

# Switzerland in Europe – a first rank partner

February 2023



## Common goals and values

**Switzerland is a reliable European partner.** As a committed member of the Council of Europe, OSCE and OECD Switzerland contributes to the promotion of democracy, the rule of law, human rights, stability and welfare in Europe and in the world.

**Switzerland maintains extensive and close ties with the EU and its Member States.** The EU has concluded more agreements with Switzerland than with any other third country (>100) covering a wide range of policy fields, including but not limited to: internal market (free trade, free movement of persons), internal security and asylum (Schengen/Dublin), transport (overland transport and civil aviation), cooperation in tax matters, research, environment, statistics, etc.

Switzerland maintains long-standing **development cooperation** with countries outside the EU in Eastern Europe and the Balkans (close to 3 billion CHF for the Western Balkans since 1995). Moreover, Switzerland has carried out numerous projects to reduce economic and social inequalities within the EU with a **cohesion contribution** of 1.3 billion CHF to the 13 Member States that joined the EU since 2004. Switzerland will continue this commitment with a **second Swiss contribution** in the same proportion. A Memorandum of Understanding between Switzerland and the EU sets out some benchmarks for Switzerland's second contribution. Switzerland will work directly with the partner countries to implement the projects, i.e. implementation will happen on a bilateral basis.

Switzerland shows solidarity with its European partners in addressing challenges related to **migration**. During the 2015/ 2016 migrant crisis, Switzerland volunteered to participate in the relocation and resettlement mechanisms set up by the EU. In addition, Switzerland provides financial and personnel support to the European Asylum Support Office (EASO, now EUAA) and voluntarily contributed 5 million CHF to the “*EU Emergency Trust Fund for Africa*”. Within the framework of its association to **Schengen and Dublin**, Switzerland advocates for common European solutions in the areas of security and migration and a credible asylum policy at a European level. It is actively involved in strengthening the common Schengen area by seconding Swiss experts.

Switzerland contributes to the **promotion of peace, stability and security in Europe**. It regularly participates in EU and OSCE election observation missions. Among third countries, Switzerland is the **fourth largest contributor** of experts to EU missions. It is currently supporting the EU peace-building missions EULEX Kosovo or EUFOR Althea with over 20 Swiss army personnel in Bosnia-Herzegovina. Switzerland also seeks to participate in the civilian EU mission in Iraq (EUAM Iraq). In addition, Switzerland has deployed almost 200 Swiss Armed Forces personnel in NATO KFOR in Kosovo. Moreover, five Swiss nationals were deployed on civilian missions to the OSCE Special Monitoring Mission in Ukraine before this mission was suspended due to a Russian veto. Switzerland is prepared to continue to make a similar contribution to stability in Ukraine in the future.

Switzerland also provides **good offices** to parties in conflict. This can take the form of mediation (e.g. dialogue Belgrade-Pristina), hosting negotiations (e.g. Iran/JCPOA, talks on Cyprus), supporting ongoing peace processes (e.g. the Berlin process on Libya) and – on the basis of protecting power mandates – representing the interests of states that have broken off diplomatic relations (e.g. Georgia/Russia).

In general, Switzerland coordinates its **foreign policy** with the EU's foreign policy. It generally supports the EU's sanctions policy and applies a large majority of EU sanctions. At the international level, Switzerland works closely with the EU and its Member States, particularly in the areas of security, development cooperation, humanitarian policy and human rights and peace policy.

## Shared values also in the context of the conflict in Ukraine

Switzerland also demonstrates that it is part of a **community of values with the EU** in the context of Russia's military aggression against Ukraine. It condemns Russia's aggression in the strongest possible terms and it has adopted the EU's **sanctions** against Russia and Belarus. At the same time, Switzerland is actively providing **humanitarian aid** in Ukraine – through direct funding in Ukraine and the region, by providing relief supplies and by sending experts to the afflicted areas.

With the organisation of the **Ukraine Recovery Conference** (URC 2022) on 4-5 July 2022 in Lugano, which was co-hosted with Ukraine, Switzerland has put its expertise, its commitment and its special position as a neutral country at the service of Ukraine and the European continent.

Switzerland also shows solidarity with respect to **persons fleeing the conflict in Ukraine**. It has activated the "S" protection status for those persons. This largely corresponds to the solution that the EU Member States adopted.

## Close and intensive relations

Switzerland is one of the EU's **top economic partners**<sup>1</sup>:

- **Trade in goods:** In 2021, Switzerland is the EU's **4<sup>th</sup> partner** – behind China, the USA, and the UK with a share of ~6.5% of total EU trade. Total trade of goods amounts to about 1 billion CHF (almost 1 billion EUR<sup>2</sup>) per working day.<sup>3</sup> In 2021, the EU benefited from a trade surplus of ~33 billion EUR.
- **Trade in services:** In 2021, Switzerland was the EU's **3<sup>rd</sup> partner** - behind the USA and the UK with a share of ~9% of the EU's trade in services amounting to ~175 billion EUR.
- **Foreign Investment:** In 2020, Switzerland was the **3<sup>rd</sup> foreign investor** in the EU-27 behind the USA and the UK with over 690 billion EUR in direct investments (over 9% of all direct investments from outside the EU). Inversely, Switzerland is the **3<sup>rd</sup> destination** for EU foreign investment (922 billion EUR).

The Swiss and EU **labour markets** are closely linked: Around 1.5 million EU/EFTA citizens reside resp. work in Switzerland. This corresponds to about 16.5% of Switzerland's total population. 8% of all EU/EFTA citizens who migrated to another State within the EU/EFTA area live in Switzerland. In addition, more than 350,000 people commute to Switzerland from the EU, and over 200,000 persons from the EU/EFTA area are subject to registration each year. On the other hand, about half a million Swiss citizens reside resp. work within the EU, which accounts for 57% of Swiss living abroad.

With the construction of the **transalpine railway network "NEAT"**, Switzerland invested around 23 billion CHF (over 21 billion EUR) in order to extend transport capacities and ensure smooth trade within the EU's internal market. A key component of this alpine corridor is the world's longest railway tunnel: the Gotthard Base Tunnel. The inauguration of the Ceneri Base Tunnel in mid-December 2020 marked the completion of the NEAT. Switzerland will also contribute around 148 million CHF (over 135 million EUR) to the expansion of the Lötschberg-Simplon axis on the Italian side by 2028.

Switzerland and the EU have long engaged in successful cooperation in **research and innovation**, which Switzerland intends to continue. The Federal Council is aiming for a full Swiss association to the current generation of EU programmes in research and innovation and thus to the whole Horizon package (Horizon Europe, Euratom, ITER, DEP) as well as to Erasmus+.

## Close partnership also proved its worth in the COVID-19 crisis

A close cooperation with the EU and its Member States as well as a rapid **integration of Switzerland into EU crisis management mechanisms** have proven to be important factors in order to manage the COVID-19 crisis. This has confirmed the importance of the bilateral agreements between Switzerland and the EU for both sides, in particular the association to Schengen (notably to ensure supply and patient security).

The **crisis management support** provided by Switzerland includes repatriation flights, admission of emergency patients and delivery of medical equipment – to Italy, for example, or by supporting Greece with humanitarian aid to migrants and refugees.

---

<sup>1</sup> Source: Eurostat, 27.04.2022

<sup>2</sup> Currency conversions in brackets are based on the average exchange rate in 2021

<sup>3</sup> Source: based on Swiss-Impex

## Continuing the bilateral approach

As the facts and figures presented in this document show, the partnership between Switzerland and the EU is a close and mutually beneficial one. It is built on a broad network of over 100 bilateral agreements – more agreements than the EU has with any other third country – and cooperation works very well overall. The Swiss Federal Council intends to **continue the tried and tested “bilateral approach”** with the EU.

With a view to maintaining relations that are good, stable and in the interest of both parties, the Federal Council defined in February 2022 the general direction of a **negotiation package with the EU**. Switzerland intends to address the open issues in its overall relations with the EU within a broad package approach. This includes, among other things, the full application of the bilateral internal market agreements, including the possibility of timely updates of these agreements in the event of relevant EU legal developments. The possibility of Switzerland's association to EU programmes, especially in the areas of research and education, should also be guaranteed. Finally, the conclusion of new agreements (e.g. in the areas of electricity, food safety and health) as well as the continuation of the partnership based on shared values and solidarity to promote security, peace and democracy in the world are also part of the package.

This broad package approach also addresses the **EU's concerns**. These include institutional elements such as the dynamic adoption of law and the settlement of disputes, whereby solutions must be found here that safeguard the essential interests of Switzerland. These elements should be regulated in the individual internal market agreements. The question of regulating state aid with regard to the agreements on air transport and electricity should also be settled. Switzerland is furthermore prepared, within the framework of this negotiation package, to consider the demand by the EU to continue the Swiss contribution on a regular basis.

In parallel, the examination of existing regulatory differences between Swiss and EU law was continued. This was done with the aim of ensuring the good functioning of the internal market agreements and reducing possible frictions.

The **package approach** proposed by Switzerland allows concerns from both sides to be linked and placed in the broader context of Swiss-EU relations. This should facilitate a **mutually beneficial balance of interests** between Switzerland and the EU. On the basis of this proposal, Switzerland and the EU are currently holding **exploratory talks**. The aim is to clarify whether there is sufficient common ground to open formal negotiations.