Switzerland’s European policy

November 2018
Content

1. Switzerland at the heart of Europe
2. The bilateral approach
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4. State of affairs
A close partnership

• Most important **political** and **economic** partner

• **Geographical** proximity: at the heart of Europe

• **Cultural** proximity: three out of four Swiss national languages are spoken within the EU.
Switzerland's involvement in Europe

• Participation in the Council of Europe and OSCE
• Construction of the transalpine rail link (NEAT)
• Peace missions
• Swiss contribution to selected EU states
Swiss contribution to selected EU states

• Independent contribution by Switzerland to help reduce economic and social disparities in Europe

• Support for selected, concrete projects monitored by Switzerland

• Continuation of efforts since the 1990s (transition cooperation) and of the 2007 contribution to the members states of the enlarged EU

► Importance for Switzerland:

• Strengthens stability in Switzerland's European neighbourhood

• Investment in economic partners

• Focus on Switzerland's strengths and interests (vocational education and training, migration)
Steps for new Swiss contribution

- **November 2017**: Federal Council decision: Groundwork for new independent contribution to selected EU states: CHF 1.302bn over 10 years
  - Framework credit for 'cohesion': CHF 1.102bn (focus on vocational education and training)
  - Framework credit for 'migration': CHF 200m

- **March – July 2018**: Consultation on a further Swiss contribution

- **28 September 2018**: Approval of the bill by the Federal Council and transmission to the Parliament

- **Parliament**: Final decision/approval of the framework credit for the contribution
Foreign population in Switzerland 2017

- Total population: 8,484,130
- Foreign nationals: 2,126,392
- Cross border commuters: 315,848

Sources: State Secretariat for Migration SEM & FSO
Swiss citizens abroad 2017

- EU-28: 451,750
- America: 179,729
- Other states: 120,314

Total: 751,793

Source: FDFA, Statistics on Swiss abroad 2017
Intense economic relations CH–EU

Trade 2017
- CHF 133bn (71% of CH imports)
- CHF 117bn (53% of CH exports)

Direct investment 2016
- CHF 756bn
- CHF 634bn

Services 2017
- EUR 41bn
- EUR 52bn

Sources: Swiss-Impex, SNB
Foreign trade with neighboring countries 2017 (bn CHF)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR</td>
<td>14,0</td>
<td>14,7</td>
</tr>
<tr>
<td>DE</td>
<td>41,6</td>
<td>52,3</td>
</tr>
<tr>
<td>AT</td>
<td>6,7</td>
<td>7,8</td>
</tr>
<tr>
<td>IT</td>
<td>14</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Swiss-Impex
Comparison of the trade volume 2017 (bn CHF)

- **Baden-Württemberg**: 34.5
- **USA**: 46.5
- **China**: 24.4
- **Russia**: 3.6
- **EU**: 249.5

Sources: Swiss-Impex, Federal Statistical Office (DE)
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The bilateral approach

- CH–EU relations: bilateral sectorial agreements
- Tailor-made contractual solutions
- No co-decision rights for Switzerland at EU level
- Institutional independence of Switzerland
## Bilateral approach: crucial votes

<table>
<thead>
<tr>
<th>Year</th>
<th>Result</th>
<th>Percentage</th>
<th>Vote for</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>No</td>
<td>50.3%</td>
<td>to the European Economic Area (EEA)</td>
</tr>
<tr>
<td>1997</td>
<td>No</td>
<td>74.1%</td>
<td>to the initiative «EU membership negotiations: Let the people decide!»</td>
</tr>
<tr>
<td>2000</td>
<td>Yes</td>
<td>67.2%</td>
<td>to Bilaterals I</td>
</tr>
<tr>
<td>2001</td>
<td>No</td>
<td>76.8%</td>
<td>to the initiative «Yes to Europe!»</td>
</tr>
<tr>
<td>2005</td>
<td>Yes</td>
<td>54.6%</td>
<td>to Schengen/Dublin (Bilaterals II)</td>
</tr>
<tr>
<td>2005</td>
<td>Yes</td>
<td>56.0%</td>
<td>to the extension of the free movement of persons (FMP)</td>
</tr>
<tr>
<td>2006</td>
<td>Yes</td>
<td>53.4%</td>
<td>to cooperation with the countries of Central and Eastern Europe</td>
</tr>
<tr>
<td>2009</td>
<td>Yes</td>
<td>59.6%</td>
<td>to the continuation and extension of the FMP</td>
</tr>
<tr>
<td>2014</td>
<td>Yes</td>
<td>50.3%</td>
<td>to the initiative «Stop mass immigration»</td>
</tr>
<tr>
<td>2014</td>
<td>No</td>
<td>74.1%</td>
<td>Ecopop initiative</td>
</tr>
</tbody>
</table>
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The bilateral agreements

• Reciprocal market access / legal harmonization / mutual recognition
• Cooperation / participation programmes
• Fiscal issues

Bilateral approach as a recipe of success
The first bilateral agreements

1972  Free trade of industrial products
      Abolition of obstacles to trade (duties, quotas) for industrial products

1989  Insurance
      Equal rights of establishment for insurance companies (excluding life insurances)

1990  (completely revised, 2009)
      Customs facilitation and security
      Regulation of controls and formalities in goods transport (24-hour rule)

► Relevance: Mutual market access
Bilaterals I (1999)

1. Free movement of persons
2. Technical obstacles to trade
3. Public procurement market
4. Agriculture
5. Research
6. Civil aviation
7. Overland transport

▶ Relevance: Easier access to labour, goods and service markets
Bilaterals II (2004)

1. Schengen/Dublin
2. Taxation of savings
3. Fight against fraud
4. Processed agricultural products
5. MEDIA (Creative Europe)
6. Environment
7. Statistics
8. Pensions
9. Education, vocational training, youth

► Relevance: Enhanced cooperation in other areas, improved economic environment
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Initiative «Stop mass immigration»

- Adoption on 9 February 2014 with 50.3% of the votes and the majority of the cantons
- Core elements according to the new Art. 121a Cst
  1. Switzerland autonomously regulates immigration
  2. a) Restriction of residence permits through annual quantitative limits and quotas
     b) The right to permanent residence, family reunification and social benefits may be limited
  3. a) Quantitative limits and quotas must be geared towards Switzerland's overall economic interests
     b) Businesses must give priority to persons already resident in Switzerland when hiring staff
  4. No treaties of international public law that infringe the article
  5. Details to be defined at the legislative level
Steps to implement the 'Stop Mass Immigration' initiative

1. 'Yes' vote to federal popular initiative 'Stop Mass Immigration'
2. Parliament passes amended Foreign Nationals Act for the implementation of Art. 121a of the Federal Constitution
3. Federal Council adopts amendments to the ordinance
4. Amendments to the act and ordinance enter into force
Legislative amendments to implement Art. 121a of the Federal Constitution

- Legislative amendments to implement Art. 121a of the Federal Constitution are in conformity with the Swiss-EU Agreement on the Free Movement of Persons (AFMP).
- The amendments to the ordinance came into force on 1 July 2018 alongside the amendments to the act adopted on 16 December 2016.

► Obligation to give notice of job vacancies

- Obligation to give notice of job vacancies in professions in which the Switzerland-wide unemployment rate is 8% or higher (from 1.7.2018) or 5% or higher (from 1.1.2020).
- Only unemployed people registered at Swiss public job centres must have access to information about these job vacancies for the first five working days after publication.
- The public job centres will pass on suitable applications to employers within three working days; job seekers are invited to an interview or suitability assessment.
Institutional issues

- **Aim**: In the framework of the institutional issues, Switzerland and the EU discuss mechanisms for applying the existing and future bilateral agreements in a more uniform and effective manner.
Four aspects of the institutional issues

- **Harmonisation of legislation**: What procedures should be employed to adjust agreements to new legal developments in the EU acquis?
- **Supervision**: How can the consistent application of the bilateral agreements be ensured?
- **Interpretation**: How can the consistent interpretation of the bilateral agreements be ensured?
- **Dispute settlement**: By what procedures should disputes between Switzerland and the EU be settled?
State of affairs

Harmonisation of legislation

Draft mandate and consultation

Negotiations

Mandate CH–EU

Parliament, popular vote

Political decision

Supervision

Interpretation

Dispute settlement
Further information

Switzerland’s European policy
www.fdfa.admin.ch/europe_en

Free movement of persons
www.personenfreizuegigkeit.admin.ch (German)