policy.

Trade rel	ations 2019/20 an	d Swiss investment	in 2019/2020, in CHF bn	
	Swiss imports	Swiss exports	Swiss foreign direct investment	Direct investments in Switzerland
USA	18.9 (2019)	44.2 (2019)	298.3 (2019)	651.3 (2019)
	19.8 (2020)	68.8 (2020)	292.6 (2020)	576.6 (2020)
Canada	1.4 (2019)	4.9 (2019)	35.2 (2019)	34.2 (2019)
	1.8 (2020)	3.9 (2020)	31.8 (2020)	25.6 (2020)

Figure 10: Trade data for Switzerland and the USA and Canada, 2019 and 2020 (sources: SNB & and FCA &)

In the following sections, the United States and Canada are therefore treated as two separate geographical priorities of the Americas strategy. All four thematic focus areas defined in the Foreign Policy Strategy, i.e. peace and security, prosperity, sustainability, and digitalisation, are relevant in both countries.

	Peace and security	Prosperity	Sustainability	Digitalisation
USA				
Canada				

Figure 11: Significance of the FPS 20–23 thematic focus areas in relations with the United States and Canada (source: FDFA).

#### 3.1 United States

Relations between Switzerland and the United States are very good. They are based on close historical ties as well as economic, cultural and personal links of a depth not shared with any other non-European country. For instance, over one million US citizens have Swiss roots. And some 81,000 Swiss nationals live in the United States, making it the third-largest community of Swiss citizens abroad after France and Germany.

The United States remains very important to Switzerland's prosperity and security. It is **Switzerland's second-largest trading partner** after the EU and by far the most important destination for Swiss direct investment abroad (around 20%). According to US statistics, Switzerland is the sixth most important foreign direct investor in the United States. Swiss companies in the United States have been at the forefront of investment in research and development for years. Accordingly, Switzerland maintains a regular exchange with the US authorities on economic aspects, especially through the Joint Economic Commission conducted at State Secretary-level by the State Secretariat for Economic Affairs for over a decade now.

As the world's largest economy, the United States wields enormous market power. With the US dollar as the world's leading reserve currency, the US sanctions policy towards third countries has, in some cases, a significant impact on the business interests of Swiss companies in those markets and in the United States itself. The state of the US economy and American behaviour on trade issues have a direct impact on global economic development. National economies with a strong focus on foreign trade, such as Switzerland, are particularly affected. Around 1,100 US business groups operate in Switzerland, some of which have equally important research and development facilities. However, conditions in the US market for foreign companies are becoming tougher. Switzerland has an interest in strengthening the framework for its economic and financial relations.

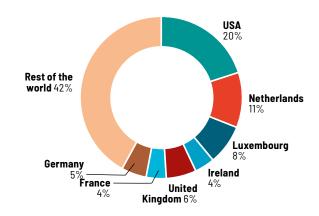


Figure 12: Top destinations for Swiss direct investment abroad in 2020 (source: SNB &).

The United States is a world leader in **research and innovation**. Measured by the number of publications, Swiss researchers collaborate mainly with peers in the United States (over 15%).<sup>16</sup> **Vocational education and training** and the related dialogue with Switzerland enjoy a great deal of crossparty support in the United States. This has contributed significantly to Switzerland's positive image in the United States in recent years. Given the great influence the United States has on international education standards, international recognition of Swiss vocational education and training thus also receives an indirect boost. Thanks to the MoU on apprenticeships A, which was updated in Washington in November 2021, various visits and joint knowledge-transfer projects can be launched by businesses and VET stakeholders, using a bottom-up approach.

The positions adopted by the United States and its support for the European security architecture are relevant to Swiss foreign and security policy. However, Switzerland is independent and not one of the United States' military allies. In relation to disarmament and nuclear issues, combating terrorism and resolving regional conflicts, Switzerland can contribute its good offices to an even greater extent and strengthen its cooperation with the United States at the multilateral level. The latter already plays a key role in bilateral relations. For example, Switzerland has been representing US interests in Iran since 1980. This protecting power mandate creates considerable goodwill towards Switzerland in Washington and facilitates direct access to and a continuous exchange between high-level government representatives. Safeguarding international law, promoting human rights and democracy, and the fight against corruption also remain important topics.

<sup>16 &</sup>lt;u>Scientific publications in Switzerland, 2008–2018. SERI, 3 September 2020</u>

The United States is a major player that cannot be ignored when it comes to digital technologies (e.g. chip manufacturing, software, network equipment, artificial intelligence, cryptocurrencies), data flow and governance. In addition, cybersecurity is an area in which its great rivalry with China and Russia is particularly reflected. The United States is pushing for network infrastructures that are both secure and independent (particularly, not dependent on Chinese technology). At the same time, it is seeking to cooperate with like-minded democracies in order to create norms in the digital space and maintain its technological leadership and competitiveness. The latest example is the launch of the EU-US Trade and Technology Council, which has institutionalised the dialogue on key trade, economic and technology issues and on establishing new standards (e.g. big data, artificial intelligence). When selecting technology providers, Switzerland adopts a more pluralistic approach than the United States. However, it is keen to cooperate with the United States with regard to digital governance and security. Accordingly, a first bilateral cyber dialogue took place in July 2020.

Exchanges of this kind with the United States are also to be stepped up in light of the three objectives set by the Federal Council in the Digital Foreign Policy Strategy 2021–24 (2): first, it aims to strengthen the profile of Switzerland's good offices in the digital space. Second, it seeks to position International Geneva as a global hub for digital governance. And third, the Federal Council wishes to promote cooperation in science diplomacy in the service of global governance, specifically by using the Geneva *Science and Diplomacy Anticipator* (GESDA) as a bridge-builder, while also strengthening Switzerland as a location in this respect. The United States' position plays a crucial role in achieving these goals.

In matters of **sustainability**, the United States can make a decisive contribution to the efforts to reduce global warming to 1.5°C under the Paris Agreement. By immediately rejoining this agreement, the Biden Administration has given an important signal. This commitment to sustainable development opens up opportunities for Switzerland to cooperate with the United States in the battle against **climate change** and in implementing the international sustainability goals. It also creates sales opportunities for Swiss businesses and scientists in relation to environmental technologies and infrastructure projects.

Despite the network of close relations and wide variety of mutual interests, Switzerland is not a focus of US policy. At the same time, this does not give Switzerland immunity from becoming a target of such policy where this would be in the United States' national interests. Were this to happen, the United States would have much greater leverage in (unilaterally) enforcing its own interests or legal standards. Plus, pressure to choose the 'right side' is likely to increase, particularly with regard to China, and not just in relation to technical standard-setting. The Federal Council reaffirmed its determination to pursue an independent foreign policy and explained Switzerland's positioning as part of its China Strategy 2021–24 \$\mathcal{C}\$.

By placing the right emphases in its bilateral and multilateral cooperation with the United States, Switzerland can further strengthen and stabilise its existing partnership with its most important global priority country. The strategic partnership dialogue, newly established in 2021, between the FDFA State Secretary and the US Deputy Secretary of State, is an important step in this direction. In the long term, it is hoped to establish a regular political dialogue at the foreign-minister level, as has long been the case with the other major powers. In the light of Switzerland's international commitment to peace, human rights and the protection of natural resources, the Biden Administration's emphasis on multilateral and shared values creates new opportunities for cooperation. This is also true in relation to Switzerland's candidature for a seat on the UN Security Council in 2023/24.

#### Objectives and measures

All four thematic focus areas defined in the FPS 20–23, i.e. **peace and security**, **prosperity**, **sustainability**, and **digitalisation**, are relevant for Switzerland with regard to the United States as a global priority country.

#### A. Switzerland will intensify its dialogue with the United States and promote knowledge about Switzerland there.

- A1. Institutionalise the newly established strategic partnership dialogue between the FDFA State Secretary and the US Deputy Secretary of State.
- A2. Look into institutionalising a political dialogue at foreign-minister level.
- A3. Expand Switzerland's communication abroad in the United States.
- A4. Enter into targeted cooperation with selected think tanks.<sup>17</sup>
- A5. Systematically review public appearances of high-ranking Swiss representatives in the context of diplomatic visits.
- A6. Award the title of ambassador to the consul general in San Francisco in order to strengthen contacts in the western United States in view of its economic importance.

#### B. Switzerland will strengthen cooperation in promoting peace and security.

- B1. Continue the protecting power mandate in Iran.
- B2. Offer good offices by hosting conferences (e.g. on nuclear and disarmament issues) and talks between the United States and Russia, Iran, North Korea, China and other states.
- B3. Intensify cooperation with the United States in multilateral bodies, including with a view to obtaining a seat on the UN Security Council in 2023–24.
- B4. Cooperate in promoting democracy, peacebuilding, human rights, and in the fight against serious crime by concluding a PCSC<sup>18</sup> agreement.
- B5. Join together in the global fight against corruption, money laundering and terrorist financing.

#### C. Switzerland will safeguard its economic and scientific interests, both jointly with and vis-à-vis the United States.

- C1. Ensure optimum conditions for Swiss investors and exporters.
- C2. Actively cultivate the exchange on economic and financial issues.
- C3. Continue to cooperate with the United States in the World Trade Organization (WTO), focusing on its functioning and reform, and in the OECD and the Bretton-Woods institutions.
- C4. Ensure a level playing field in the implementation of international tax standards.
- C5. Continue the exploratory talks on a bilateral trade agreement.
- C6. Continue the talks on renegotiating the double taxation agreement.
- C7. Continue the regular exchange on vocational education and training at the national and sub-national level.
- C8. Ensure easier access for Swiss companies to American infrastructure projects and the American labour market.
- C9. Avoid and minimise the side effects of US sanctions on Swiss companies.
- C10. Identify fresh potential for cooperation on education, research and innovation (ERI).
- C11. Continue to pursue the federal government initiatives, such as Swissnex in Boston & New York and San Francisco, ancillary to the autonomous and direct cooperation efforts of ERI actors.
- C12. Promote cooperation in innovative, technology-intensive sectors (e.g. cleantech).

<sup>17</sup> Close collaboration has been established with the following US think tanks in recent years: Wilson Center &, Brookings Institution &, The Stimson Center &, CSIS &, Carnegie Endowment for International Peace &, The Heritage Foundation &, Council on Foreign Relations &, CNAS &, Atlantic Council &, WOLA &.

<sup>18</sup> Preventing and Combating Serious Crime.

#### D. Switzerland will strengthen cooperation in implementing the 2030 Agenda and the Paris Agreement.

- D1. Present proposals for jointly promoting sustainability in the financial sector.
- D2. Work together to promote environmental technologies and the green economy.

#### E. Switzerland will make digitalisation and science diplomacy drivers of its cooperation with the United States.

- E1. Continue and expand the bilateral cyber and digital dialogue.
- E2. Include American partners in the work of GESDA.
- E3. Pursue an initiative for bilateral cooperation in science diplomacy.
- E4. Promote International Geneva as the ideal location for digitalisation and technology debates in the service of global governance.
- E5. Work together on developing and implementing international standards and regulations in key areas of digitalisation (incl. data transfer and protection, cybersecurity and artificial intelligence).
- E6. Cooperate in developing common trade rules in relation to digital trade/e-commerce, e.g. within the framework of an FTA or a digital trade agreement.
- E7. Pursue an exchange on other business topics relevant to digitalisation (incl. the use of technology in the financial sector).

#### F. Switzerland will seek closer cooperation with the United States on consular matters.

- F1. Identify potential for bilateral and multilateral cooperation.
- F2. Establish processes for exchange and consultation with the relevant authorities.

#### 3.2 Canada

Switzerland also has good, close relations with Canada. Both have French as one of their national languages. With just over 41,000 Swiss nationals living there, Canada is host to the fifth-largest community of Swiss citizens abroad.

Switzerland and Canada pursue the same objectives in many areas. **Regular dialogues** are held in the fields of politics, economy, environment and human rights as well as in the context of the Francophonie. A large number of bilateral agreements, treaties and joint declarations in various areas (e.g. legal assistance, double taxation, exchange of information, air transport, research and innovation) at national and subnational level demonstrate how broad-based cooperation between the two countries is.

Like Switzerland, Canada places emphasis on multilateral initiatives to promote peace, security and human rights and regularly launches initiatives of this kind in pursuing its foreign policy interests. As a NATO member and OSCE participating State, Canada is strongly committed to transatlantic relations and security in Europe. Canada also hosted the Ukraine Reform Conference in 2019, which is scheduled to be held in Switzerland in 2022. Equal opportunities for women, LGBTIQ+ and ethnic and religious minorities is one of the main issues addressed by Canadian domestic and foreign policy. Canada also focuses on democracy and freedom of expression. Canada was an initiator of the Media Freedom Coalition, of which Switzerland is also a member. These provide starting points for enhanced cooperation between Switzerland and Canada. Moreover, Switzerland has been representing Iran's diplomatic interests in Canada since June 2019.

Canada is **Switzerland's second most important trading partner in the Americas** (and the 17th overall). Swiss direct investment in Canada amounted to more than CHF 35 billion in 2019, accounting for 2.4% of all Swiss investment abroad. Switzerland thus ranks fifth in Canada, behind the United States, the Netherlands, the United Kingdom and Luxembourg. Swiss companies employ almost 35,000 people in Canada. Canadian investment in Switzerland in 2019 totalled over CHF 34 billion. And like the United States, Canada is also an important business location for the trade in services. Expanding the free trade network is a priority of the Canadian government. An EFTA Free Trade Agreement has been in force since 2009.

Achieving **net-zero emissions** by 2050 is one of the five overarching priorities of the programme presented by Prime Minister Justin Trudeau's government. Switzerland is also aiming for carbon neutrality by 2050. This constitutes a further basis for joint action, especially with regard to the development of sustainable technologies and implementation of the 2030 Agenda.

**Digitalisation and the promotion of digital technologies** is high on the agenda in Canada. Canada's digital innovation ecosystem is world-class and growing rapidly. Cooperation in this area is already a priority field of action for the Embassy and the Swiss Business Hub. The thematic focus is on life sciences and medtech, artificial intelligence, and fintech and blockchain technology. Particular attention is being paid to the transfer of knowledge and technology in the dynamic space where science, research, innovation and commercialisation meet. Canada makes a suitable partner for the purposes of strengthening Switzerland's science diplomacy.

#### Objectives and measures

In Canada, as in the United States, all four thematic focus areas defined in the FPS 20–23 are relevant for Switzerland.

#### G. Switzerland will consolidate and expand cooperation in promoting peace and security on an ad hoc basis.

- G1. Continue the protecting power mandate for Iran in Canada.
- G2. Explore a bilateral partnership in the context of the <u>Human Rights Guidelines 2021–24</u> A and Canadian initiatives (e.g. Media Freedom Coalition, arbitrary detention).
- G3. Present proposals for foreign policy cooperation on multilingualism and minorities.
- G4. Intensify cooperation in multilateral bodies, including with a view to obtaining a seat on the UN Security Council in 2023–24.

#### H. Switzerland will safeguard its economic and scientific interests, both jointly with and vis-à-vis Canada.

- H1. Cultivate relations on economic and financial issues.
- H2. Continue the cooperation regarding the WTO, focusing on its functioning and reform, and regarding the OECD.
- H3. Ensure easier access for Swiss companies to Canadian infrastructure projects.
- H4. Promote the exchange of knowledge and positioning of Swiss companies in innovative technologies (especially life sciences).
- H5. Identify fresh potential for cooperation on ERI matters.

#### Switzerland and Canada will work together to promote sustainable economic development and achieve their respective goals for net-zero emissions by 2050.

- 11. Present proposals for the joint promotion of environmental technologies and the green economy.
- 12. Intensify cooperation in research into promising areas (e.g. renewable energies, energy efficiency, hydrogen and carbon storage).
- 13. Cooperate on issues relating to the use of the Arctic.

#### J. Switzerland and Canada will create a structured cooperation in digitalisation and science diplomacy.

- J1. Initiate a bilateral dialogue.
- J2. Jointly define priorities for bilateral cooperation, making use of existing projects launched by the Swiss representation in Canada.
- J3. Promote International Geneva as the ideal location for digitalisation and technology debates in the service of global governance.
- J4. Pursue an exchange on business topics relevant to digitalisation (incl. life sciences).

#### K. Switzerland will seek closer cooperation with Canada on consular matters.

- K1. Draft a proposal for a bilateral consultation mechanism between the consular services in the two countries.
- K2. Create and, if appropriate, formalise bilateral cooperation.

# 4. Latin America and the Caribbean

LAC is not a priority region for Swiss foreign policy. Nevertheless, it has an impact on matters of considerable interest to Switzerland, and partnerships that work well have been established, for example in the multilateral arena. One key question is to what extent the region's countries will be able to overcome the multidimensional crisis they were already facing prior to COVID-19, and which has been accentuated by the pandemic. For several years, LAC has been suffering from economic stagnation, widespread organised crime, human rights violations and governance deficits, among other things (section 2). Many people's prospects have deteriorated significantly. Poverty and social inequality are on the rise again.

There is certainly potential for LAC countries to successfully overcome the current negative developments. Economic diversification would create a broader base for stable growth and result in greater resilience. This would require an improvement in the framework conditions and investment climate – particularly for SMEs, which too often form part of the informal sector despite having overall growth potential. Alternatives must be created both for and within the agricultural sector. Reforms are necessary in relation to the tax system, employment legislation, the fight against corruption and impunity, further strengthening and decentralising the state institutions and reducing protectionism, for instance. Deepening and strengthening the existing free trade agreements and investing in infrastructure could contribute to the creation of regional value chains and export opportunities. This would improve competitiveness as well as the education and health systems.

As the world's largest carbon sink, 60% of the Amazon rainforest lies in Brazil and the remaining 40% covers land in eight other countries. The Amazon and Andean regions have a huge role to play in the sustainable use of natural resources and in protecting biodiversity and combating climate change, including from a global perspective. There are still problems regarding the effective implementation of environmental laws (which in some countries reflect best practice) and the development of responsible and sustainable supply chains. Effective environmental governance and a sustainable economic policy can be seen as key factors in the protection of natural resources as well as in the protection and prosperity of the local, often indigenous, population.

Digitalisation presents LAC with major opportunities to facilitate access to state services, education and the financial market, in addition to improving the marketing and distribution of products. Good access to digital media would allow abuses such as violence and corruption to be reported and made public more quickly. Barriers to entry for new providers in sometimes oligopolistic markets could be reduced. Thanks to the common language of the Hispanic countries, supraregional economies of scale could be achieved through digital services. However, there is a risk of a digital gap arising, especially for people in rural areas where many services are often in limited supply. In addition, the lack of affordability of hardware and telecommunications services restricts many people's access to them in LAC. Many users are either unaware or insufficiently aware of the risks associated with digital applications.

The Federal Council has set three geographical priorities within the LAC region for the 2022–25 period: first, the 'jaguar economies'. These are countries with considerable economic potential, specifically Argentina, Brazil, Chile, Colombia, Mexico and Peru. Second, the FDFA's priority countries for international cooperation, i.e. Bolivia, Cuba, Haiti, Honduras and Nicaragua. In view of the imminent withdrawal from bilateral development cooperation work in these countries, it is important to shape the change. The focus here is not so much on establishing deeper relations as on adjusting the foreign policy portfolio and drawing up a cost-cutting plan. The regional organisations form the third geographical priority. They are important partners for Switzerland when it comes to achieving its goals in the region. As shown below, the weighting and emphasis given to the thematic focus areas set out in the FPS 20–23 vary from one geographical priority

	Peace, Security	Prosperity	Sustainability	Digitalisation
Jaguar economies				
FDFA's international cooperation countries				
Regional organisa- tions				

Figure 13: Significance of the FPS 20–23 thematic focus areas in the LAC region's geographical priorities.

## 4.1 Latin America's jaguar economies

Switzerland's economic interests in Latin America are greatest in half a dozen countries: Argentina, Brazil, Chile, Colombia, Mexico and Peru. In the same vein as the 'tiger economies' of East and Southeast Asia and the 'lion economies' in the Sub-Saharan Africa Strategy 4, these are referred to here as the 'jaguar economies'. They are mainly democratic countries which have markets of significant size, comparatively sound governance by the rule of law, largely independent and functioning institutions and a certain track record when it comes to inclusive development. In most cases, they are better able to exploit their economic potential than other countries in the region. They are generally relatively more diversified and usually have access to regional and global markets by means of free trade agreements. Brazil is a Swiss foreign policy global priority country and, like Argentina and Mexico, a G20 member. For their part, Chile, Colombia and Mexico are currently the only OECD members from LAC. Mexico benefits greatly from its geographical proximity to the United States and its inclusion in the USMCA. What's more, the jaguar economies are home to the largest numbers of Swiss nationals living abroad in the LAC region.



Figure 14: 'Jaguar economies' and the FDFA's priority countries for international cooperation (Source: FDFA).

The relatively favourable operating conditions in the jaguar economies make them extremely attractive to Swiss companies. These are the countries in which they generally make the greatest investment. Some businesses have maintained a branch presence there for decades and are well established in the local economy, not least thanks to the many jobs they have created. Scientific, educational and environmental cooperation is at its most intensive in these countries, but can still be stepped up.

Switzerland seeks to leverage this potential through the Swiss Business Hubs in Brazil, Chile and Mexico. Colombia and Peru are priority countries for SECO's economic development cooperation activities. The programmes promote reliable economic policy frameworks and innovative private-sector initiatives. On the one hand, they help improve companies' access to markets and create employment opportunities and prospects for local people. On the other hand, economic cooperation and development work also help strengthen Switzerland's economic and trade relations with Peru and Colombia by improving the business and investment climate. The SDC is also strongly committed to creating a more sustainable and crisis-resistant climate and environmental policy in the region. In Brazil, SERI runs Swissnex locations in Rio de Janeiro and São Paulo for the purpose of scientific and technological cooperation. In addition, through its Centro Latinoamericano-Suizo (Latin-American-Swiss Centre), the University of St. Gallen has been acting as the 'leading house' for Latin America since 2017, with the aim of establishing privileged contacts with ERI stakeholders in the region. Building networks of various stakeholders involved in traditional economic promotion, economic and scientific cooperation and the private sector creates additional opportunities for synergies.

Switzerland champions the institutional framework, contacts and bottom-up initiatives, particularly with regard to free trade, vocational education and training, and research and innovation. In the SECO priority countries, it also promotes competitiveness, job creation, sustainable urban development, access to a (waste)water and energy supply, and an efficient and transparent public finance system. The aim is to sustainably strengthen people's career prospects, reduce poverty and crime, and protect the environment and biodiversity. Throughout the entire range of existing instruments, including the Federal Council's Action Plan on Corporate Social Responsibility 2020–23 &, the National Action Plan on Business and Human Rights 2020–23 4, the Federal Council's Sustainable Finance Guidelines A and the Commodity Trading Sector Guidance on Implementing the UN Guiding Principles on Business and Human Rights 4, the Federal Council expects Swiss companies to respect human rights when conducting their business, both at home and abroad.

Creating links between sustainability, the economy, research and digitalisation opens up interesting fields of application. For example, according to its Vision 2014–34 , Brazil hopes to sustainably boost productivity in agriculture thanks to digital transformation. Switzerland can contribute its wide variety of expertise and experience in many areas. At the same time, this will open up market opportunities for Swiss companies and enable Swiss researchers to engage in even closer cooperation.

All the same, the jaguar economies have – in some cases major – deficits regarding good governance and the protection of human rights, which Switzerland continues to take into account when shaping its bilateral relations. Thus, it supports Colombia in its civilian peacebuilding efforts. It also conducts bilateral human rights dialogues with Mexico and Brazil.

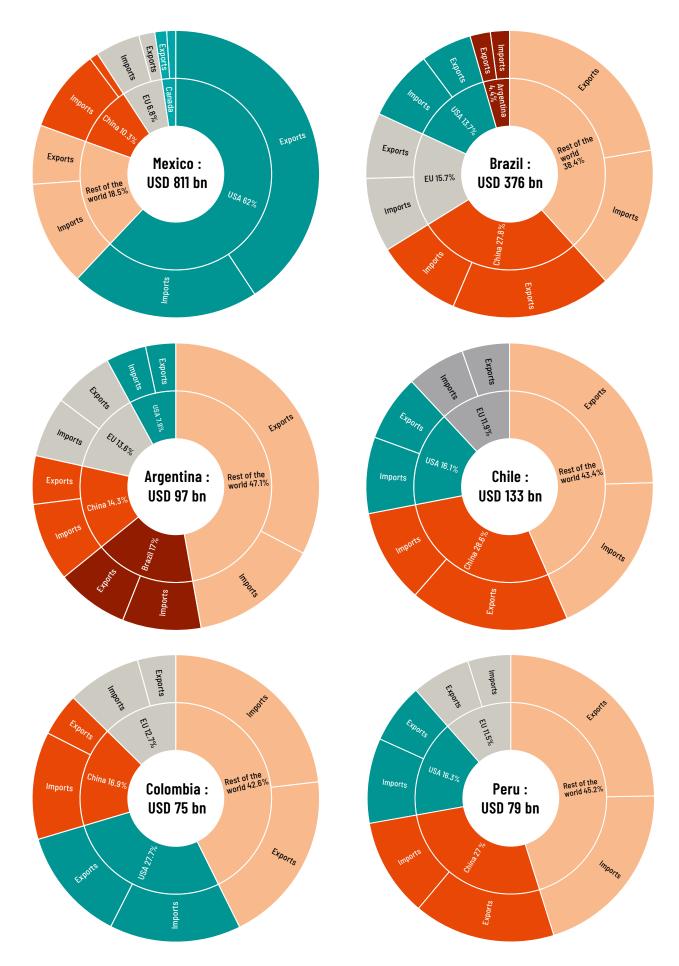


Figure 15: Jaguar economies' foreign trade, 2020 (source: WTO &).

	Swiss imports	Swiss exports	Swiss foreign direct investment
Mexico	1.0 (2019)	1.6 (2019)	5.9 (2019)
	1.0 (2020)	1.3 (2020)	5.5 (2020)
Brazil	1.6 (2019)	2.8 (2019)	10.6 (2019)
	1.5 (2020)	2.1 (2020)	8.0 (2020)
Argentina	1.8 (2019)	0.7 (2019)	3.1 (2019)
	1.0 (2020)	0.6 (2020)	3.3 (2020)
Colombia	0.6 (2019)	0.3 (2019)	5.0 (2019)
	0.3 (2020)	0.5 (2020)	4.5 (2020)
Chile	0.8 (2019)	0.4 (2019)	1.8 (2019)
	0.8 (2020)	0.3 (2020)	2.0 (2020)
Peru	2.5 (2019)	0.2 (2019)	-2.8 (2019)
	1.7 (2020)	0.1 (2020)	0.9 (2020)

Figure 16: Trade data for Switzerland and the jaquar economies, 2019 and 2020 (sources: SNB & and FCA &).

#### **GLOBAL PRIORITY COUNTRY BRAZIL**

Brazil occupies a natural position of supremacy within the LAC region. It is the largest country in terms of area and, with some 212 million inhabitants, by far the most populous (almost 1/3 of the total LAC population). Furthermore, with a GDP of almost USD 1.5 trillion (2020), Brazil is the largest national economy in the region and the ninth largest in the world. Given its vast rainforests, Brazil is essential to global climate protection and biodiversity.

Brazil faces similar challenges to those of the entire LAC region, including inequality, insecurity and violence, human rights violations, corruption and governance gaps. During the years when commodity prices were high, Brazil was able to achieve great socio-economic successes. However, for a long time, the country failed to launch the reforms necessary to develop a broader-based economy and lessen its reliance on commodities. The relatively high dependence on commodities creates pressure on the country's natural resources, which are of global importance. At the same time, a few innovative and globally competitive 'champions', such as aircraft manufacturer Embraer, testify to Brazil's industrial potential.

As its most important bilateral economic partner in LAC, Brazil is a global priority country for Switzerland. In 2020, Swiss investment in Brazil stood at more than CHF 8 billion. Over 58,000 people were employed by Swiss companies in Brazil. In 2020, Swiss exports to Brazil amounted to more than CHF 2.1 billion (-16%) and imports to Switzerland from Brazil came to nearly CHF 1.4 billion (-2.3%). In addition, Brazil is second only to Argentina as home to the largest community of Swiss in LAC (almost 14,000). Brazilian nationals form the largest LAC diaspora in Switzerland (more than 22,000).

Brazil tops the rankings of key partner countries in Latin America for Swiss researchers. The number of co-publications produced by Switzerland and Brazil has risen steadily since 2007 and began overtaking the number of collaborative publications involving India and South Korea in 2011.<sup>19</sup> In addition, Brazil is the only country in LAC with Swissnex locations – in Rio de Janeiro and São Paulo.

Brazil's great importance to Switzerland is reflected through close bilateral and multilateral cooperation and a strong diplomatic-consular presence in Brazil (see map in the annex). On the basis of an MoU from 2008, Switzerland engages in dialogue with Brazil in the areas of policy, economic affairs, science and research, taxation and finance, human rights and intellectual property. Thanks to good cooperation on mutual legal assistance, the fight against corruption and taxation, additional successes have been achieved in these areas. Switzerland has returned more than CHF 420 million to Brazil since 2014 in the "Lava Jato" (Car Wash) corruption case (as at June 2021). A further CHF 310 million is frozen in Switzerland.

<sup>19</sup> Brazil ranks 14th overall based on the number of co-publications with Swiss researchers; Evaluation of Switzerland's bilateral cooperation programmes in science and technology Δ<sub>2</sub>, IRIS, p. 68.

#### Objectives and measures

Switzerland focuses on the areas of **prosperity, sustainability** and **digitalisation** in the jaguar economies. **Peace and security** also remain a priority in Colombia:

## L. Switzerland will contribute to **improved economic conditions in the partner countries** and support Swiss companies in a needs-based and effective manner.

- L1. Conclude new economic agreements and renew existing ones (FTAs, BITs, DTAs) taking into account sustainability aspects, specifically signing and implementing the FTA with the Mercosur states.
- L2. Coordinate the use of all trade diplomacy and export promotion instruments as 'Team Switzerland' (incl. S-GE, SERV, chambers of commerce).
- L3. Improve links with economic promotion through innovative partnerships with the private sector and contributions to sustainable local economic ecosystems.
- L4. Consistently raise human rights issues in bilateral relations and continue the bilateral human rights dialogues with Mexico and Brazil.
- L5. Continue judicial cooperation on corruption.
- L6. Transparent restitution of illicitly acquired assets (asset recovery).

## M. Switzerland will encourage a **competitive and sustainable private sector** in the SECO priority countries (Peru and Colombia) and work to promote general economic conditions and infrastructure there that stimulate growth.

- M1. Promote an effective regulatory framework for SMEs.
- M2. Support sustainable value chains.
- M3. Strengthen an effective and transparent economic policy.
- M4. Commitment to improved urban planning and better provision of public services.

## N. Switzerland will work with the jaguar economies to ensure the **sustainable management** of and responsible trade in natural resources and the **protection of biodiversity**.

- N1. Enter into climate protection agreements under Article 6 of the Paris Agreement.<sup>20</sup>
- N2. Make a contribution to low-emission, climate-friendly and sustainable use of natural resources (especially water) and to protecting biodiversity.
- N3. Provide emergency aid (especially after natural disasters) and use prevention measures to reduce natural hazards.
- N4. Promote responsible business conduct, raise awareness among Swiss companies of corruption risks. Increase sustainability and transparency in the commodities sector by strengthening national and international standards such as the Extractive Industries Transparency Initiative (EITI) and the Swiss Better Gold Initiative (SBGI).

#### O. Switzerland will step up cooperation with the jaguar economies on digitalisation and science diplomacy.

- O1. Systematically include these issues in bilateral and multilateral dialogues.
- O2. Tap into the potential for cooperation on health (e.g. telemedicine), governance (e.g. transparent public administration) and social insurance.
- O3. Promote International Geneva as the ideal location for digitalisation and technology debates in the service of global governance.
- O4. Intensify the exchange of knowledge with the business community.
- O5. Organise PRS visiting delegations, to include the Swiss private sector.

<sup>20</sup> Paris Agreement of 12 December 2015 &.

#### P. Switzerland will safeguard and strengthen cooperation on ERI matters.

- P1. Continue the University of St. Gallen's mandate as leading house for the Latin America region under the federal government's bilateral programmes on economic cooperation.
- P2. Continue the regular, high-level dialogue under the Agreement of 29 September 2009 on Cooperation in Science and Technology between the Swiss Federal Council and the Government of the Federative Republic of Brazil.
- P3. Continue to pursue the current initiatives at federal level, such as Swissnex in Rio de Janeiro and São Paulo, ancillary to the autonomous and direct cooperation efforts of ERI actors.
- P4. Strengthen cooperation in the field of vocational education and training
- P5. Switzerland will contribute to further progress in the Colombian peace process.

#### Q. Switzerland will contribute to further progress in the Colombian peace process.

- Q1. Provide support in the form of expertise, specifically to help in dealing with the past and the political participation of the local people.
- Q2. Commitment to human rights, the protection of vulnerable persons, basic health, water and demining.
- Q3. Cooperate with public institutions, on financial management, for example, plus land and sustainability issues.
- Q4. Strengthen competitiveness and corporate responsibility, for example in the gold, cocoa, cosmetics and tourism sectors.

## 4.2 FDFA priority countries for international cooperation

For more than 50 years in some cases, Switzerland has provided support to the LAC countries with the greatest development needs through its development cooperation programmes. In this way, it has contributed to the development progress experienced in the LAC region over several decades. During this time, Switzerland has built up a considerable amount of trust among its partner countries.

A 2019 analysis determined the needs of the LAC population (compared with people in other regions of the world), identified Switzerland's interests there and established the added value that its international cooperation could deliver. As a result, the International Cooperation Strategy 2021–24 provides for a stronger focus on four priority regions, especially on the African continent. This entails a gradual withdrawal from the FDFA's bilateral development cooperation work in Latin America and the Caribbean by the end of 2024.

The FDFA's bilateral development cooperation programmes in the Caribbean (Haiti and Cuba), Central America (Honduras and Nicaragua) and South America (Bolivia) are to be phased out. Swiss international cooperation instruments that may remain in use after 2025 include engagements within multilateral organisations; economic development cooperation (see section 4.1 on SECO's regional and global measures); the promotion of peace, the rule of law and human rights; humanitarian aid; the global programmes (climate change, water, food, health and migration) and cultural exchange. Swiss NGOs can also continue their work within the scope of the SDC's programme contributions.

Given that the situation in the countries currently prioritised for bilateral international cooperation remains precarious – characterised by increasing fragility due to the COVID-19 pandemic, high poverty and social inequality – it is particularly important for the remaining Swiss international cooperation instruments to establish a coherent and coordinated position for themselves as of 2025. To achieve this, these instruments should build on the results of bilateral international cooperation with regard to prosperity and sustainability (environment/climate) as well as peace and security.

The FDFA is committed to maintaining an operational presence in LAC for the purposes of implementing the global and universal humanitarian aid mandate, which was confirmed by the Federal Council and Parliament in the International Cooperation Strategy 2021–24. Regional hubs and two humanitarian country programmes in Venezuela and Haiti place a thematic focus on disaster risk reduction and disaster relief as well as protection and migration. They allow the network of partners to be actively maintained and enable a rapid, efficient, needs-based emergency response in the event of a disaster. Switzerland is examining whether an ad-hoc commitment to peacebuilding in Venezuela within the framework of the International Cooperation Strategy 2021–24 would be effective.

#### Objectives and measures

Switzerland focuses on the issues of **peace and security, prosperity** and **sustainability** in the countries formerly prioritised by the FDFA for bilateral development cooperation.

## R. Switzerland will ensure a **responsible phasing-out** of its bilateral development cooperation work during the planned disengagement period.

- R1. Wind up the bilateral international cooperation programmes and project infrastructures in a carefully planned manner.
- R2. Close the cooperation offices in Managua and Tegucigalpa.
- R3. Turn the embassy in Haiti into a humanitarian office following consultation with the Foreign Affairs Committee of the National Council and the Council of States respectively.

## S. Switzerland will advocate for the **sustainability of the cooperation programmes and projects** after the end of bilateral international cooperation in 2024.

- S1. Promote knowledge management in cooperation with the public and private sectors, as well as local, regional and international actors.
- S2. Maintain a wide and strong network of representations in LAC.
- S3. Continue making small loans available to Swiss representations abroad in LAC.
- S4. Engage with water, climate change and environmental issues via the SDC's global programmes.
- S5. Take targeted trade and economic policy measures under SECO's regional and global programmes in the areas of trade and private sector promotion, infrastructure and macroeconomic support.
- S6. Support initiatives to combat drug trafficking, corruption and impunity.

## T. Switzerland will provide humanitarian aid in LAC and help alleviate the consequences of natural disasters and armed conflicts.

- T1. Provide emergency relief, reconstruction assistance and measures to protect vulnerable people in crisis situations.
- T2. Adopt a regional approach to disaster risk reduction.
- T3. Provide support to regional and international humanitarian organisations.
- T4. Strengthen international humanitarian law.
- T5. Work together with regional organisations in the field of disaster risk reduction (see section 4.3).

### 4.3 Regional organisations

Given their importance to democracy, human rights, peace and development in Latin America and the Caribbean (see section 2.1), particular attention is paid to cooperation with the regional organisations. This is consistent with the importance placed on multilateralism in the FPS 20–23 and Switzerland's long-standing efforts to strengthen its presence in regional organisations in order to promote its interests and values. Swiss cooperation efforts focus on those organisations in which Switzerland is either a member (IDB) or has observer status (OAS, Pacific Alliance, CARICOM, ALADI).

The Inter-American Development Bank (IDB) is the leading multilateral source of financing for development projects in Latin America and the Caribbean. It works to reduce poverty and social inequalities and to promote sustainable economic growth in the region. According to its Vision 2025, this is to be achieved by means of regional value chains, digitalisation and strengthening the private sector as well as empowering women at work. Switzerland is an active member of the IDB's governing bodies via voting constituencies. It takes part in the institutional dialogue and supports development projects in the IDB borrowing countries.

Based in Washington, DC, the **Organization of American States** (OAS) is the foremost political forum for multilateral dialogue and cooperation in the Americas. It was founded in 1948 and has 35 member states in North America, Latin America and the Caribbean. Cuba is the only non-active member. In addition, in November 2021 Nicaragua announced its intention to withdraw from the organisation. Switzerland is one of the 72 countries that currently hold permanent observer status; it has done so since 1978.

According to the organisation's charter, its main purposes are to strengthen democracy and human rights and to ensure peace and security in the region. OAS was one of the first regional security organisations to begin tackling domestic problems in its member states that were relevant to security and stability in the region as a whole. Among other things, it works on combating drug trafficking, corruption, illegal arms trafficking and terrorism.

The annual General Assembly is the supreme governing body of the OAS. The Inter-American Court of Human Rights in Costa Rica and the Inter-American Commission on Human Rights in Washington, DC are the two most important human rights mechanisms on the American continent.

The **Pacific Alliance** was formed in 2012 by four states bordering the Pacific Ocean: Chile, Colombia, Mexico and Peru. According to the Declaration of Lima, its objectives are to promote regional integration and drive further growth, development and competitiveness. A large number of countries have become associate members or, like Switzerland in 2013, have been granted observer status.

Established in 1973, the **Caribbean Community** (CARICOM) is a grouping of 15, mainly English-speaking, Caribbean countries. Its vision of regional integration rests on four pillars: economic integration, foreign policy coordination, human and social development, and security. Numerous sector-specific sub-organisations are responsible for achieving these goals. Switzerland has been accredited as a third country (observer) by CARICOM since 2017.

The Latin American Integration Association (ALADI) is an organisation that brings together a number of Latin American countries for economic cooperation purposes and with the aim of establishing a single market. The organisation's headquarters are in Montevideo (Uruguay). Switzerland has held observer status at ALADI since 1991.

#### Objectives and measures

With regard to regional organisations, Switzerland's thematic focus is on **peace and security, prosperity** and **sustainability**. It is strengthening and expanding its commitment to the OAS, the Pacific Alliance, CARICOM and the IDB, taking into account their goals and potential synergies with the UN. In this way, it is raising its foreign policy profile as a credible and capable partner of the regional organisations.

# U. Switzerland will **promote regional cooperation** and the exchange of best practices within the framework of clear priorities.

#### Provide support for projects, especially in the following areas:

- U1. IDB: implementation of the 2030 Agenda, governance and the rule of law, climate change and renewable energies, gender equality and social inclusion, and sustainable economic growth, inter alia, through projects on private sector promotion, vocational education and training, water and energy management, and urbanisation.
- U2. OAS: governance, the rule of law, the fight against corruption and impunity, human rights, democracy.
- U3. Pacific Alliance: sustainability, vocational education and training, the fight against corruption, digitalisation, water management, disaster risk reduction.
- U4. CARICOM: disaster risk reduction, climate change and renewable energies, statistics.

#### V. Switzerland will strengthen the capacity to act of regional organisations.

- V1. Take active part in the discussions and resolutions of the IDB Board of Governors and perform its oversight role as a shareholder.
- V2. Provide political support for Latin American multilateralism by transferring know-how, including as part of its candidacy for a seat on the UN Security Council.
- V3. Provide support to the OAS election observation missions, OAS missions in the fight against corruption and the Special Rapporteur for Freedom of Expression.
- V4. Continue to support the OAS Mission to Support the Peace Process in Colombia (MAPP/OAS).
- V5. Support the Inter-American Commission on Human Rights.
- V6. Cooperate with the regional organisations CDEMA, CEPREDENAC and CAPRADE<sup>21</sup> on disaster risk reduction and disaster relief matters.

<sup>21</sup> Caribbean Disaster Emergency Management Agency (CDEMA A), Centro de Coordinación para la Prevención de los Desastres en América Central y República Dominicana (CEPREDENAC A), Comité Andino para la Prevención y Atención de Desastres (CAPRADE A).

# 5. Implementation partners

Switzerland pursues a partnership-based approach in the Americas in line with the UN's SDG 17. In protecting its interests and promoting its values, it works with various actors. It also forms partnerships and networks with governments, companies, the scientific community and civil society organisations. In Switzerland, the Federal Council adopts a 'whole-of-Switzerland' approach. It places particular emphasis on synergies with the ICRC, the scientific community and the Geneva centres (GCSP, DCAF, GICHD).

#### The host state

The host state is the central partner in foreign policy and foreign trade cooperation and has the primary responsibility for reforms and social change. Switzerland maintains a regular political dialogue with many countries in the Americas. In addition, it also takes part in Joint Economic Commissions and/or thematic dialogues on multilateral cooperation, human rights, science and education or cyber issues. It is also looking to step up political dialogue with other countries through diplomatic visits and its network of representations locally. The American representations in Bern and Geneva also play a key role. Switzerland aims to persuade all 35 nations in the Americas of the benefits of a permanent presence in Switzerland. Twenty-two American countries are currently represented in Switzerland.<sup>22</sup>

#### International and regional organisations

In implementing its programmes, Switzerland draws on the expertise and resources of international organisations such as the UN, the World Bank group and the ICRC, as well as the regional organisations mentioned in section 4.3. As well as supporting these organisations financially, Switzerland also makes experts available for peacekeeping missions or election observation, for example, and from the Swiss Humanitarian Aid Unit (SHA). Switzerland attaches importance to these organisations having clear objectives and scope for action, as this allows their effectiveness and efficiency to be reviewed and improved where necessary. International organisations and their bodies based in Geneva, such as the Human Rights Council, play a key role in safeguarding human rights in the region.

#### Third countries

Switzerland engages in regular political dialogue on Latin America with the United States and Canada. It exchanges views on the region with other countries such as Argentina, Brazil and Mexico and cooperates with them in areas of common interest. Through its involvement in the OAS, Switzerland worked with Canada and Costa Rica to promote the Montreux Document reaffirming the obligations of states regarding the activities of private military and security companies in the region. The representations of 'like-minded' states are also important partners for the local Swiss embassies, e.g. when it comes to human rights and economic issues.

<sup>22</sup> Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, USA, Venezuela.

#### Private organisations

Cooperation between countries alone is not sufficient to tackle the many different challenges facing the American continent. The private sector, the scientific community and civil society also play a decisive role in promoting political stability and reforms and improving the economic framework conditions. Synergies can be created here with Swiss stakeholders for the purpose of transferring experience and expertise.

#### The private sector

A stable international and national environment is crucial to private companies in achieving their objectives. This means that there are common areas of interest with the private sector: peace and security, the rule of law (including the protection of human rights), good and stable governance, high-performance infrastructure (land and air infrastructure, energy supply, water and food, telecommunications, education, health, a well-educated workforce, etc.) are essential conditions for sustainable economic development and the creation of prosperity.

A large number of Swiss companies currently operate in North and Latin America, and create many high-quality jobs. They contribute to local prosperity and improve the prospects for people on the ground in Latin America. By conducting their business responsibly, many of them support sustainable development and the protection of human rights. The private sector is also a key partner in development cooperation. SIFEM, for its part, strengthens the local private sector by making venture capital investments in local fund managers.

Cooperation with the private sector is to be stepped up in the coming years, specifically in the area of vocational education and training. For example, Switzerland takes part in the annual Pacific Alliance youth summit, which is funded by a Swiss company, in order to promote dual-track education for young people.

#### Scientific community and think tanks

With its internationally recognised universities, Switzerland is at the cutting edge in terms of research capacities, innovation, new technologies, management instruments and services. The Swissnex locations in the United States and Brazil and the science counsellors attached to the Swiss embassies help Swiss universities and research institutes to connect with similar institutions in the host countries. Particular focus is placed on promoting the start-up scene and the next generation of academics and scientists.

In terms of international cooperation on research and innovation, the University of St. Gallen acts as the leading house for scientific and technological cooperation with Latin America. Swiss ERI stakeholders work together with a large number of partners in the region, using a bottom-up approach.

In the United States especially, there is a highly developed think tank scene for cooperation and exchange on an extremely wide range of national, regional and global topics. Partnering with such think tanks can also help to deepen the knowledge about Switzerland available in the United States.

#### **NGOs**

Switzerland works with local, Swiss and international non-governmental organisations (NGOs) in a variety of contexts. Depending on the institutional priorities, they are engaged in providing humanitarian aid in crisis-hit areas and/or work to promote the human rights dialogue and the participation of marginalised groups. Health, education, water, biodiversity, climate change and peace are the thematic focus areas. Many Swiss NGOs have been present in LAC for many years and work closely with local civil society. They engage in periodic exchanges with the Swiss network of representations on the ground.

Switzerland evaluates the use of resources, the coherence with its foreign policy objectives and the attainment of objectives using internal and external control mechanisms. This evaluation is carried out on an ongoing basis.

# Annex 1: Map with network of representations

Vancouver

Seattle

United States of America

Salt Lake City

Las Vegas

Los Angeles

Phoenix

Mexico

Canada

Calgary





# Annex 2: List of abbreviations

ALADI	Latin American Integration Association (Asociación Latinoamericana de Integración)	FPS 20-23	Foreign Policy Strategy 2020–23
ALBA	Bolivarian Alliance for [the Peoples of Our] America (Alianza Bolivariana para los Pueblos de Nuestra América)	FTA	Free Trade Agreement
		G7	Group of Taxable
		G20	Group of Twenty
ASEAN	Association of Southeast Asian Nations	G77	Group of 77
AVIS 2028	Switzerland's 2028 Foreign Policy Vision	GCSP	Geneva Centre for Security Policy
BIT	Bilateral Investment Promotion and	GDP	Gross domestic product
	Protection Agreement	GESDA	Geneva Science and Diplomacy Anticipator
CAPRADE	Andean Committee for Disaster Prevention and Assistance (Comité Andino para la	GICHD	Geneva International Centre for Humani- tarian Demining
	Prevención y Atención de Desastres)	IC	International cooperation
CARICOM	Caribbean Community and Common Market	ICAO	International Civil Aviation Organization
CBD	Convention on Biological Diversity	ICRC	International Committee of the Red Cross
CDEMA	Caribbean Disaster Emergency Management	IDB	Inter-American Development Bank
	Agency	IDWG	Interdepartmental working group
CELAC	Community of Latin American and Caribbean States (Comunidad de Estados Latinoamericanos y Caribeños)	IMF	International Monetary Fund
		LAC	Latin America and the Caribbean
CEPREDENAC	Coordination Centre for the Prevention of Natural Disasters in Central America and the Dominican Republic (Centro de Coordinación para la Prevención de los Desastres en América Central y República Dominicana)	MAPP/OEA	Mission to Support the Peace Process in Colombia/Organization of American States (Misión de Apoyo al Proceso de Paz en Colombia/Organización de los Estados Americanos)
CH	Switzerland (Confoederatio Helvetica)	MERCOSUR	Southern Common Market (Mercado Común
COVID-19	Coronavirus disease 2019		del Sur)
CSR	Corporate social responsibility	MoU	Memorandum of Understanding
DCAF	Geneva Centre for Security Sector	NAFTA	North American Free Trade Agreement
	Governance	NATO	North Atlantic Treaty Organization
DTA	Double taxation agreement	NGO	Non-governmental organisation
EEA	European Economic Area	OAS	Organization of American States
EFTA	European Free Trade Association	OECD	Organisation for Economic Co-operation and
EITI	Extractive Industries Transparency Initiative		Development
ERI	Education, research and innovation	OSCE	Organization for Security and Co-operation in Europe
EU	European Union	PCSC	Preventing and combating serious crime
FARC	Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia)	PROSUR	Forum for the Progress and Development of South America (Foro para el Progreso y Desarrollo de América del Sur)
FDFA	Federal Department of Foreign Affairs	PRS	Presence Switzerland
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SBGI	Swiss Better Gold Initiative	SICA	Central American Integration System
SBH	Swiss Business Hub		(Sistema de la Integración Centroamericana)
SDC	Swiss Agency for Development and Cooper-	UN	United Nations
	ation within the FDFA	UNASUR	Union of South American Nations ( <i>Unión de</i>
SDG	Sustainable Development Goals		Naciones Suramericanas)
SECO	State Secretariat for Economic Affairs	UNHCR	United Nations High Commissioner for
SERI	State Secretariat for Education, Research and Innovation		Refugees
		USD	United States dollar
SERV	Swiss Export Risk Insurance	USMCA	United States-Mexico-Canada Agreement
S-GE	Switzerland Global Enterprise	WADA	World Anti-Doping Agency
SHA	Swiss Humanitarian Aid Unit	WTO	World Trade Organization

# Annex 3: Glossary

**2030 Agenda:** The 2030 Agenda for Sustainable Development and its 17 goals provide a global frame of reference for the three inextricably linked dimensions of the economy, the environment and society. Switzerland recognises the 2030 Agenda as an important guiding framework. Although it is not legally binding, it provides a mechanism for setting domestic and foreign policy objectives and shaping public opinion.

**Asset recovery:** This describes the process of repatriation (also: restitution) of assets acquired illicitly by politically exposed persons by means of corruption or other crimes. The conclusion of bilateral return arrangements on a case-by-case basis can additionally ensure that the recovered funds are put to use in the country of origin to improve the living conditions of the population. Switzerland is thus committed to fighting for the rule of law and transparency as well as against corruption and the placement of tainted assets in the Swiss financial centre.

**AVIS 2028:** The report entitled "Switzerland's 2028 Foreign Policy Vision" (AVIS 2028), published in 2019, was drawn up by a high-ranking working group set up by Federal Councillor Ignazio Cassis. It is intended to serve as a source of inspiration for the FDFA's development of foreign policy by analysing the political, ecological, technological and social drivers of change and drawing conclusions for Switzerland's foreign policy in the medium term.

**Bilateralism:** The practice of discussing or negotiating foreign policy issues between two parties. If there are more than two parties involved, this is multilateralism (see 'Multilateralism').

**Civil society:** Civil society comprises the parts of society that are relatively separate from the government and private sector. It is made up of groups who have common interests, goals or values. These include NGOs, non-profit associations and foundations, citizens' groups, religious organisations, political parties, professional associations, trade unions, social movements and special interest groups.

**Coherence:** This term denotes the greatest possible consistency and coordination between a country's different policy areas.

**Cybersecurity:** Cybersecurity concerns all the security aspects of information and communication technologies. This includes all information technology associated with the internet and comparable networks, and incorporates communication, applications, processes and information processed on this basis. International cooperation between state and non-state actors in the area of cybersecurity aims to develop and protect an open, free and stable cyberspace. It also reduces the risk of cyberattacks between countries.

**Diaspora:** Today, the term diaspora is used to refer to national, cultural, religious or ethnic minorities who have left their country of origin, involuntarily or voluntarily, and settled in new places. Typically, they still have strong ties with their homeland and community. To varying degrees, the countries of the American hemisphere are both target destinations and countries of origin for diasporas.

**Digitalisation:** Digitalisation involves the integration of digital technologies in society, government and business. It covers a wide range of digital applications, including new communication technologies, robotics, cloud computing, big data analytics, artificial intelligence and the internet of things. It pervades many areas of everyday life, fundamentally changing people's lives in some cases.

**Extractive Industries Transparency Initiative (EITI):** As an alliance of governments, NGOs and companies, the EITI is a multi-stakeholder initiative first launched in 2003 that works to increase transparency over revenues in the commodities sector of developing countries. Requiring information such as production volumes, licences and tax payments in the oil, gas and mining business to be disclosed can prevent corruption and strengthen good governance practices. The aim is to ensure that revenues from mineral resources are increasingly used for the benefit of the respective population.

**Foreign policy:** Foreign policy shapes the relations of a state with other states and international organisations, and safeguards its interests abroad. Foreign policy comprises various policy areas, including trade, the environment, security, development and culture. In Switzerland, the entire Federal Council is responsible for foreign policy. The Federal Department of Foreign Affairs (FDFA) is responsible for coordinating foreign policy and ensuring coherence with other departments (see 'Coherence').

**Good governance:** This term describes the democratic, efficient and effective management of a country's affairs for the benefit of all citizens. This includes political decision-making in transparent, participative processes; a clear division of responsibilities; effective public services; an accessible, professional, independent legal system based on the rule of law and political control exercised by a critical general public.

**Good offices:** This is an umbrella term to describe the efforts of a third party to peacefully settle a conflict between two or more states. Switzerland's good offices consist of three areas: protecting power mandates, Switzerland as host state for peace negotiations, and Switzerland as mediator and facilitator and as supporter of mediation and negotiation processes. Good offices range from technical and organisational support (e.g. providing a conference venue) to mediation services and participation in international peace processes.

**Green economy:** The term describes a low-carbon, resource-efficient and socially inclusive economy. Private and public investments are channelled into those areas that promote sustainable development in all its three dimensions (environmental, economic, social).

**Host state:** This term describes a country that hosts foreign representations (embassies, missions, consulates) or international organisations. Switzerland – and Geneva in particular (see 'International Geneva') – host a multitude of international organisations.

**Human rights:** Human rights are inherent and inalienable rights that all people enjoy, without distinction, by virtue of their being human. They are crucial to the protection of human dignity, physical and psychological integrity and are an important foundation for the development of every individual. They are guarantors of a society based on the obligation to respect the rights of the individual. They apply in both international relations and national politics. Human rights are universal, indivisible and closely interrelated. Every state is obliged to respect, protect and implement human rights.

**International cooperation:** All instruments of humanitarian aid, development cooperation, peacebuilding and the promotion of human security deployed by the FDFA and EAER.

**International Geneva:** Geneva forms the heart of the multilateral system and is the location of the UN's European headquarters. Forty-two international organisations, programmes and funds, as well as 177 states and 750 NGOs are represented there. International Geneva provides some 31,000 jobs and contributes more than 11% to the GDP of the canton (1% of Swiss GDP). Around 3,500 international conferences are held in Geneva every year, the main themes of which are: 1) peace, security, disarmament; 2) humanitarian aid and international humanitarian law, human rights, migration; 3) employment, the economy, trade, science, telecommunications; 4) health; 5) the environment and sustainable development.

**International humanitarian law:** International humanitarian law governs conduct in hostilities and protects the victims of armed conflicts. It applies in all international and non-international armed conflicts, regardless of the legitimacy or cause of the use of force.

International law: International law is the result of interactions between states and governs how they coexist. It underpins peace and security and aims to ensure the protection and well-being of persons. International law comprises different areas, such as the prohibition of the use of force, human rights, protection of individuals during wars and conflicts (see 'International humanitarian law'), prevention and prosecution of war crimes, crimes against humanity, genocide, transnational organised crime and terrorism. It also governs other areas, such as the environment, trade, development, telecommunications and transport. On account of the sovereignty of states, international law only applies to each state insofar as it has agreed to adopt certain international obligations. This excludes binding international law, which comprises basic standards that no state may override, such as the prohibition of genocide. International law also applies in the digital space.

**International organisation:** International organisations are long-term alliances formed by at least two countries. They are entrusted with the independent performance of their own tasks and therefore have at least one body through which they act. They are generally based on a multilateral founding treaty (also called statutes or charters) which sets out the organisation's mandates and bodies.

**Irregular migration:** Movement of persons that takes place outside the laws, regulations, or international agreements governing the entry into a transit or destination country or exit from this country.

**Leading house:** Under the 'leading house' model, selected Swiss universities are tasked by SERI with establishing cooperation instruments for start-up financing and innovative pilot projects within the framework of the bilateral programmes. The University of St. Gallen (HSG) has been mandated to act as the leading house for Latin America in the 2021–24 period.

**Multilateralism:** Multilateralism is where issues of public interest are discussed and negotiated between more than two states. International organisations and bodies such as the UN, the OSCE and the Council of Europe are platforms for such discussions. Multilateralism allows Switzerland to achieve leverage through alliances and thereby increase its influence. Where foreign policy issues are discussed or negotiated between two parties only, this is known as bilateralism.

**Non-governmental organisation:** Any private, non-profit organisation that operates at the local, national or international level to pursue common goals and ideals with no significant state-controlled participation or representation. NGOs are part of civil society (see 'Civil society').

**Peacebuilding:** Peacebuilding includes efforts to prevent, de-escalate or resolve violent conflicts, notably through the building of trust, mediation and the promotion of international humanitarian law and human rights (see 'International humanitarian law', 'Human rights'). Peacebuilding activities after the end of violent conflicts comprise a range of activities, including dealing with the past, contributing to the promotion of democratic processes and elections, and helping to strengthen human rights. Peacebuilding creates and reinforces the conditions needed for sustainable development. It comprises both civilian and military measures.

**Private sector:** The private sector comprises entities in which the government or state does not hold a majority stake and that operate on a for-profit basis. In the context of this strategy, the term also includes social enterprises, impact investors and certain foundations (in particular those of multinational companies).

**Pro Helvetia:** Pro Helvetia is a foundation under public law which has been promoting artistic creation and cultural exchange in Switzerland and the dissemination of Swiss art and culture worldwide on behalf of the Swiss Confederation since 1939. In the United States, it supports the Swiss Institute in New York. Another satellite opened in South America in 2021, with offices in Santiago de Chile (head office), São Paulo, Buenos Aires and Bogotá.

**Protectionism:** Foreign trade policy that aims to protect the domestic economy by imposing tariffs or import restrictions.

**Science diplomacy:** This terms refers to, for example, the use of scientific collaboration between states to address common problems and to develop international partnerships. At the interface between science, technology and foreign policy, articulating issues and objectives from a scientific perspective can support confidence-building and stimulate both bilateral and multilateral discussions. Science diplomacy is also an important approach in digital foreign policy, especially at the multilateral level.

**Sustainability:** Switzerland promotes sustainable development on the basis of the Federal Constitution. It uses the definition formulated by the Brundtland Commission in 1987 as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The principle was substantiated in 2015 in the 17 goals of the 2030 Agenda (see '2030 Agenda').

Swiss Better Gold Initiative (SBGI): The Swiss Better Gold Initiative was launched in 2013 as a public-private partnership between the State Secretariat for Economic Affairs (SECO) and the Swiss Better Gold Association (SBGA), which is made up of stakeholders from the Swiss gold industry, refiners, processors and financial institutions. It aims to increase demand – from mine to market – for sustainable gold through price incentives. The gold certified by the SBGI, which comes from small-scale mines, can also be traced back to its place of origin; the intention here is to help prevent corruption and human rights violations. From its beginnings in Peru, the SBGI has now been expanded into Colombia and Bolivia.

**Swiss Business Hubs:** Switzerland Global Enterprise has been officially mandated by the federal government to promote Swiss foreign trade; the 23 Business Hubs (5 of which are in the Americas) guarantee its international presence.

**Swissnex:** Swissnex is Switzerland's global network for education, research and innovation. Swissnex supports its partners in their international networking and commitment to the exchange of knowledge, ideas and talent, thereby strengthening Switzerland's profile as an innovation hotspot. In the Americas, Swissnex has offices in Boston, New York, San Francisco, Rio de Janeiro and São Paulo as well as Science Counsellors in Ottawa, Vancouver, Washington and Brasilia.

**UN Security Council:** The United Nations Security Council has five permanent members (the United States, the United Kingdom, France, Russia and China) and ten non-permanent members. It works for the maintenance of international peace and security. Switzerland is currently seeking to take up a seat for the 2023–24 term.

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