



Schweizerische Eidgenossenschaft  
Confédération suisse  
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# China Strategy

## 2021–24



Foreign Policy Strategy  
2020–23



**China Strategy**  
2021–24

This report was approved by the Federal Council on 19 March 2021. It is a geographical follow-up strategy to the [Foreign Policy Strategy 2020–23 \(FPS 2020–23\)](#). In accordance with objective 6.4 of the FPS 2020–23, Switzerland has updated its China Strategy and is setting up interdepartmental coordinating bodies to improve coherence. The report also responds to the postulate of the National Council Foreign Affairs Committee FAC-N ([20.4334](#)) and the Nidegger motion ([20.3738](#)) (see Annex).

# Foreword

Diplomatic relations between the People's Republic of China and Switzerland began more than seventy years ago, on 14 September 1950. Despite ideological differences and divergent political, social and economic systems, the Federal Council had concluded that cooperation would be worthwhile. This made Switzerland one of the first western nations to take this step.

Today, China is Switzerland's third-largest trading partner after the European Union and the United States, and one of the global priority countries for Swiss foreign policy. Economically and politically, China has become a leading power. Switzerland seeks to cooperate at both the bilateral and multilateral levels to safeguard its own interests and to further global solutions to the urgent challenges of our time. Approximately one thousand Swiss companies operate in China. The Federal Council is committed to ensuring that their operating framework is fair and reliable.

Swiss interests also include values such as democracy, the rule of law and human rights. These are key to the functioning of the Swiss model of success, and the basis for flourishing foreign relations. Switzerland and China frequently do not see eye to eye where these values are concerned, making dialogue about our differences all the more important.

The global balance of power is shifting, with the geopolitical rivalry between the US and China one of the factors holding increasing sway over international relations. The political situation around the world is currently volatile and unpredictable. The Federal Council has incorporated these dynamics into this Strategy, while maintaining the flexibility needed to respond to future developments.

This Strategy represents the continuation of Switzerland's independent policy on China. Switzerland remains committed to cooperation and to dialogue. As a neutral state, and as host to many international organisations, Switzerland sees itself as a bridge-builder. It remains committed to upholding international law and rules-based multilateral cooperation.



There are many facets to Switzerland's policy on China. Within the scope of their particular responsibilities, all seven federal government departments have contact with the country. Cantonal and city authorities, higher education institutions, private-sector companies, trade associations and think-tanks maintain often close relations with partners in China. Federalism and local decision-making are Swiss strengths that must be preserved. With this China Strategy, the Federal Council aims to honour this diversity, while improving coordination and thereby strengthening policy coherence.

Pioneering spirit and pragmatism, in addition to a strong stance in the defence of Swiss interests and values, have moulded Switzerland's policy on China for seventy years. They will continue to do so.

A handwritten signature in black ink, which appears to read 'Cassis' with a stylized flourish extending to the right.

Ignazio Cassis  
Head of the Federal Department of Foreign Affairs

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# Summary

**China is a major international actor.** It has developed rapidly in recent years, and has become a major global power. Long-term state planning remains a very important part of China's economy. For example, the Chinese government recently published a bundle of strategies as the foundation of its advancement to global technological leadership in ten key sectors, and expanded influence around the world.

**China is a de facto one-party state.** Authoritarian tendencies have increased in recent years, as have the repression of dissenting voices and the persecution of minorities. China is also demanding a greater say in international organisations, and is setting about changing the rules of international cooperation to suit its own interests. Tensions between China and the US are on the rise, while the EU is becoming increasingly insistent that China abide by the established rules. These growing geopolitical rivalries limit the scope for international cooperation. None of this benefits Switzerland. As a medium-sized power with an open, export-oriented economy, Switzerland has a direct interest in a broadly accepted international order and effective multilateral organisations.

**Switzerland has a 70-year history of cooperation with the People's Republic of China.** Relations have been characterised by a pioneering spirit, flexibility and openness, as well as mutual respect for the two countries' differing political, social and economic systems. Today, China is Switzerland's third most important trading partner, a relationship founded on a free trade agreement, an innovative strategic partnership, and dozens of channels for dialogue, including on human rights.

**Cooperation with China remains guided by Swiss interests and values.** The Federal Council firmly believes that Switzerland can most effectively continue to safeguard its interests and values through constructively critical dialogue and broadly diversified relations with China. Switzerland wants to build bridges, seize opportunities and discuss problems openly. Departing from the current policy on China would not have a positive effect on domestic policy developments in China. It would, however, harm Swiss interests and fuel uncertainty about Switzerland's foreign policy positioning.

The Strategy identifies the principles, focus areas, objectives and measures of Swiss policy on China. The focus areas are derived from the Federal Council's [Foreign Policy Strategy 2020–23](#)  (FPS 2020–23). They are as follows:

1. **Peace and security**
2. **Prosperity**
3. **Sustainability**
4. **Digitalisation**

In seeking cooperation with China, Switzerland has specific aims in mind. Wherever possible, it will act as an intermediary to unite Chinese and western attitudes for the benefit of all, as well as to preserve and enhance common standards. The primary aim here is to maintain the liberal international order. Switzerland will not shy away from criticism when the situation warrants it, however, coordinating with states representing similar values and interests. European states, in particular, are the obvious partners in this respect.

**The Federal Council wishes to strengthen coherence within the federal system.** The Strategy provides a reference framework. It cannot anticipate individual future policy decisions, however. Implementing the China Strategy is part of the Federal Council's agile approach to foreign policy. Switzerland's China knowledge base both within and outside the Federal Administration is to be expanded. The Federal Council is improving the coherence of its policy here by creating new federal-level coordinating bodies. The Interdepartmental Working Group on China incorporates federal agencies working on China-related issues from all seven government departments. The federal government is also stepping up information exchange with non-federal actors which play an important role in shaping relations with China, such as Parliament, the cantons, academia, the private sector and civil society.

# 1 Why a China Strategy?

Few other countries have changed as much as China over the past three decades. The country has become a driver of the global economy, and a major power with far-reaching geopolitical ambitions. China's growing political influence around the world is also changing the framework for international relations. It is gaining sway within multilateral organisations, there are signs of a period of strategic competition between China and the US, and systemic rivalries between China and the European Union are increasingly coming to the fore. This is the background informing Switzerland's policy on China.

Today, China has an important part to play if Switzerland is to achieve the objectives that it has set for itself in all four focus areas of the [FPS 2020–23](#) – peace and security, prosperity, sustainability and digitalisation. Its economic significance is the most striking of all. China is Switzerland's third-largest trading partner after the EU and the US. Some one thousand Swiss companies in sectors such as engineering, services and consumer goods have invested in China. Prior to the COVID-19 pandemic, Chinese tourists spent a total of more than one million hotel nights a year in Switzerland.

As Switzerland and China become increasingly connected, some areas of Swiss-China relations have become more complicated in recent years. Differing values are coming to light more frequently and more clearly than before.

Meanwhile, Switzerland's commitment to democracy, the rule of law, human rights and a liberal international order remains central to its foreign policy. This means that, where China specifically is concerned, Switzerland increasingly faces conflicting objectives.

Coherence is becoming increasingly important, especially given the steady rise in the number of actors in Switzerland who maintain contact with China and thus help to shape Switzerland's policy on China in the broader sense. It must be recognised, however, that Switzerland's China expertise ([Glossary](#)) is still underdeveloped in many areas. The Strategy provides a reference framework for the next four years. At the same time, it offers a starting point for better coordination and information exchange on Switzerland's policy on China.

As a geographical follow-up strategy to the [FPS 2020–23](#), this China Strategy covers the 2021–24 period (Figure 1).

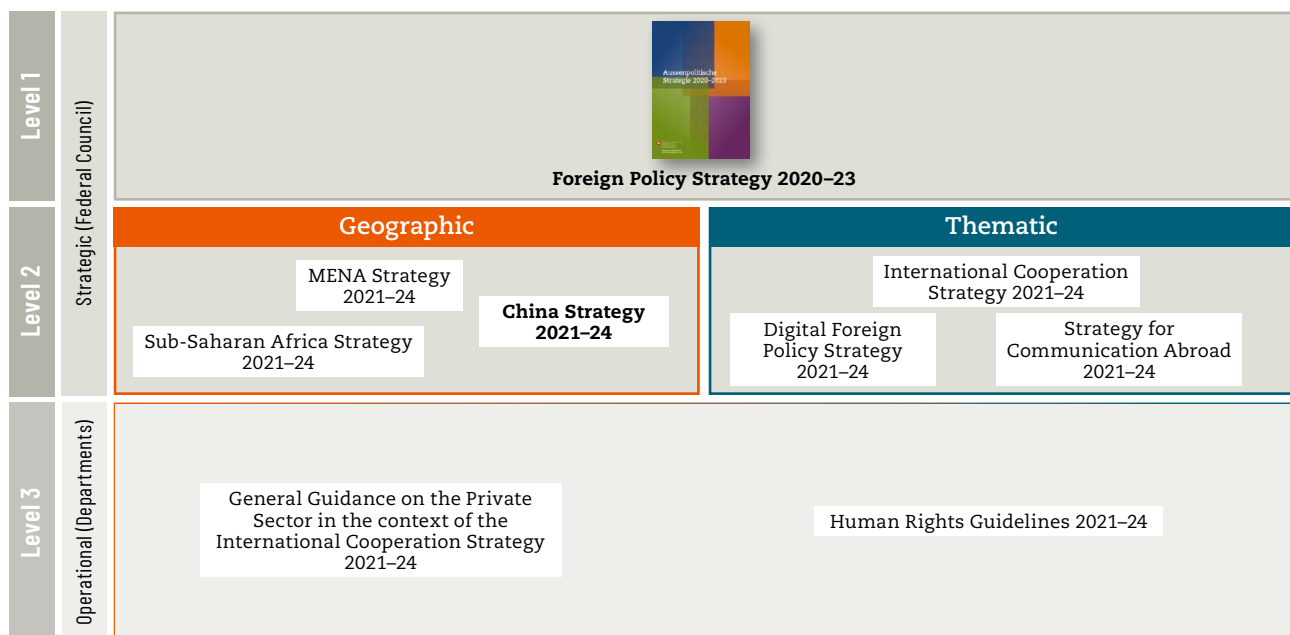


Figure 1: Foreign policy strategy cascade (source: FDFA – selection of documents illustrating the three levels).

# 2 Geopolitical overview

## 2.1 A new world power

The Chinese economy has grown exponentially over the past 40 years. In 1980, Chinese gross domestic product (GDP) was less than half that of Switzerland, whereas today it is 40 times higher. China has advanced to become the world's second-largest economy, and has even overtaken the largest – the US – in terms of purchasing power.<sup>1</sup>

Although per-capita GDP is currently still only around 25 per cent that of the US, China is already a global economic power. The country accounts for more international trade than any other, and the world's four largest banks (in terms of total assets) are also Chinese and of systemic importance globally.<sup>2</sup> The Chinese currency is still of only modest importance internationally, but in the longer term the renminbi has the potential to establish itself around the world as both a means of payment and a store of value.

The Chinese government aims to regain the slice of the global economy that it believes is the country's due in view of its size and its history (Figure 2). Although economic growth has slowed markedly in the past few years (Figure 3), unlike many other nations China did not fall into recession in 2020 as a result of the COVID-19 pandemic. Its share of the global economy will expand further in the years to come.

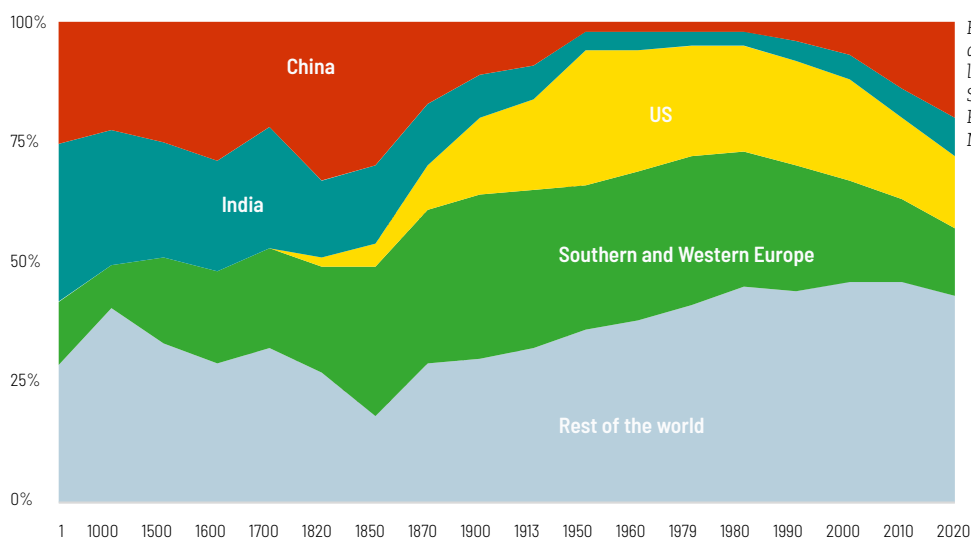


Figure 2: Proportion of global GDP accounted for by major powers or geopolitical regions over 2,000 years (sources: Statistics on World Population, GDP; Per Capita GDP 1-2008 AD, Angus Maddison; from 2008: IMF).

1 Eurostat (EU Commission), [The 2017 results of the International Comparison Program: China, US and EU are the largest economies in the world](#), May 2020.

2 Financial Stability Board, [2020 list of global systemically important banks](#), November 2020.

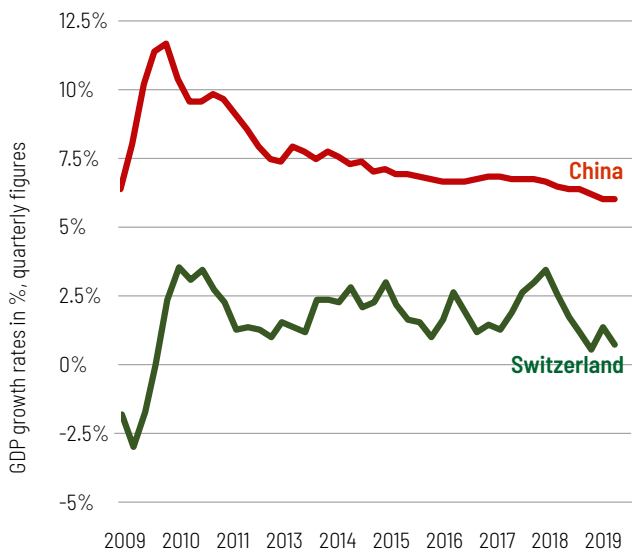


Figure 3: Quarterly growth rates in per cent for Chinese and Swiss GDP, real GDP, prior to COVID-19 (sources: National Bureau of Statistics of China, SECO).

The reasons for China’s rapid rise can be found in the Economic Reform and Open-Door Policy that the country introduced in 1978. The controlled, targeted opening up of Chinese markets, and the establishment of special economic zones, proved a huge draw for foreign investors. In addition, globalisation enabled China to position itself as a crucial link in many global value chains. In just a few decades, hundreds of millions of people were lifted out of poverty. China therefore makes a significant contribution to alleviating this global problem (Figure 4).

Long-held western hopes that China’s moves towards an open market economy and the creation of a prosperous middle class would also result in political liberalisation have not materialised, however. Neither trade nor the internet prompted any such change – on the contrary, recent years have seen the government’s authoritarian tendencies become more embedded. Chinese citizens have become wealthier, but no freer in terms of their political rights.

The Chinese model of government remains that of a de facto **one-party state** under the leadership of the Chinese Communist Party (CCP). The CCP dominates China’s state structures, and key decisions are made by Party bodies, which also control the People’s Liberation Army. There is no separation of powers between the executive, legislative and judicial branches of government, as in a liberal democracy (see Glossary: [Chinese system of governance](#)). Under the constitution, CCP rule is the central feature of ‘socialism with Chinese characteristics’. Damaging the socialist system is also prohibited under the Constitution.

Until the end of the Cold War, the world was divided into two conceptually different development models: the *free market economy* vs. the *planned economy*. Things have become rather more complex since then. Thanks to globalisation, the US, China and Europe are very tightly interwoven in all

respects – economically, scientifically, technologically and culturally. Some authors regard the Chinese model of development as state-permeated capitalism that stands in contrast to the US model of the free market economy and the European model of the social market economy.<sup>3</sup> Although this is a considerable didactic simplification, it illustrates societies’ search for new models of development for the 21st century.

**Political power** in China has become even **more centralised** since Xi Jinping became leader of the Party and head of state in 2012 and 2013 respectively. The ‘rejuvenation’ of the Chinese nation and culture, and the national cohesion that this would bring, are seen as important causes by the Chinese leadership. Social controls have also tightened. Scarcely any other state makes as much use of the possibilities of digitalisation, specifically artificial intelligence and big data methods, including social disciplining. Furthermore, the People’s Republic probably regulates its digital space more comprehensively than any other country: Access to ‘undesirable’ online content, foreign domain names and social media are banned, for example. CCP influence over education and research is also growing.

The rights of ethnic **minorities** – those of the Uighurs and Tibetans specifically, but also the freedoms accorded to religious groups – are under additional pressure. The human rights situation in China has deteriorated, and the passing of the ‘National Security Law’ in July 2020 means that restrictions on freedoms of speech and the media, as well as on democratic institutions, are also becoming increasingly noticeable in Hong Kong. Security and stability are therefore valued over personal freedoms.

China has instituted a range of measures to protect the foundations of its prosperity and power:

Firstly, the country’s economic growth model is being refocused, to reduce international dependencies while strengthening **domestic demand**. The share of China’s GDP accounted for by foreign trade contracted from over 60 per cent 15 years ago to 35 per cent in 2019.

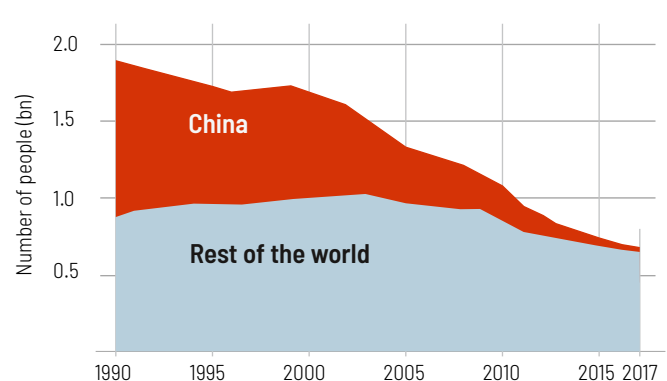


Figure 4: Number of people with purchasing power of less than USD 1.90/day (source: World Bank).

3 Tobias Ten Brink, Andreas Nölke, [Staatskapitalismus 3.0](#), 2013.



Secondly – and this is linked to the first point – China is well on its way to becoming a **global technology power**. The Chinese state and business sector are investing heavily in education, research and innovation. In 2019, China overtook the US for the first time as the country with the most international patent applications. It is a global market leader in robotics. With more than 4,400 applications, telecommunications group Huawei headed the individual company rankings for what was already the third successive year.<sup>4</sup> China has also caught up with the US with regard to the number of articles published in western scientific journals (Figure 5). Meanwhile, the Made in China 2025<sup>5</sup> strategy is intended to improve the quality of Chinese output. China is already a heavyweight in the production of low value-added items, but this strategy will shift the focus to more prestigious goods. Ten key industries have been identified to achieve this, including computer technologies, robotics, medicine and green technologies. Today, output by the IT and technology sector is already very high. China may well see the establishment of a major digital ‘ecosystem’ of large digital providers targeting ever-broader international expansion, that is also supported by protectionist industrial policy.

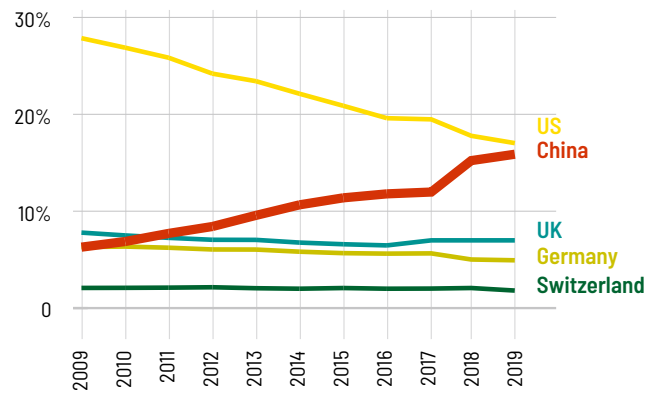
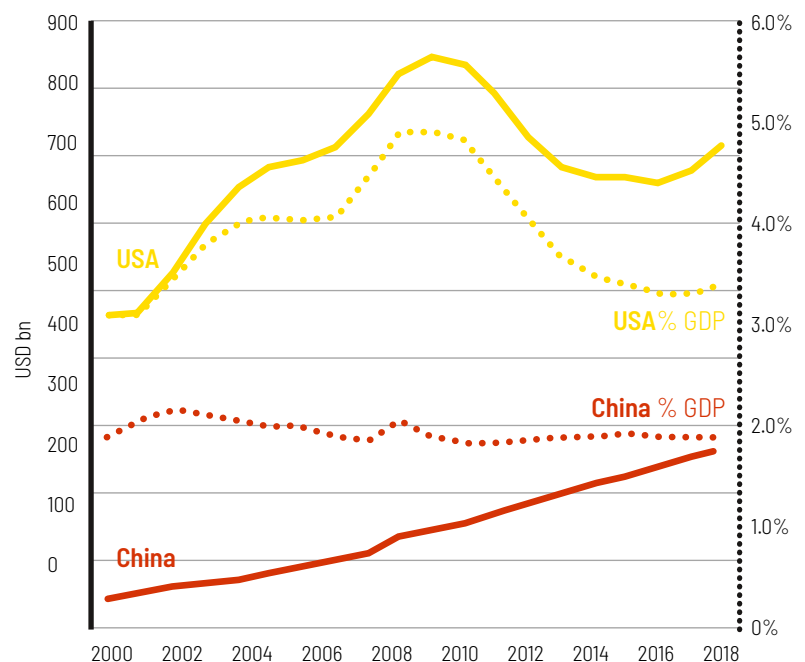


Figure 5: Percentage of articles cited in western scientific journals (source: SCImago).

Thirdly, China’s **military capabilities** are also catching up. The People’s Liberation Army (PLA) is developing increasingly into a modern armed force. Yet there are still gaps in these capabilities, and there remains a significant gulf between the PLA and the US military, which has more than 800 bases globally, not to mention a network of allies. That said, China’s military can now be effective beyond mainland China and, in the long term will be able to project its power strategically around the world. Compared with the US and Russia, China’s nuclear arsenal is very small, but is being expanded and modernised. Cyber assets are also gaining greater importance as part of Chinese military doctrine. The country is investing a great deal in the development of next-generation strategic weapons systems, for example. Chinese military spending is rising. It is second only to that of the US worldwide, although it remains steady as a proportion of GDP (Figure 6).

4 WIPO, *China Becomes Top Filer of International Patents in 2019 Amid Robust Growth for WIPO’s IP Services, Treaties and Finance*, April 2020.  
 5 Mercator Institute for China Studies, *Evolving Made in China 2025*, July 2019.

Figure 6: Military spending by China (estimates) and the US in real terms (left-hand scale) and as a proportion of GDP (right-hand scale) (source: SIPRI Military Expenditures Database, Stockholm 2020).



Under President Xi, China has come to see itself as a major power. Internationally, this manifests itself in a significantly more active foreign policy, and its demands to be respected on the world stage. According to the Chinese understanding, this marks the resumption of China's leading role in global politics – imperial China having reached a political and economic nadir in the age of European imperialism. The way in which the COVID-19 pandemic has been handled has given the country's political leadership an additional confidence boost. Today, the prevailing interests and geostrategic agenda of the People's Republic are increasingly global in nature.

Nevertheless, China also faces weighty internal challenges. Uncertainties surrounding future developments in world trade, an ageing society and high levels of domestic debt create a testing economic foundation for the years to come.

**Demographic shifts** are one such challenge. The Chinese population is not only the largest in the world (19% of the total), but also the fastest-ageing. Socially and economically, the rural exodus and accelerated urbanisation hold both advantages and disadvantages. Social inequality is also a perennial issue. Although the great majority of Chinese have benefited from the upswing of the past few decades, the differences in income distribution have become more marked.<sup>6</sup>

Finally, China's economic boom has been accompanied by massive **environmental problems**. Alongside local and regional environmental issues such as soil, air and water pollution, greenhouse gas emissions constitute a problem of global dimensions. Although Chinese emissions peaked in 2013, at around 28 per cent of the global total, the country is still the world's biggest CO<sub>2</sub> emitter. Placed in a per-capita context, however, emissions are on a par with those of European countries (Figure 7). Furthermore, while more than 80 per cent of China's energy mix consists of fossil fuels, President Xi has determined that the nation should become climate-neutral by 2060. China already invests more in renewable energies than any other country, and has become a pioneer in electromobility. If the country succeeds in attaining its ambitious climate targets, it would be an extremely important step forward in the global fight against climate change.

6 World Bank, [The World Bank in China: Overview](#); World Bank, [Data Bank: Poverty and Equity](#); Asian Development Bank Data Library, [People's Republic of China, Key Indicators](#).

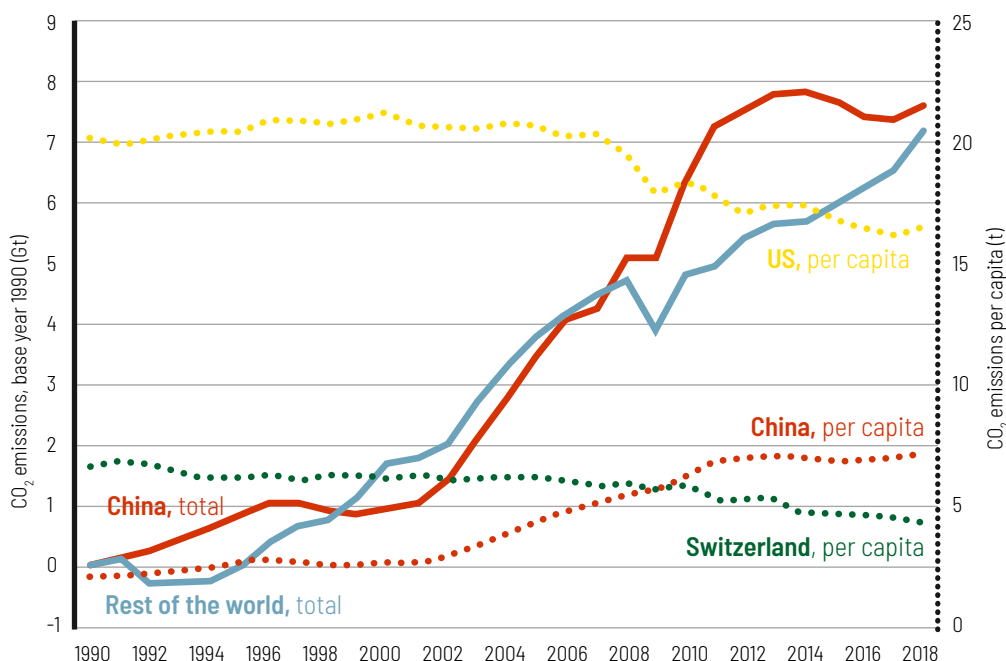


Figure 7: Total (left-hand scale) and per-capita (right-hand scale) CO<sub>2</sub> emissions by China compared with the rest of the world/US and Switzerland (source: World Bank World Development Indicators; Global Carbon Project).

## 2.2 International consequences

China is changing the world. More than other major powers, the People's Republic is playing a long game. China's economic dynamism and its increased political influence go hand in hand. The Chinese development model of prosperity without political pluralism – as opposed to liberal democracy – is gaining in appeal among the countries of the global South. This will have far-reaching consequences for the international order.

China has established itself as the largest bilateral trading and investment partner for many countries in Asia and Latin America, but also sub-Saharan Africa. Large-scale infrastructure projects financed or pre-financed by China not only allow the country access to natural resources, new markets and production capacity, but also offer development opportunities for the countries in which it invests. However, this

is also where differences emerge compared with the principles of development finance developed over decades by OECD donor states. Transparency is one example: the lack of public statistics means that little is known about the scope, conditionality and financing terms of investments. China has also been a reserved participant in the reforms concerning debt transparency and sustainability, structural adjustments and good governance measures that have been agreed with debtor countries under IMF and World Bank programmes, for example. Some beneficiary countries have become heavily financially dependent on China.

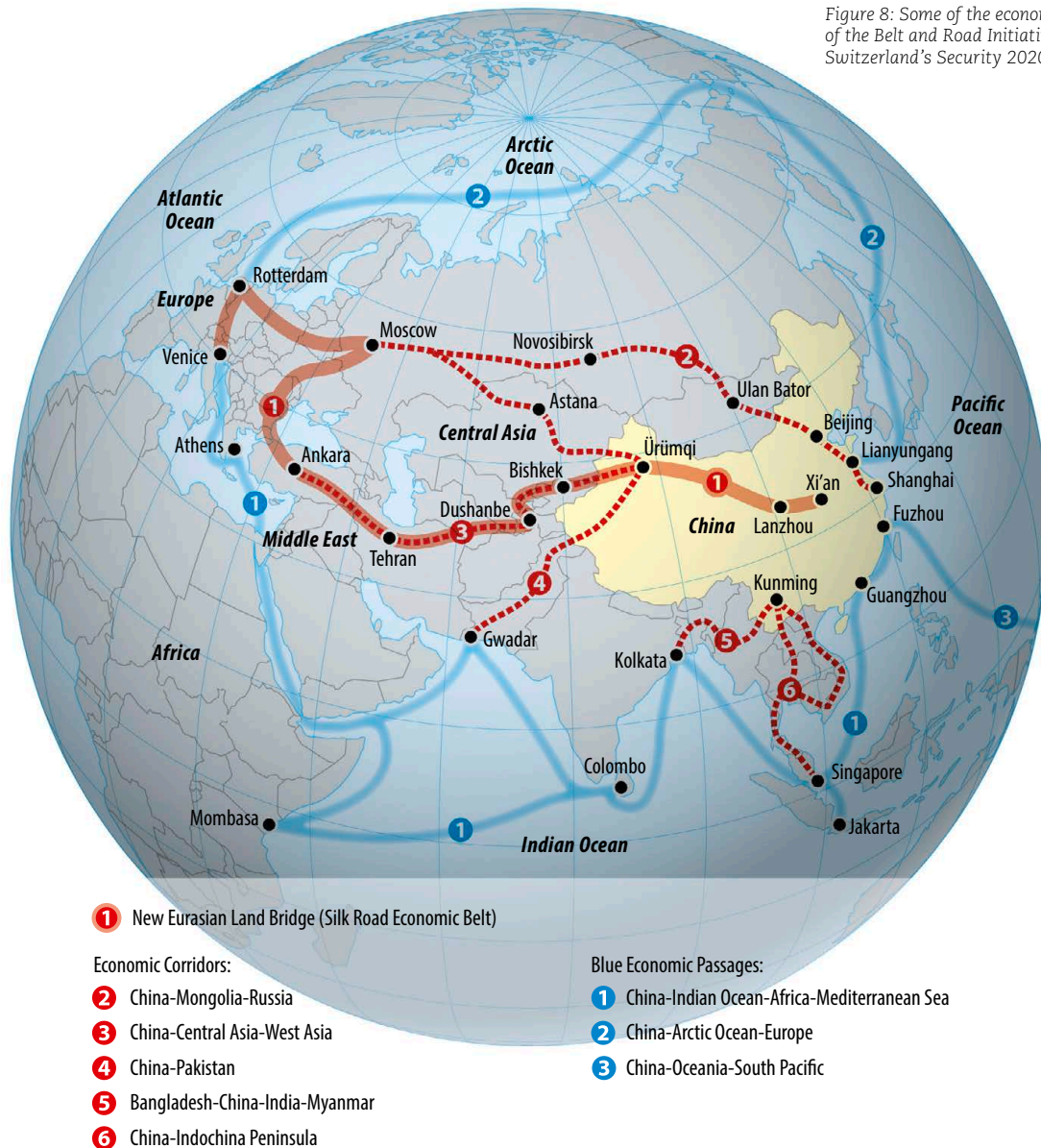


Figure 8: Some of the economic corridors of the Belt and Road Initiative (source: Switzerland's Security 2020, FIS).

The **Belt and Road Initiative** (BRI, see [Glossary](#)) launched by China in 2013 is a case in point. It embodies a development model with a global outlook, through which China is looking to brand its growing economic and geopolitical presence in the international arena, while strategically expanding and emphasising its leadership ambitions.<sup>7</sup> While not defined explicitly, the primary aim here is to speed up development in China's poorer western provinces, and to promote connectivity between regions – primarily Asia, Central Asia, Europe and Africa (Figure 8). Major infrastructure projects and coordinated economic and fiscal policy play a key role in this enterprise.

Unlike multilateral organisations, the BRI is not a grouping of members of equal status under international law, but a construct that focuses on China as its initiator, host and permanent chair. The potential problem here is that the application of internationally accepted standards is not negotiated and supervised to the same binding degree as it is within a multilateral framework. China takes a flexible approach to the actual implementation of this strategic programme's various elements.

Where **multilateralism** is concerned, China's role has changed markedly. The People's Republic now invests a great deal in existing multilateral fora. It participates more actively, takes on responsibility, and presents itself as bolstering the status quo. China's share of United Nations funding has risen sharply over the past decade (Figure 9), but its support for the various UN bodies is selective. Of the five veto powers on the UN Security Council, China also supplies the most troops for peacekeeping missions. It is still under-represented among UN Secretariat staff, but is the only country to provide the directors of four of the total of 15 UN specialised agencies.

Within the WTO, China continues to benefit in most areas from its status as a developing country. To date it has yet assumed only limited responsibility for upholding and extending multilateral trading rules. China sometimes features among one of the ten largest donor states to multilateral development banks, such as the World Bank Group's International Development Association. The country nonetheless remains a major borrower, giving it an unusual dual role in these institutions. Furthermore, China is initiating new governance structures. For instance, in 2015 China launched a new multilateral development bank, the Asian Infrastructure Investment Bank (AIIB), which is increasingly expanding its operations beyond Asia.

China is also using this growing influence to reshape the multilateral system to its own benefit. For example, Beijing is reinterpreting the norms of the current international order in line with its own social and development model. This is becoming especially clear where human rights are concerned. China is also committed to restricting the access of civil society actors to international organisations.

The expansion of China's power and the country's robust defence of its own interests is fuelling the trend towards further fragmentation in the international order. Its rapidly broadening influence within the UN system is also linked to the United States' recent unwillingness to take on a multilateral leadership role to the same extent as it once did. The growing rivalry between China and the US makes reforming and strengthening the multilateral system an even more arduous task.

<sup>7</sup> NDRC, MFA, MOFCOM, [Vision and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup>-Century Maritime Silk Road](#), March 2015.

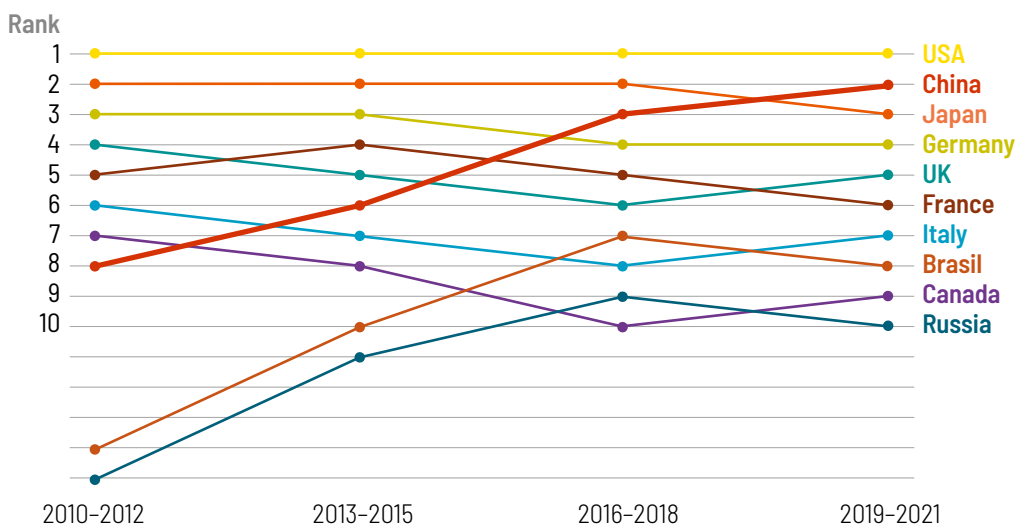


Figure 9: Rankings of the ten largest contributors to the regular UN budget since 2010 (source: UN).

Indeed, there has been a striking change in **US policy towards China**. Washington no longer describes Beijing as a partner, but as “strategic competitor”, with scepticism on the rise on both sides of the congressional aisle. Under the Trump administration, both the US and China imposed a raft of tariffs, sanctions and bans that will make it more difficult to maintain global value chains. Given how closely interconnected the two national economies are, it is difficult to imagine their becoming entirely decoupled, which could be done only at immense cost. That said, a *partial* decoupling is already in progress, in new technologies and strategic goods such as microchips, for example.

It is too early to say how far global governance will fragment further, and whether the existing standards areas – each with their own value system, industrial standards and payment systems – will move further apart. There would be far more losers than winners from the creation of such blocs to the detriment of multilateral solutions. It does, however, seem realistic to assume tougher competition between the US and China that will extend beyond the current level of their trade and technology conflicts.

An elevated risk of escalation exists along China’s maritime periphery, in particular. In the South China Sea, Chinese territorial claims collide with other countries and with demands from the US and many other states for free access to the world’s oceans. The Taiwan issue still has the capacity to become a conflict, while an increase in tensions at the land border with India can also be observed.

The **European Union** has the potential to position itself as a third major global power. European unification has been a response to the fact that the world long since ceased to be Eurocentric. Together, the states of Europe could carry the necessary weight to defend European values and interests in the global arena. Meanwhile, Differing national positions often stand in the way of an effective, shared EU foreign policy,

EU states have nonetheless been able to agree on common principles where China is concerned, taking a much less confrontational stance than the US. In its strategy paper, the EU describes China as “simultaneously a partner, an economic competitor and a systemic rival”. It calls for respect for multilateral standards and insists on greater reciprocity.<sup>8</sup> Rather than decoupling, the aim is interest-led cooperation in accordance with international rules. Various EU member states have already adopted China strategies with similar areas of emphasis.<sup>9</sup> The Comprehensive Agreement on Investment (CAI), concluded between the EU and China in December 2020, was an attempt by the European Commission to reinforce these principles and to ameliorate economic terms for investors. Many companies in the Chinese market continue to

face legal uncertainty and arbitrary treatment, infringements of their intellectual property rights and breaches of data and privacy protections, as well as forced technology transfer. The Chinese economy remains dominated by the state and state-controlled or state-subsidised enterprises, which can lead to significant distortions in competition. The market shares of foreign service providers in China are still very low.

For its part, China now has a much greater presence in Europe than it did a decade ago. It has bilateral partnerships with many countries, and pursues a regional cooperation format with eastern and central-eastern states (China-CEEC or ‘17+1 mechanism’). Direct Chinese investment in Europe has amounted to more than USD 400 billion since 2005, although figures have been declining since 2017. In several states, Chinese companies have invested in infrastructure.

As in the US, public opinion about China has worsened in many European states. Long-term surveys reveal a clear trend.<sup>10</sup> The view that Europe needs a more consistent and more enforceable policy towards China has gained ground within the EU and its member states. The EU is therefore working to create greater coherence, even in areas that lie within the member states’ own authority. Its efforts are bearing fruit. For instance, in 2019 it created a standard framework for reviewing foreign direct investment in critical infrastructures. This is now being implemented at member state level. Despite this success, diverging national positions on the question of authorising Chinese 5G ([Glossary](#)) technology are just one example of the persistent difficulties in formulating a common policy on China.

The extent to which an independent European or stronger transatlantic position on China will crystallise also remains open. The new European Green Deal growth strategy presented by the European Commission is based on a fair and prosperous society with a modern, resource-efficient and competitive economy, and serves as an example of a European approach that distinguishes itself from the fundamental approaches of both the Chinese and the Americans. There are nonetheless a number of areas, for instance shared values such as personal political freedoms, in which Europe and the US can be expected to fall into step.

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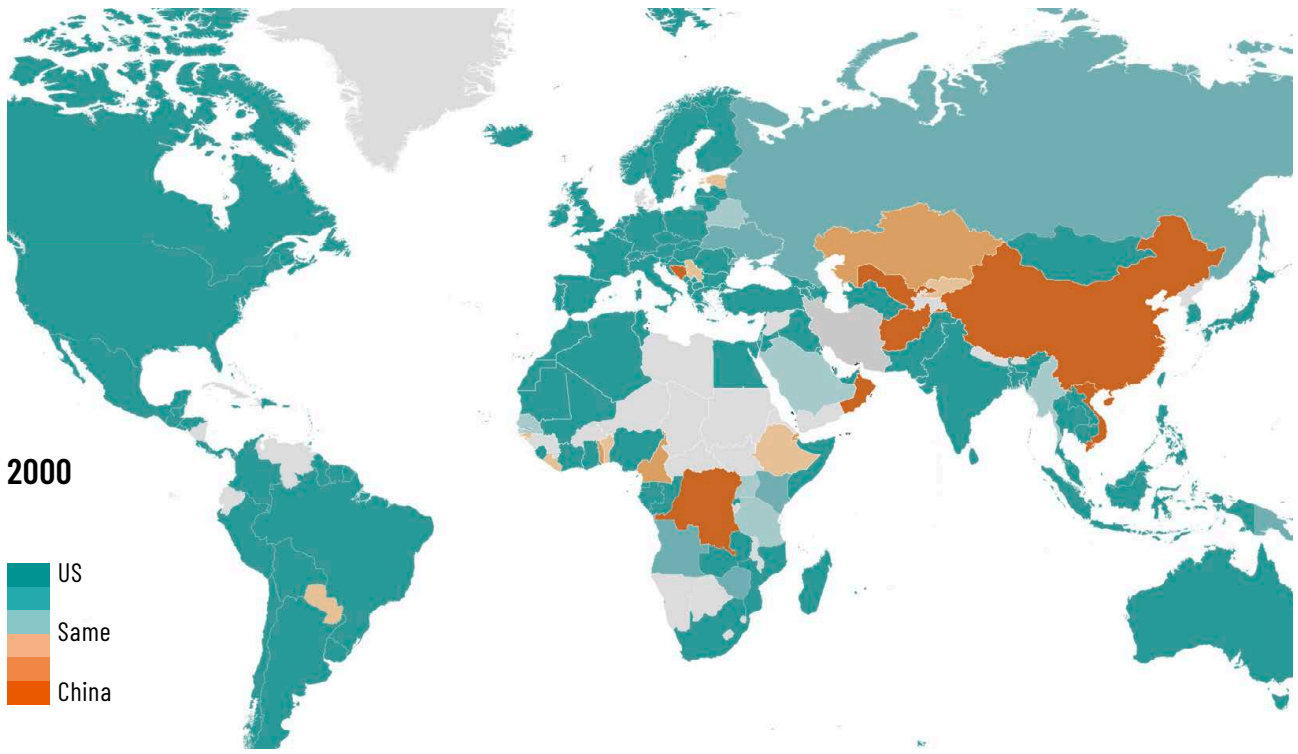
8 European Commission, [EU-China – A strategic outlook](#), March 2019.

European Commission, [EU China Relations](#), June 2020.

9 Examples include the [Netherlands](#) and [Sweden](#).

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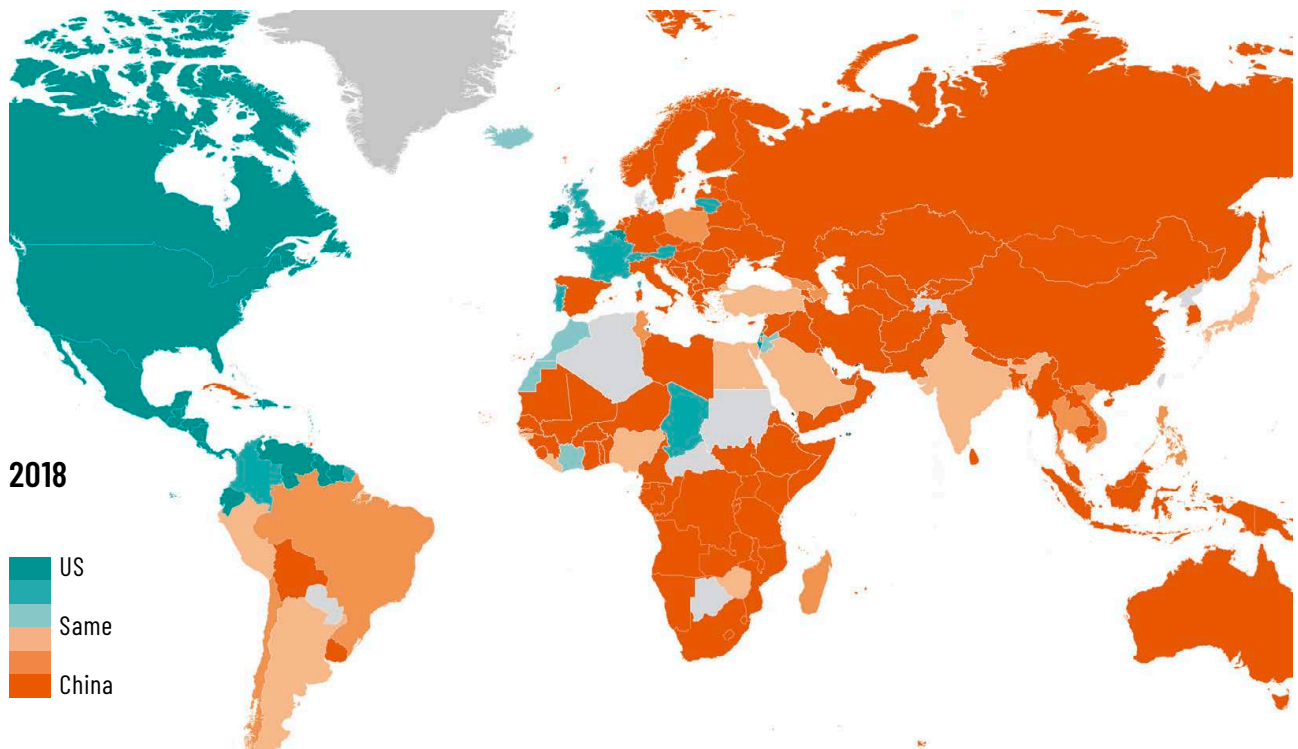
10 Laura Silver, Kat Devlin, Christine Huang, [Unfavorable Views of China Reach Historic Highs in Many Countries: Majorities say China has handled COVID-19 outbreak poorly](#), October 2020.



2000

US  
Same  
China

The boundaries and names shown, as well as the designations used on this map do not imply official endorsement or recognition by Switzerland.



2018

US  
Same  
China

Figure 10: Shifts in global trade, 2000 vs. 2018, US vs. China – visualisation of the more important trading partner in each case (source: Lowy Institute, based on IMF Direction of Trade Statistics).

# 3 Switzerland and China

Today, bilateral relations between Switzerland and China are broad, multi-layered and constructive. Differences are addressed openly. Before the future China Strategy itself is determined, this section explores these relations. It presents fundamental considerations on Switzerland's positioning

amid shifting global power structures, as described in the 'Geopolitical overview' section. As is true of relations with other major powers, Switzerland's policy on China cannot be defined in isolation. This section concludes by defining core principles for future relations with China.

## 3.1 Relations today

Switzerland was one of the first western states to recognise the People's Republic of China, in 1950. Bilateral relations with China have solidified in all areas since the early 1980s, and are now remarkably close. They cover a whole variety of fields, including politics, human rights, business, the labour market and employment, science and technology, education, the environment, migration and culture. Since 2010, China has been Switzerland's most important trading partner in Asia. In 2005, the Federal Council identified China as one of what are now eight global priority countries for Swiss foreign policy.

In the sense of a One-China policy, Switzerland does not maintain separate diplomatic relations with the authorities in Taiwan, although cooperation at the technical, economic and cultural levels with Taiwan is both possible and desirable. Here, Switzerland also recognises the democratic nature of the local authorities, and Taiwanese society.

The 2014 entry into force of a free trade agreement with China was a first for a continental European country. In 2016, Switzerland and China went still further, agreeing to an 'innovative strategic partnership'. A strategic dialogue between the two countries' foreign ministers is held every year. It provides a framework for almost 30 expert dialogues at between Swiss and Chinese authorities.



Figure 11: Logo representing 70 years of diplomatic relations between Switzerland and the People's Republic of China (source: FDFA).

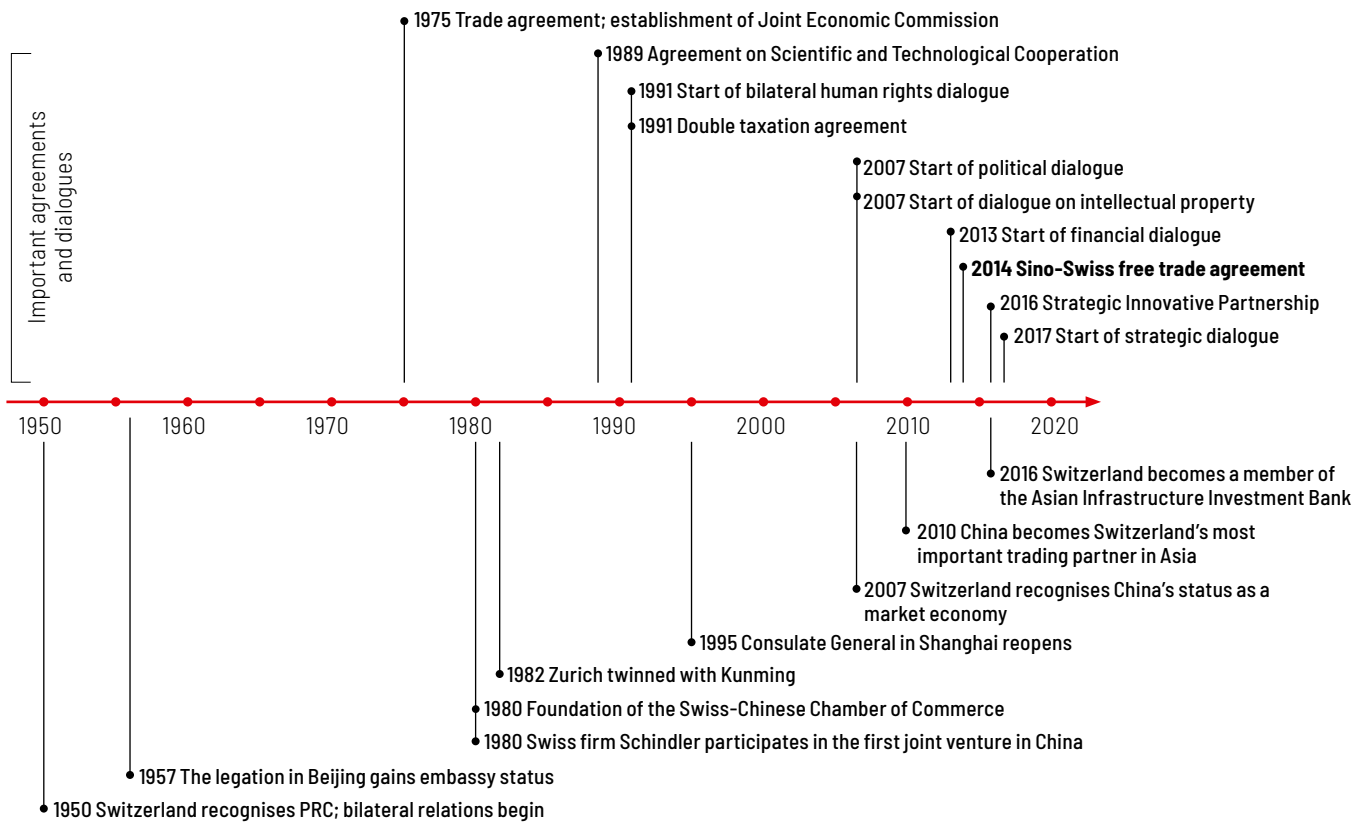


Figure 12: Selected milestones in bilateral relations (source: FDFA).

Bilateral relations are therefore not only broad, but in many areas also substantial, with both parties committed to dialogue. A brief description of the current situation is given below. Please note that the order in which the topics appear is not indicative of their importance.

**Trade:** In 2019, China was Switzerland's third-largest trading partner, with a bilateral goods trading volume of around CHF 36 billion<sup>11</sup> (or approx. CHF 50 billion including the Hong Kong Special Administrative Region) (Figures 13 and 14).<sup>12</sup> According to the Swiss National Bank, trade in services came to CHF 7.2 billion that year. Business interests emerged early on as a key driver of bilateral relations. At the time, compared with other countries, Swiss industrial and service companies were pioneers in opening up Chinese markets and China as an investment destination. Swiss businesses and financial institutions built up a significant presence in Hong Kong owing to its strategic position as a gateway to China, in addition to the legal certainty it offered. The free trade agreement with China then improved access to the Chinese market for industrial companies, in particular, while creating a legal framework for cultivating and furthering economic ties.

In the early days of the COVID-19 pandemic in the spring of 2020, the Swiss authorities and their local representations supported the procurement of medical supplies in China. Despite a variety of difficulties, a well-established network of contacts across companies, trade associations and local representations facilitated straightforward, frequent communication and, where necessary, coordination.

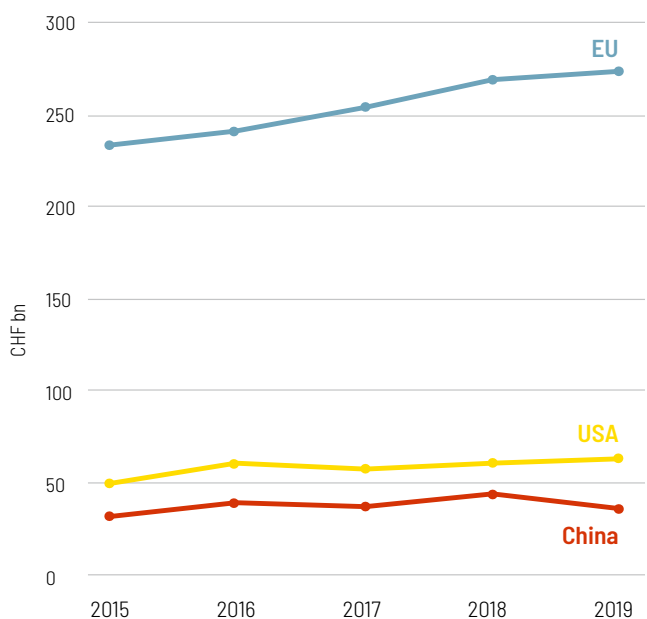


Figure 13: Total trade between Switzerland and its key trading partners up to 2019 (source: FCA).

<sup>11</sup> Total 2, including gold bars and other precious metals, coins, gemstones and other objets d'art and antiques.

<sup>12</sup> The 2020 balance of trade was affected by the extraordinary effect of the global pandemic, hence the use of figures for 2019.



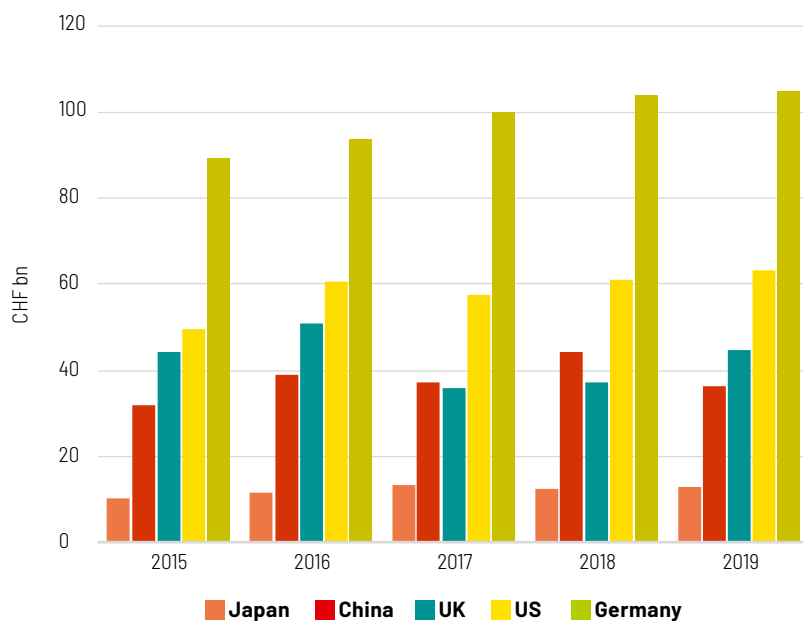


Figure 14: Total trade between Switzerland and selected countries up to 2019 (source: FCA).

Swiss firms continue to face many challenges in the Chinese market, however. Often mentioned are the lack of legal certainty, local protectionism, and the degree to which public and private sectors are interwoven. Local industry that is becoming increasingly competitive internationally is another major factor. Action prompted by the US–China trade and technology conflict impacts indirectly on Swiss companies, too, for example in the form of additional tariffs on trade in goods, or tougher export controls which may have an extra-territorial effect. That said, drastic regulatory action in areas such as cross-border data flows was already making it difficult for foreign companies to do business. Furthermore, deliveries of small packages from China that have been ordered via US or Chinese e-commerce platforms present a challenge to the customs and tax authorities in Switzerland.

**Labour and employment issues:** Switzerland and China have been pursuing more in-depth dialogue in this area since they concluded the relevant bilateral agreement under the aegis of the free trade agreement. The Agreement on Labour and Employment Cooperation underscores both countries' obligations as members of the International Labour Organization (ILO). Social partners in Switzerland and China alike are actively involved in its implementation. Dialogue to date has concentrated on social partnership, public employment services, and occupational health and safety.

**Finance and taxation issues:** Cooperation between the authorities in this area has become closer since the launch of the annual bilateral financial dialogue and the revision of the Agreement for the Avoidance of Double Taxation in 2013. Information on financial accounts was exchanged automatically for the first time in September 2019. China is a strategic growth market for the Swiss financial sector, with Hong Kong remaining the most important location. Moves to open up the Chinese financial market have also allowed

Swiss financial institutions to expand their presence on the mainland, thereby also supporting the growth of the Chinese financial sector. Furthermore, liberalisation is opening up new opportunities for bilateral cooperation with regard to the capital market, financial infrastructure, the insurance market and sustainable finance, for example. Despite these positive developments in recent years, limited market access, capital controls and the barriers to establishing new business areas and branches in China remain a challenge for the Swiss financial industry. Chinese banks have been present in Switzerland since it became a trading hub for the renminbi<sup>13</sup> in 2016.

**Investment:** Direct Chinese investment in Switzerland has been rising steadily since 2016, but remains relatively modest (Figure 16). The 2016 acquisition of Basel-based agrochemicals company Syngenta by state-run ChemChina marked the peak of this trend to date. In 2019, China held capital of CHF 14.9 billion (by ultimate investor) in Switzerland, representing 1.1 per cent of the latter's total foreign direct investment. Meanwhile total Swiss direct investments in China at the end of 2019 amounted to approx. CHF 22.5 billion.

China, the US and some other countries place restrictions on cross-border investment in fields deemed critical to public order. In Switzerland as elsewhere, the past few years have seen an increase in investment from private and state-affiliated businesses from major emerging markets, including China. This has kindled debate on the need for investment controls here. By passing the [Rieder Motion \(18.3021\)](#) in March 2020, the Swiss Parliament instructed the Federal Council to create a statutory foundation for investment controls, prompted partly by Chinese investment volumes. The Federal Council is currently working on fulfilling this

<sup>13</sup> It has been possible to trade the Chinese currency in Switzerland since 2016.

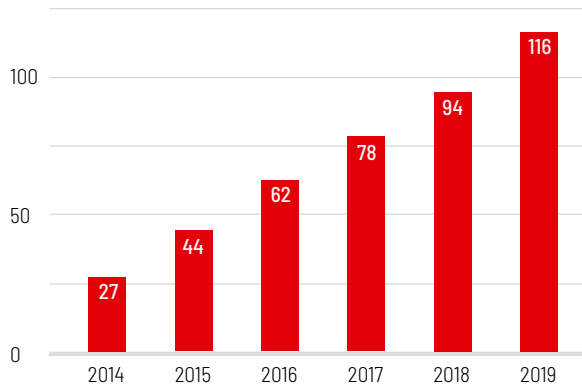


Figure 15: Number of companies in Switzerland belonging to a Chinese multinational (2019: provisional data; source: Federal Statistical Office).

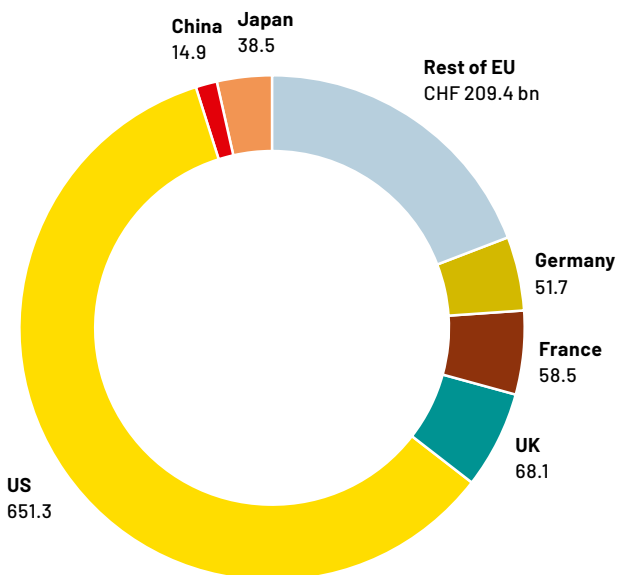


Figure 16: Foreign direct investment capital (in CHF bn) from Switzerland's primary economic partners in 2019, broken down by ultimate investor (source: SNB).

mandate, and public consultations are scheduled to begin in the second half of 2021.

Compared with Switzerland, access for foreign direct investment in China is limited, although recently there have been certain moves at the national level to make the process easier. That said, there is still a list of sectors in which investment from abroad is banned. As part of its industrial policy, China conducts a regular five-year review of whether or not individual sectors should be opened independently to foreign investment, or indeed closed again.

**Tourism:** China is a major source market for Swiss tourism, with Chinese guests generating around 1.4 million overnight hotel stays in Switzerland in 2019. This made it the fourth-largest foreign source market behind Germany, the US and the UK. The COVID-19 pandemic nonetheless brought international tourism to a virtual standstill in 2020.

**Education, research and innovation:** As a global leader in technological innovation, Switzerland is an attractive research, development and innovation partner for China. The acquisition of foreign technologies is an important component of the state-ordained Chinese model of development. As in other markets, Chinese companies are increasingly active in Switzerland as buyers of tech companies.

› **Research and innovation (R&I)** cooperation with China has been stepped up since the official bilateral dialogue began in 2003, the bilateral cooperation programmes to support collaboration in science and technology were launched in 2008, and a Swissnex was opened in Shanghai in 2008 (Figure 17). The European Union's framework programmes for research and innovation offer a further, multilateral instrument. China is an interesting partner in many significant – and technically and financially challenging – disciplines. It is also a core market for the [Swiss Innovation Park](#). The aim of 'Switzerland Innovation' and a number of other agreements is to promote Switzerland as an attractive research and development location. Bilateral and multilateral cooperation projects are always founded on the autonomy, independent initiative and interests of Swiss research and innovation actors. Although they may vary in intensity, almost all Swiss higher education institutions now maintain partnerships with China.

› There has also been regular political dialogue on **education** since 2014. China has displayed great interest in the Swiss model of universities of applied sciences, and has taken inspiration from Switzerland for its national-level reforms. This enables Switzerland to make a name in a major market for its system of vocational education and training, thereby benefiting the universities of applied sciences themselves, and Swiss companies operating in China. According to the Federal Statistical Office, 2,493 Chinese students were enrolled at Swiss higher education institutions for the 2019/2020 academic year, making them the fourth-largest such contingent in Switzerland. Different opinions exist on the importance of academic freedom.

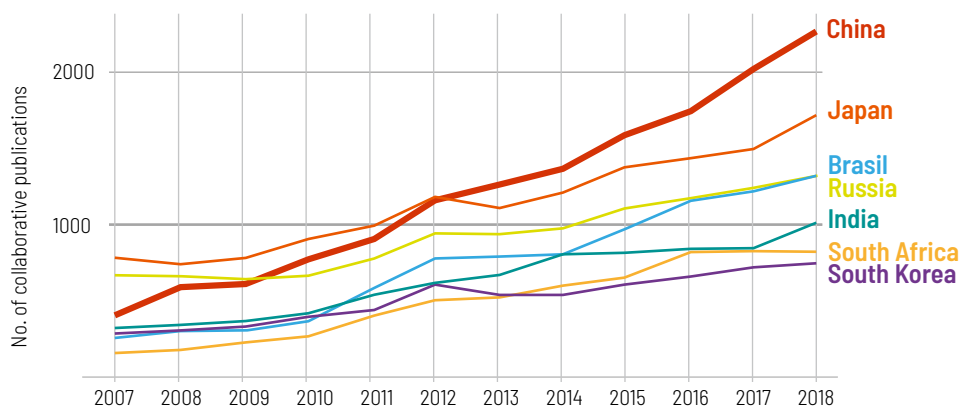


Figure 17: Number of scientific co-publications between Switzerland and China, and other BRICS states, South Korea and Japan (source: Evaluation of Switzerland's bilateral cooperation programmes in science and technology, IRIS Group, 2020).

- › In the **digital sector**, some Chinese companies are among the world leaders in segments such as IT and telecommunications, surveillance technology, unmanned aircraft, e-commerce and artificial intelligence. There is considerable distance in places between the Chinese and Swiss positions on areas like digital governance, data protection, cross-border data flows, market access to the digital economy, human rights safeguards, and the separation of private and public-sector interests. The current debate about the role of Chinese tech company Huawei in the establishment of 5G mobile networks also impacts directly on Swiss interests.

**Sustainability:** As the world's largest emitter of CO<sub>2</sub>, and at the same time a compliant signatory to the Paris Agreement, China is a relevant partner to Switzerland where global climate action is concerned. For many years now, the SDC has pursued a range of climate change programmes with China. The Sino-Swiss 'Zero Energy Building' project, for example, is aimed at reducing Chinese greenhouse gas emissions.

**Health:** China also plays a central role in international health-related issues, as the COVID-19 pandemic has shown. Switzerland's dependence on active ingredients and personal protective equipment produced in China has pushed questions about secure, sustainable supply chains to the forefront of public consciousness. In addition, China is one of the most important markets for the Swiss life sciences industry.

**Human rights:** Switzerland and China have been engaged in bilateral human rights dialogue since 1991. Conducted confidentially, it offers a setting in which to address the human rights situation frankly. Particular issues include freedom of expression and minority rights, including in the Tibetan regions of China, and Xinjiang. Joint areas of focus are also discussed in multilateral bodies; where possible individual cases are addressed and specific opportunities for cooperation sounded out. There has been expert exchange on the prisons system since 2003, for example.

China's willingness to discuss human rights issues has declined in recent years, with China accusing countries of interference in its domestic affairs. At the same time, there has also

been a marked deterioration in the situation with regard to freedom of expression, privacy protections, minority rights and attempts to pressure human rights defenders. Positions diverge with respect to what human rights – and what safeguarding them – actually means. China is making an effort to introduce its own concepts and terminology into international discourse, to change the narrative in favour of a more Chinese understanding of the issue.

The most recent human rights dialogue was held in Beijing in June 2018. Subsequent rounds of dialogue have been cancelled by China, in response to Switzerland joining in multilateral criticism of the situation in Xinjiang, or citing the COVID-19 pandemic. Several states which also pursue human rights dialogue with China find themselves in the same situation, placing Switzerland alongside the UK, the Netherlands, New Zealand and Japan, for example. Only the EU and Germany were actually able to conduct their human rights dialogues in 2020. Australia, France, Canada, Norway, Sweden and the US have all halted such talks.

Despite divergence and unsatisfactory outcomes, Switzerland believes that its human rights dialogue with China remains relevant for the 2021–24 period, for two reasons. Firstly, it is a clear expression of Switzerland's commitment to dialogue with China, and its wish to continue working towards measurable progress. Secondly, for Switzerland dialogue underscores the importance that it attaches to human rights in the bilateral relations context. Beyond these reasons, it is a vital signal to local victims of human rights violations that increasing abuses do not go unnoticed.

Bilateral dialogue is just one of many bilateral and multilateral instruments that are used to address human rights. Whether or not these efforts will actually have an effect on China depends crucially on concerns being presented coherently and consistently at all levels, as well as in multilateral bodies.

## 3.2 Switzerland's global positioning

In the [FPS 2020–23](#), the Federal Council states that foreign policy is becoming more challenging owing to political developments around the world, and that relations with the major powers are gaining in importance for Switzerland. Relations with individual states must therefore always also be considered in their wider context.

The rise of China and shifts in global power structures do not fundamentally call Switzerland's foreign policy positioning into question. It will remain both independent and universal in outlook. Switzerland is neutral, does not belong to any bloc, and is committed to dialogue with all states.

At the same time, it will continue to defend its long-term interests and values. A liberal economic order bound to the rule of law and the basic rights of the individual and underpinned by democracy are unmistakably Swiss core values that have brought the country security, independence and prosperity for decades.

Geopolitical polarisation is not in Switzerland's interests, neither is bloc-building around China and the US. Indeed, Switzerland supports reforms to international organisations so that multilateralism remains fit for purpose in the 21st century. Global problems demand global solutions, as the only way in which security, the rule of law and reliability can be assured.

Independent positioning, targeted diplomacy and carefully considered conduct in international disputes, all rooted in international law, are the basis of trust in Switzerland as a bridge-builder. Through its good offices, it supports stability in the international order. Geneva can exist as a neutral yet international venue for dialogue only if Switzerland's actions are credible and it exercises the appropriate discretion at all times. In return, Switzerland expects its independence to be respected around the world, and that it will not face either/or ultimatums. In the event of doubt, it will stand up for freedom.

European states and the EU itself often represent positions similar to those of Switzerland, and remain its most important

partners. Indeed, our values are often fully congruent. Structured relations with the EU are even more important in the current geopolitical situation, and closer coordination is also urgently needed on certain global political issues. However, Switzerland also coordinates with a large number of states outside of Europe that pursue similar interests. The objective is to strengthen rules-based multilateral cooperation and jointly to resolve global challenges.

The Federal Council is guided by the same positioning in its relations with China. Cooperation with non-democratic states is demanding, and dialogue is difficult where there are differences of opinion. Divergent domestic policy expectations are a further complicating factor in China's case. The Federal Council nonetheless believes firmly that Switzerland can most effectively continue to safeguard its interests and values through broadly diversified relations with China. Turning away from China would not have a positive effect on domestic policy developments there, but it would harm Swiss interests and fuel uncertainty about Switzerland's foreign policy positioning in general.


### 3.3 Principles for cooperation

Drawing on the above, the Federal Council has derived three operational principles with regard to its policy on China. These apply to bilateral relations, multilateral cooperation and coordination in Switzerland:

1. The Federal Council pursues an independent policy on China. It regards China as a priority country for its foreign policy and is expanding its China expertise. It actively seeks cooperation in all areas in which Switzerland has an interest, and self-assuredly defends Switzerland's fundamental values, as enshrined in the Federal Constitution.
2. The Federal Council advocates the integration of China in the liberal international order and in efforts to overcome global challenges. Where added value is the result, Switzerland will coordinate more closely with like-minded partners.
3. The Federal Council pursues a balanced, coherent and coordinated approach to China. In doing so, it encourages exchanges with Parliament, the cantons, academia, the private sector and civil society.



# 4 Thematic focus areas

This section applies the principles for cooperation with China to the four thematic focus areas of Switzerland's [FPS 2020–23](#) , closely interlinked areas of activity in which China plays a central role both globally and in relation to Switzerland. It sets out Switzerland's overall position, objectives and measures in each priority area.


## 4.1 Peace and security



China's rise has implications across the full range of Switzerland's peace and security priorities. The key elements for Switzerland are as follows:

**International security:** Switzerland maintains relations with all major geopolitical actors and positions itself as a reliable and credible actor. It promotes dialogue and understanding, but also defends its own interests and values.

China has both the ambitions and means of a great power, and is developing the instruments, including military capabilities and capacity, to play this role (including cyber, disinformation and interference capabilities). The country is modernising its conventional and nuclear arsenal. Switzerland is affected both directly and indirectly by military tensions and strategic rivalries. An arms race in the Asia-Pacific region must be avoided. Breaches of international law, e.g. the law of the sea, must be prevented and contained. Switzerland therefore supports arms control and disarmament efforts that also involve China, e.g. to strengthen transparency and with a view to the development of new arms control treaties. It continues to work for peace and security on the Korean peninsula, an undertaking in which China is an essential partner.

**Multilateralism:** Switzerland is committed to a rules-based international order ([Glossary](#) ) with effective multilateral institutions. Faced with global problems, it supports global solutions that respect international law, including international humanitarian law. It is committed to working constructively with China in the framework of the UN – including in

regard to Switzerland's candidature for a seat on the UN Security Council in 2023–24. China has an important role to play in ensuring the good functioning of International Geneva as a venue for multilateral talks.

**Internal security:** From traditional political lobbying and public diplomacy to espionage activity on Swiss soil, China's growing influence is also noticeable in Switzerland. With increased influence comes increased risk of political pressure from this global power. Traditional political espionage also takes place on Swiss territory. As the host state to international organisations and as a mediator in conflicts, Switzerland is an important intelligence target. Furthermore, Chinese intelligence services are interested in diaspora communities based in Switzerland. In the context of a global trend in this direction, China is also using its growing cyber capabilities to advance its strategic interests. State-backed Chinese cyber actors are also active in Switzerland, where they seek to attack local targets or misuse Switzerland's ICT infrastructures to carry out attacks abroad. This poses direct challenges for businesses and research institutes based in Switzerland, whose technological expertise and high-quality production may make them targets for industrial and economic espionage. Switzerland must therefore protect its sovereignty also in the digital space, and prevent cyber espionage, data leakage and interference attempts. ([Glossary: Cybersecurity](#) )

**Human rights:** Switzerland makes it clear to China that respect for individuals' fundamental rights must be a central point in the two countries' relations. Consistently broaching human rights in all bilateral and multilateral relations with China is a more promising approach than prioritising a single channel. Thematically, Switzerland's focuses are civil and political rights and freedoms, especially freedom of expression, the rights of ethnic and religious minorities, abolition of the death penalty, and the relationship between business and human rights. Consulting with like-minded partners enables Switzerland to be a more effective actor. Country-to-country exchanges between law enforcement specialists also creates opportunities to work towards concrete improvements in specific areas.

## Objectives and measures:

- A. Switzerland will pursue its long-term **interests and values** with regard to China's security policy agenda more effectively.
- Develop a deeper understanding of China's security policy.
  - Intensify contacts with other actors in Switzerland with China-related expertise (higher education institutions, think tanks, Geneva centres ([Glossary ↗](#)), etc.).
  - Conduct a regular diplomatic dialogue with China on security issues.
- B. Switzerland will champion the principles of the **international order** in its dealings with China.
- Step up bilateral dialogue with China on Switzerland's priorities in the UN and in other relevant multilateral bodies.
  - Network and collaborate with like-minded partners regarding China's role in the multilateral arena.
- C. Switzerland will encourage constructive engagement from China on **arms control**.
- Support China's integration in non-proliferation mechanisms and export controls.
  - Encourage transparency on the part of China regarding arms control and non-proliferation.
- D. Switzerland will defend against Chinese **espionage and interference activities** on Swiss soil.
- Raise awareness via the federal government (business, academic and government/administrative circles).
  - Strengthen cooperation on internal security matters with like-minded countries.
- E. Switzerland will promote respect for **human rights** in China.
- Pursue the bilateral human rights dialogue with China.
  - Encourage respect for the basic rights of the individual in China.
  - Stand up for the universality of human rights, bilaterally and multilaterally.
  - Build capacity through targeted sharing of expertise between Swiss experts and the Chinese government.

## 4.2 Prosperity



**Multilateralism:** A stable, reliable multilateral trade, financial and monetary system is in Switzerland's interests, and Switzerland advocates for this in the relevant forums (including the WTO, IMF, World Bank, OECD, FSB, G20). Cooperation with China is particularly relevant to Switzerland in its leadership of a voting constituency in the Bretton Woods institutions which includes most Central Asian countries. As the world's second largest economy, China is central to this multilateral system and has the responsibility to meet its international obligations. Switzerland supports the integration of China and its newly created regional organisations such as the AIIB in the established multilateral bodies and norms that underpin this system.

**Bilateral trade and investment:** As an open economy, Switzerland relies on free movement of goods, services and capital with minimal barriers to trade thanks to a level playing field and internationally-agreed standards. Problems such as a lack of clear separation between state-owned enterprises (SOEs) and private companies and unjustified preferential treatment of SOEs, forced technology transfers and a regulatory environment that discriminates de jure or de facto against foreign suppliers undermine China's progress. This includes the recent market openings, improvements in the research and development environment and more stringent enforcement of environmental regulations. Switzerland wishes to seize the opportunities presented by China's economic opening. It is committed to improving the framework for sustainable trade and investment relations with China on the basis of shared interests. This involves seeking barrier-free non-discriminatory access to the Chinese market while ensuring protection for intellectual property rights, data and information, and guaranteeing cross-border data flows for business activities.

**Trade promotion:** Through the export promotion agency Switzerland Global Enterprise (S-GE), Switzerland provides support to Swiss companies and especially SMEs to help them identify opportunities, position themselves as competitors and generally gain access to the Chinese market. This support mainly takes the form of information, advice and presence at trade fairs. In cooperation with S-GE, Switzerland maintains an outpost with an extended range of services and several branches in China. The outpost also undertakes activities to promote Switzerland as a business location and to attract businesses to Switzerland. SERV (Swiss Export Risk Insurance) is an organisation that insures political and del credere risks involved in exporting goods and services. Swiss businesses working with and in China also benefit from trade diplomacy


activities such as bilateral dialogues and trade missions including actors from the private sector or Switzerland's external network.

**Education, research and innovation (ERI):** The objectives and instruments that the Federal Council set out in Switzerland's [International Strategy on Education, Research and Innovation \(ERI\)](#)  also apply to China. The federal government seeks to create the conditions for ERI actors to expand existing collaborations with China and enter into new ones. In so doing it communicates and upholds the basic principles of Switzerland's ERI Strategy, such as the autonomy of institutions, a bottom-up approach, fostering competitiveness, and a focus on excellence and openness. It keeps in view China's longer-term strategic goals (e.g. technology acquisition) and their potential implications for Swiss partner institutions and for Switzerland as the home of leading research infrastructures. Switzerland's commitment to the protection of intellectual property in China also serves Switzerland's interests as an attractive location for business and research.

**Tourism:** Switzerland creates the necessary framework conditions for the long-term, sustainable development of tourism. Reciprocal travel between China and Switzerland is important for the economy and increases cultural understanding.

### **Switzerland and the Belt and Road Initiative (BRI):**

*While Switzerland welcomes the prospect of increased connectivity between China and Europe, it adopts a cautious approach to the BRI given that the initiative brings with it risks as well as opportunities. In view of its manifold relations with China, Switzerland has an economic interest in enabling a level playing field for Swiss companies to participate in BRI projects. Swiss actors can contribute to the development of sustainable infrastructure in the regions covered by the BRI. At the same time, Switzerland intends to systematically raise its concerns regarding compliance with international standards, especially with regard to environmental impact and working conditions, human rights, the rule of law, sustainable project financing and transparency. This constructive while cautious approach determines Switzerland's actions in regard to cooperation in the context of the BRI.<sup>14</sup>*

<sup>14</sup> [Memorandum of Understanding on Developing Third-Party Market Cooperation](#)  in financial and economic matters related to the Belt and Road Initiative.



## Objectives and measures:

- F. Switzerland will advocate for a **predictable, transparent, stable and functioning** international trade, financial and monetary system underpinned by a rules-based multilateral order.
- Identify and implement avenues for bilateral cooperation with China in this regard.
  - Exert influence in the relevant international bodies.
- G. Switzerland will secure and maintain **non-discriminatory, mutually beneficial market-based access** for goods, services and investments, in addition to protection and enforcement of **intellectual property rights in China**.
- Update the bilateral free trade agreement with China, in particular to improve market access for trade in goods and for financial institutions and to optimise customs procedures.
  - Ensure a more level playing field and compliance with international standards in the awarding of contracts for large-scale infrastructure projects (e.g. in relation to the BRI).
  - Analyse developments in other partners' agreements with China (e.g. EU–China investment agreements) to identify risks and opportunities for Switzerland.
- H. Switzerland will work to ensure that **China delivers on its reform agenda and the promises made**.
- Maintain an open, competitive business environment both bilaterally (e.g. within the Joint Economic Commission) and multilaterally (e.g. with like-minded countries) in the WTO, OECD, IMF and other economic organisations and bodies.
- I. Switzerland will take a pragmatic approach to cooperation with **Taiwan**.
- Continue Switzerland's close economic, scientific and cultural exchanges with Taiwan at the technical level.
- J. Switzerland will safeguard and strengthen cooperation in the area of **education, research and innovation (ERI)**.
- Maintain and institutionalise regular, high-level dialogue with China on research, both bilaterally and multilaterally.
  - Insist – as a standard component of the dialogue – on the protection of academic freedom in China and in Switzerland.
  - Pursue the current initiatives at federal level, such as the bilateral cooperation programmes and Swissnex, ancillary to autonomous and direct cooperation efforts of ERI actors.
- K. Switzerland will contribute to the **improvement of working conditions** and productivity in companies in China.
- Support relevant projects, including ILO projects.
  - Maintain institutionalised high-level dialogue on labour and employment issues.
- L. Switzerland will position itself in China as a sustainable **tourist destination**.
- Strengthen cooperation in this regard with Switzerland Tourism.
  - Ensure efficient processing of visas.
  - Further develop the framework conditions for good freight and passenger flight connections.

## 4.3 Sustainability



**2030 Agenda:** Both Switzerland and China have committed to the implementation of the UN's 17 Sustainable Development Goals. The 2030 Agenda for Sustainable Development ([Glossary](#) ) combines the economic, social and environmental dimensions of sustainable development. It provides the frame of reference for Switzerland's policies on sustainability at home and abroad and therefore also applies to our country's relations with China. Switzerland calls on China to further strengthen its engagement in favour of local and global solutions to further progress on the 2030 Agenda for Sustainable Development.

**China's role:** China bears a great responsibility, and has considerable scope to influence aspects of sustainable development. Switzerland attaches due importance to China in its international policy on sustainability. It thus engages in multilateral forums and in all areas of Swiss–China relations in the field of sustainability, in particular to ensure that international standards and the rule of law are upheld and strengthened. Ensuring the sustainable management of natural resources and raw materials is an important part of this. Switzerland also maintains dialogue with like-minded partners such as the EU and its member states to this end.

**Environment:** China has an important role to play in reducing air, water and soil pollution. Despite major improvements, air pollution continues to place a heavy burden on China, as the world's biggest chemicals manufacturer and producer of harmful waste. China's participation in protecting biodiversity is increasingly vital. Switzerland expects China to fully adhere to all multilateral agreements relating to these environmental issues and to fulfil the obligations arising from such agreements. Switzerland possesses the specialist expertise and innovative technologies to support China in addressing environmental concerns. For Swiss companies in the cleantech sector, China is a market with enormous potential.

**Climate:** Switzerland is contributing to the effective implementation of the Paris Climate Agreement and intends to be climate-neutral by 2050. It expects China, as a party to this agreement and the world's biggest greenhouse gas emitter, to deliver on its commitment to reduce its net carbon emissions to zero by 2060 and to become a leading international climate finance donor. Switzerland is also committed to ensuring that China provides better emissions data and that this data is shared internationally.

**Health:** Global challenges such as pandemics can only be addressed through transparent cooperation as specified in the international public health guidelines. The COVID-19 pandemic has shown that a robust multilateral framework that includes all states is indispensable.

**Finance and the economy:** The Federal Council sees sustainable finance as an opportunity for the Swiss financial centre and as a key competitive factor on the road to sustainable growth. The Swiss financial centre must become a global leader in sustainable financial services. The creation of credible, rigorous standards for sustainability reporting is essential to allow international lenders and investors to assess risks. China is also showing an interest in these issues as the world's second largest green bond market. Responsible corporate governance in all sectors of the economy, including the extractive sector, remains an important concern for Switzerland in its economic relations with China, in which it relies on international standards such as those of the OECD, ILO and UN in particular.

**Chinese infrastructure projects:** Switzerland is a global leader in finance, innovation and sustainability. It is home to leading companies and research institutions focusing on cleantech, energy efficiency, digitalisation, transport infrastructure and urban planning. Switzerland is therefore keen to use its expertise to encourage sustainable infrastructure development in China and in the framework of the BRI.

## Objectives and measures:

- M. Switzerland will support efforts to mitigate China's **harmful greenhouse gas emissions**.
- Support China using expertise and relevant technologies.
  - Focus bilateral international cooperation in China on activities to mitigate harmful greenhouse gas emissions, particularly in the areas of air pollution control, agriculture and energy-efficient buildings.
- N. Switzerland will seek increased **financial participation** from China in multilateral climate and environmental financing mechanisms.
- Participate in negotiations and dialogue in multilateral forums and mechanisms for the implementation of the Paris Climate Agreement and environmental conventions.
- O. Switzerland will call for China's compliance **with international public health guidelines**.
- Foster opportunities for dialogue on this issue in bilateral and multilateral forums.
  - Pursue Swiss–Chinese exchanges at expert level.
- P. Switzerland will create enabling conditions for financial institutions to develop new business opportunities with China in the area of **fintech** ([Glossary](#)) **and sustainable finance** (green fintech).
- Foster an environment that allows the Swiss financial centre to improve competitiveness in this sector and that enables cooperation between Swiss and Chinese green fintech enterprises.
- Q. Switzerland will use its expertise in sustainable development to contribute to large-scale projects in China and within the framework of the BRI, thereby encouraging compliance with **international environmental and social standards**.
- Promote dialogue with China on large-scale projects with a view to enabling the participation of Swiss companies and encouraging compliance with international laws and standards, the rule of law, and sustainable and transparent financing.
- R. Switzerland will advocate for China's involvement in the coordination of **international development cooperation**.
- Intensify knowledge transfer from Swiss international cooperation through concrete activities and political dialogue.
  - Support efforts within the G20 and the Paris Club to integrate China into the framework of development finance transparency rules.

## 4.4 Digitalisation



The basis for discussions and interaction with China on digitalisation is the [Digital Foreign Policy Strategy 2021–24](#). The key elements are:

**Innovation:** China's role in all aspects of digitalisation worldwide is expanding rapidly. It is already a global leader for innovation in the hardware and software industries, e.g. regarding the latest generation of broadband technology and artificial intelligence. Many of the digital technologies coming out of China offer opportunities for Swiss companies and consumers. There are also risks, however. For example, over-reliance on Chinese technology providers may make it more difficult to later switch to suppliers in other parts of the world. It is also difficult to assess the concrete risks that trade secret violations pose to Swiss companies, for example to what extent the use of technology provided by Chinese firms could endanger Swiss companies' proprietary knowledge or competitive advantage.

**Security:** The security and protection of digital networks are of utmost importance for Switzerland and its international standing. Switzerland is paying close attention to data security and protection with regard to the emergence of 5G technology and the Internet of Things.

**Governance:** Switzerland has a vision of a free, open and secure digital space, and puts people and their needs first. We must meet the challenges of digitalisation by stepping up international cooperation, building capacities and where necessary taking measures to protect privacy, whereby compliance with existing international law is primary. The inclusion of all stakeholders in their respective roles is essential for the development of this digital space. Switzerland promotes such inclusion through innovative models of governance and collaboration. In its dialogue with China and in international bodies, our country firmly and consistently advocates for its long-term interests and values in the digital arena.

**International Geneva:** China is also an active member of Geneva-based organisations with strong profiles in digitalisation and standardisation, including the ITU and on digital trade, the WTO. Companies with roots in China participate in Geneva-based multistakeholder processes such as the Geneva Dialogue on Responsible Behaviour in Cyberspace. As a result of the COVID-19 pandemic, China has shown increased interest in virtual meetings and conferences. Geneva is well positioned to address such needs thanks to extensive expertise in conference management and actors who provide support in this area, such as the DiploFoundation/Geneva Internet Platform.

**Access to the digital market:** Switzerland supports international initiatives to encourage the growth of e-commerce and enhance legal certainty in this area. For example, Switzerland participates in the plurilateral negotiations on e-commerce within the WTO and has included provisions on e-commerce in various free trade agreements. Switzerland advocates for the identification of viable solutions together with China. For example, Switzerland and China are working to create favourable conditions for smaller private-sector actors to access the digital market in order to avoid excessive market concentration.

## Objectives and measures:

- S. In relations with China, Switzerland will uphold its **vision of a free, open and secure digital space**.
- Strengthen national coordination and coordinate approach with like-minded states (especially with the EU and member states).
  - Advocate for the application of international law and for human rights also in the digital space.
- T. Switzerland will invite China to make even greater use of **International Geneva** to discuss **digital governance issues**.
- Engage China in the development of innovative models of governance and cooperation and in the implementation of the UN Secretary-General's Roadmap on Digital Cooperation (in line with the Digital Foreign Policy Strategy 2021–24).
  - Pursue the Geneva Dialogue on Responsible Behaviour in Cyberspace.
- U. Switzerland will work to ensure **good framework conditions** with regard to digital issues affecting trade and investment and for Swiss companies operating in China.
- Address challenges such as digitalisation and the handling of data.
  - Address the issue of taxation of bilateral trade and investment with regard in particular to e-commerce and the digital economy (bearing in mind the OECD-coordinated efforts).
- V. Switzerland will seek a diversified supplier market in **key digital technologies** to avoid dependence on a single supplier of new technologies, and will demand high standards with regard to **data protection and data security**.
- Take the necessary security precautions with regard to next generation mobile networks (e.g. 5G) and improve international coordination to address security risks at an early stage.
  - Regularly raise the issues surrounding security in the digital space with China to increase transparency, discuss cyber risks, and minimise risks to data security and privacy.

# 5 Implementation and resources

## 5.1 Internal coordination instruments

To enable a coherent policy with regard to China, the Federal Council is expanding the administration's China expertise and connections with centres of expertise at home and abroad. Conflicting objectives are inherent in all policymaking, especially in foreign affairs. They reflect a pluralist political system and close integration of foreign and domestic policy, and must be addressed and resolved transparently.

A new **coordinating body** will be created (Figure 18) for the discussion of specific matters from the perspective of the principles set out in section 3.3 and to guarantee cross-departmental and cross-thematic coherence. This will take the form of an **interdepartmental working group**<sup>15</sup> on China, which will meet at least three times a year. The group serves to facilitate the sharing of information and experience among all federal bodies concerned with China and the search for coordination of positions.

<sup>15</sup> Interdepartmental working groups are commonly used in the Federal Administration to exchange information and coordinate between the different government departments.

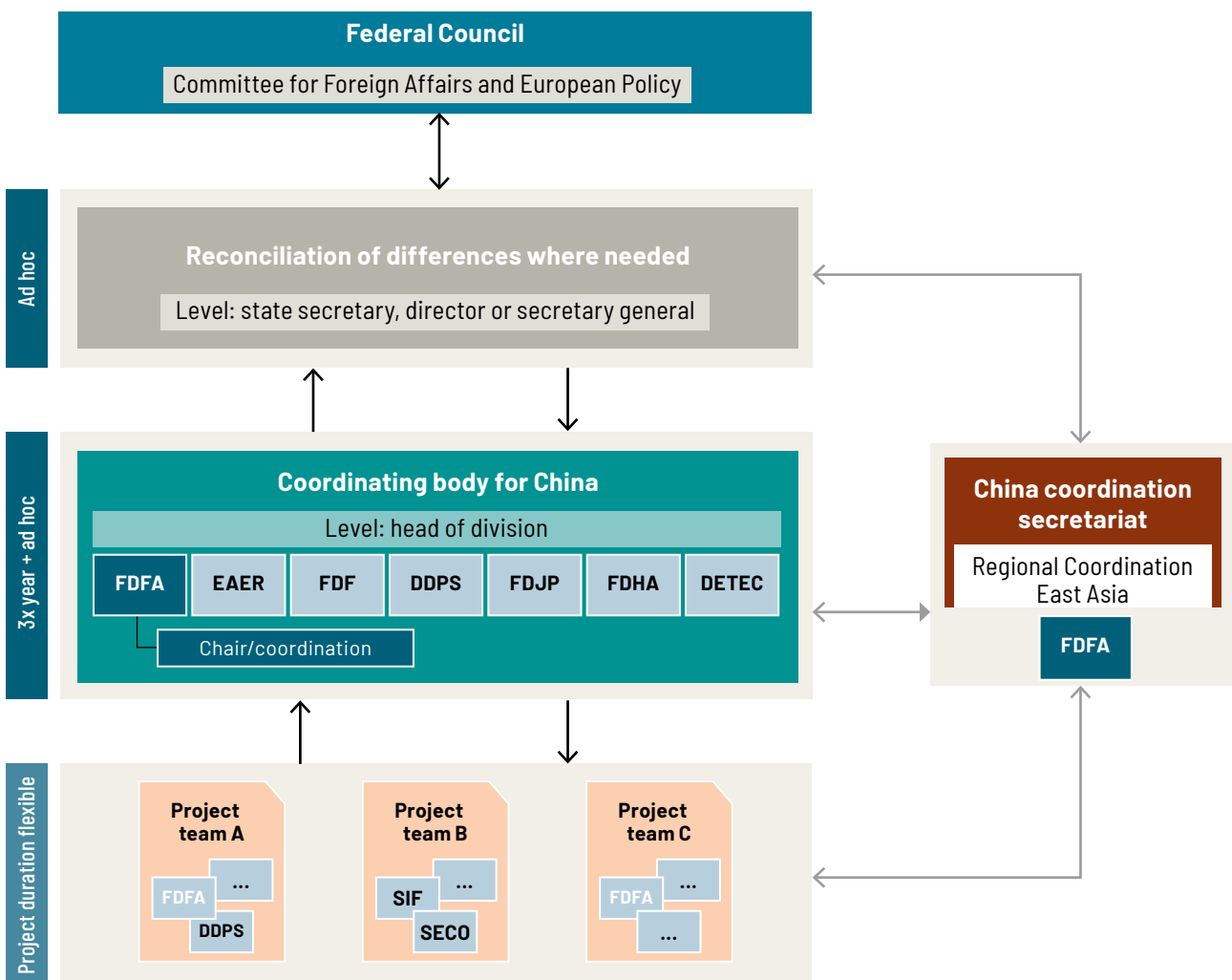


Figure 18: China Strategy coordination mechanism (source: FDFA).

In addition to the Federal Council, Parliament, the cantonal and city authorities, representatives from business and finance, universities, think tanks, civil society ([Glossary](#)) and individual citizens play an important role in our country's relations with China. The [FPS 2020–23](#) speaks of a 'whole of Switzerland' approach. To manage Swiss–China relations effectively, all stakeholders (Figure 19) will need a better understanding of our counterparts and relevant China-specific expertise. Regular sharing of information and experience enables synergies and facilitates the identification of opportunities and challenges for Switzerland in relation to China. The Federal Council therefore welcomes regular exchanges with and among the various stakeholders.

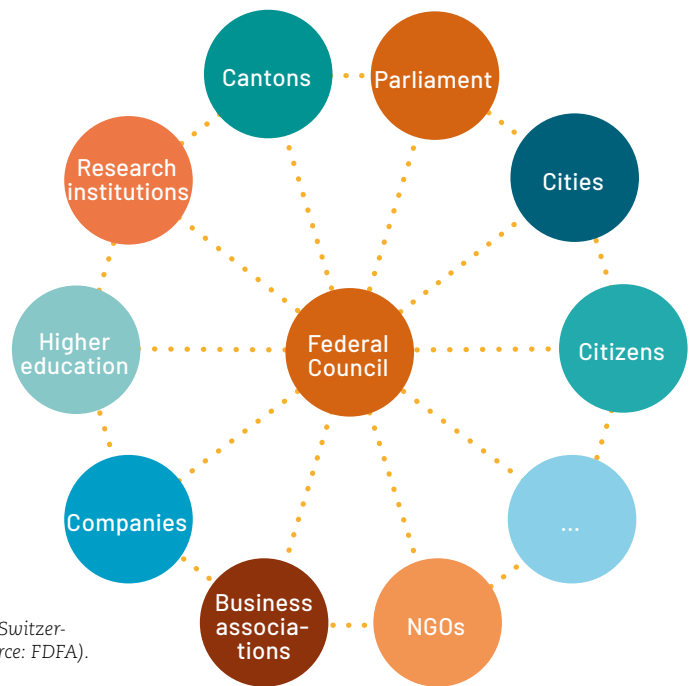


Figure 19: Stakeholders in a 'whole of Switzerland' approach to China relations (source: FDFA).

## 5.2 External coordination instruments

As described in section 3.1, Swiss authorities have numerous channels for dialogue and exchanges with China. The China Strategy's coordinated approach also relies on Switzerland's diplomatic and official interactions. The cultivation of bilateral relations is a main priority. Direct meetings between political figures or high-ranking officials during bilateral visits to China or Switzerland are an important instrument. As part of the innovative strategic partnership adopted in April 2016 and during Xi Jinping's state visit to Switzerland in 2017, Switzerland and China agreed to hold an annual strategic dialogue between the heads of their foreign ministries in addition to their regular political dialogue.

In addition to this, almost thirty other bilateral dialogues with China held by Federal Administration actors in various sectors must also be aligned with the China Strategy (see section 3.1. for an overview of the main sectors).

Switzerland has five official in China: an embassy in Beijing and four consulates general, in Shanghai, Guangzhou, Chengdu and Hong Kong. Switzerland's network in China extends far beyond its diplomatic and traditional consular services. Swissnex (Shanghai), Switzerland Tourism (Beijing, Shanghai, Hong Kong), the SDC (Beijing), the Swiss defence attaché (Beijing) and the Swiss Business Hubs (Beijing, Shanghai, Hong Kong) all maintain outposts offering a broad range of resources covering all major sectors for Swiss-Chinese cooperation and dialogue, in particular economic affairs

and research and innovation. The Trade Office of Swiss Industries is the private organisation which represents Switzerland's commercial interests and promotes cultural and scientific cooperation on the island of Taiwan.

Switzerland also devotes resources to the multilateral arena – in particular the missions in New York, Geneva, Vienna, Paris and Rome (FAO) – which enable cooperation and dialogue with China in multilateral bodies. Beyond the UN system, Switzerland maintains a presence in multilateral financial, trade and other standard-setting institutions in which Switzerland and China interact.

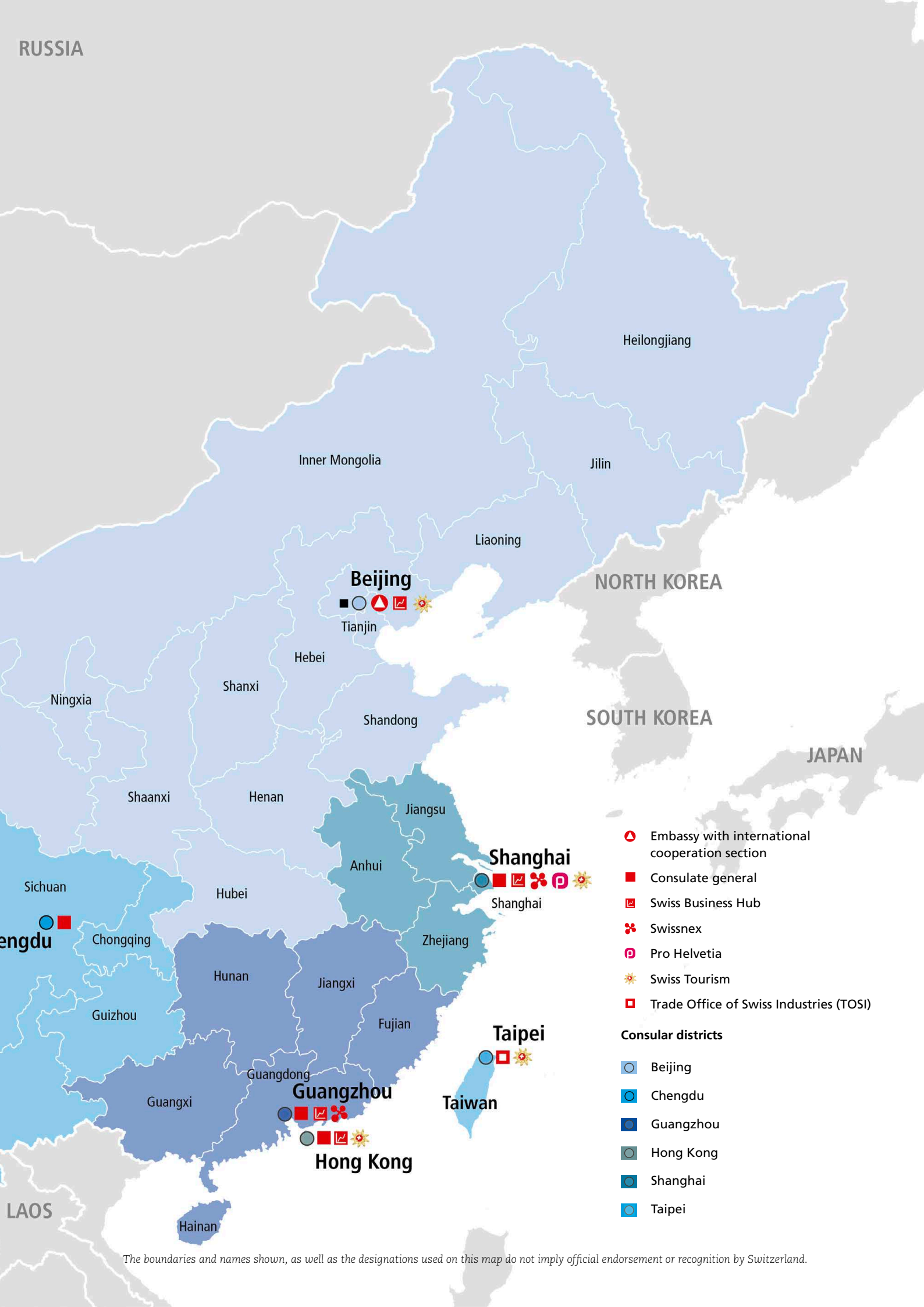
As well as engaging in direct dialogue with China, Switzerland makes use of its diplomatic network and relations with third countries to enrich exchanges on China-related matters with its partners. **Regular exchanges on China-related matters** with like-minded countries help Switzerland to strengthen its China knowledge base and allow it to develop more effective policies.

# Annex

## Swiss presence in China







The boundaries and names shown, as well as the designations used on this map do not imply official endorsement or recognition by Switzerland.

## List of abbreviations

5G	Fifth generation mobile communication	ILO	International Labour Organization
AIB	Asian Infrastructure Investment Bank	IMF	International Monetary Fund
BRI	Belt and Road Initiative	IP	Intellectual property
CAI	EU-China Comprehensive Agreement on Investment	IT	Information technology
CCP	Chinese Communist Party	ITU	International Telecommunication Union
CEEC	Central and Eastern European Countries	KD	Consular Directorate
CHF	Swiss francs	MENA	Middle East and North Africa
COVID-19	Coronavirus disease 2019	MFA	Ministry of Foreign Affairs of the People's Republic of China
DDPS	Federal Department of Defence, Civil Protection and Sport	MOFCOM	Ministry of Commerce of the People's Republic of China
DETEC	Federal Department of the Environment, Transport, Energy and Communications	MoU	Memorandum of understanding
EAER	Federal Department of Economic Affairs, Education and Research	NDRC	National Development and Reform Commission
ERI	Education, research and innovation	NGO	Non-governmental organisation
ESG	Environmental, social, and governance (investment criteria)	OECD	Organisation for Economic Co-operation and Development
EU	European Union	OSCE	Organisation for Security and Co-operation in Europe
FAC	Foreign Affairs Committees	R&I	The research and innovation sector
FAO	Food and Agriculture Organization of the United Nations	SDC	Swiss Agency for Development and Cooperation within the FDFA
FCA	Federal Customs Administration	SDG	Sustainable Development Goals
FDf	Federal Department of Finance	SECO	State Secretariat for Economic Affairs
FDFA	Federal Department of Foreign Affairs	SEM	State Secretariat for Migration
FDHA	Federal Department of Home Affairs	S-GE	Switzerland Global Enterprise
FDJP	Federal Department of Justice and Police	SIF	State Secretariat for International Finance
FPS 2020–23	Foreign Policy Strategy 2020–23	SNB	Swiss National Bank
FSB	Financial Stability Board	UN	United Nations
G20	Group of the 20 most important industrialised and emerging countries	UNFCCC	United Nations Framework Convention on Climate Change
GDP	Gross domestic product	WIPO	World Intellectual Property Organization
IDAG	Interdepartmental Working Group	WTO	World Trade Organization

# Glossary

**2030 Agenda:** The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals were agreed upon by all UN member states. It provides 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.

**5G mobile broadband:** The latest generation technology standard for mobile communications, developed to offer faster connection and response times. The fifth-generation standard for mobile communications (5G) combines three innovations: higher transmission speed, lower latency, and network virtualisation, which allows for the creation of virtual networks of varying quality on existing physical network infrastructures. This allows innovations such as direct control of industrial processes, but also poses new network security challenges.

**Arms control:** In a broad sense, arms control refers to multi-lateral or bilateral instruments and efforts to counter the uncontrolled accumulation and proliferation of conventional weapons and weapons of mass destruction. Export controls are a component of non-proliferation efforts.

**Belt and Road Initiative (BRI):** Chinese initiative for the creation of infrastructure (transport, energy, communication) in third countries which is predominantly financed and built by China. The BRI is China's first own, globally-oriented development model, which seeks to affirm China's growing economic – but above all geopolitical – presence on the international stage. The Federal Council's policy involves making the most of the opportunities of the BRI for Swiss interests and the economy, while also calling for compliance with international standards and rules to ensure that the BRI can be implemented in an economically, socially and environmentally sustainable manner for the benefit of target countries.

**Bilateral dialogue/technical dialogue:** Recurring discussions on a technical or political level, between the governments of two states. Dialogues can be used to promote bilateral cooperation or to discuss problems.

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

**China expertise:** The necessary skills and knowledge to be able to represent Switzerland's interests in an optimal manner and cooperate successfully with China. In addition to language skills and intercultural abilities, this includes a basic understanding of China's economy, politics, modern history and society.

**Chinese system of governance:** The People's Republic of China is a socialist state led by the Communist Party of China, commonly known as the Chinese Communist Party (CCP). The CCP has 90 million members and is headed by the Politburo's 7-member Standing Committee, currently presided over by Xi Jinping. All branches of state power – the executive (presidential office and State Council), the legislature (the National People's Congress), the judiciary and the People's Liberation Army – are thus effectively in the hands of the CCP. Another eight parties nominally take part in the Chinese People's Political Consultative Conference, but at most take on representative functions, e.g. at the local level. State control over the means of production has been loosened since 1978, but the CCP continues to run many state-owned enterprises (including industrial, finance, and media companies), while larger private-sector firms are obliged to accommodate Party cells.

**Civil society:** This comprises the parts of society that are distinct from the government and private sector. It is made up of groups who have common interests, goals or values. These include NGOs, associations and foundations, citizen groups, religious organisations, political parties, professional associations, unions, social movements and interest groups.

**Coherence:** The coordination and pursuit of consistent policies and approaches in different areas of national policy.

**Cyber diplomacy:** Cyber diplomacy safeguards Switzerland's interests and values in cyberspace. Cyberspace comprises the network infrastructure, as well as software and social components (human interaction). The continuing integration of all areas of life in cyberspace presents both opportunities and risks. Switzerland therefore works to enforce international law (i.e. human rights and international humanitarian law) in cyberspace, and is committed to intergovernmental confidence-building.

**Cybersecurity:** Cybersecurity concerns all 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.

**Digital governance:** This refers to the establishment, shaping and consolidation of institutional and regulatory systems and of mechanisms for international cooperation in the digital space (see 'Digital space').

**Digital space:** This term refers to the entire physical and virtual space that is opened up or permeated by digitalisation (see 'Digitalisation'). The digital space refers not only to systems, but also to actors and processes.

**Digitalisation:** Digitalisation involves the integration of digital technologies in society, government and business. Digitalisation comprises a broad range of digital applications, including new communication technologies, robotics, cloud computing, big data analysis, artificial intelligence and the internet of things.

**Fintech:** The development and improvement of financial services through digital technologies.

**Foreign policy:** Foreign policy shapes the relations of a state with other states and international organisations and safeguards a state's interests abroad. It comprises various policy areas, including trade, the environment, security, development and culture. In Switzerland, the 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').

**Free trade agreement:** Treaty under international law to establish and guarantee free trade among states parties or international legal entities. Free trade agreements remove trade barriers between the parties, which remain free to pursue an autonomous trade policy with regard to third countries.

**G20:** The Group of Twenty is an informal alliance of 19 states and the EU which represents the main industrialised and emerging economies. It addresses financial and economic cooperation and can set international standards.

**Geneva centres:** Since 2014, the Maison de la paix in Geneva has been the home of a world renowned cluster of expertise in foreign, security and peace policy. It houses three foundations: the Geneva Centre for Security Policy (GCSP), the Geneva International Centre for Humanitarian Demining (GICHD) and the Geneva Centre for the Democratic Control of Armed Forces (DCAF).

**Global governance:** This term refers to the development of an institutional and regulatory system and of mechanisms for international cooperation to tackle global problems and cross-border matters. It involves the UN system, international organisations, state- and non-state actors and regional organisations. Switzerland traditionally plays a key role in this and International Geneva is one of the key centres (see 'International Geneva').

**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 interrelated. Every state is obliged to respect, protect and implement human rights.

**Intellectual property:** Intellectual property refers to the products of innovation or creativity, such as inventions, logos and designs. Intellectual property rights include patents, trademarks, trade secrets and designs.

**Interests and values:** The core mission of Switzerland's foreign policy is to promote Switzerland's interests and values, which are two inextricably-linked sides of the same coin and are based on the Federal Constitution.

**International cooperation:** All instruments of humanitarian aid, development cooperation, peacebuilding and 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. Thirty-eight international organisations, programmes and funds, as well as 177 states and 750 NGOs are represented there. International Geneva employs 32,000 people, who work for international organisations, permanent representations and civil society organisations. It contributes over 11% to the GDP of the canton of Geneva (1% of Swiss GDP). Around 3,300 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 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 armed conflicts, 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 for each state insofar as it has agreed to adopt certain international obligations. This excludes mandatory international law, which comprises basic standards that no state may override, such as the prohibition of genocide.

**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 charter) which sets out the organisation's mandates and bodies.

**International technology transfer:** Transfer of technical and/or management knowledge for further development and application in other areas. Transfers take place between companies and/or units of companies located in different countries.

**Investment controls:** Legal mechanism for the systematic screening of foreign investments.

**Minorities:** A minority is a population group with ethnic, linguistic, cultural or religious characteristics that differ from those of a numerically superior group within the territory of a state. Switzerland, whose identity is based on pluralism and the coexistence of different communities, is working in China and elsewhere to ensure that minorities have the right to enjoy their own culture, to profess and practise their own religion, and to use their own language.

**Multilateralism:** Multilateralism is when issues of public interest are discussed and negotiated between more than two states (see also 'Bilateralism'). 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.

**Neutrality:** Switzerland's rights and obligations as a neutral state are derived from international law (see 'International law'). The core of these obligations involves Switzerland not being allowed to offer military support in the event of a conflict between states. At national level, neutrality is mentioned in the Federal Constitution as an instrument to safeguard Switzerland's independence. Switzerland's policy of neutrality thereby safeguards the effectiveness and credibility of its neutrality.

**Paris Climate Agreement:** The Paris Climate Agreement is a legally binding instrument under the United Nations Framework Convention on Climate Change (UNFCCC). It aims to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

**Rule of law:** The rule of law refers to the supremacy of law over the rule of might. At national level, the fundamental objective of the rule of law is to safeguard the primacy of the law at all levels of government and to protect the associated freedom of citizens. In terms of foreign policy, the rule of law is crucial to international peace and security, economic and social progress, development and the protection of rights and human freedoms. It is primarily achieved by strengthening international law, which guarantees political stability and the reliability of international relations (see 'International law').

**Rules-based international order:** This term refers to rules that apply equally to all states and are the prerequisite for peaceful coexistence within the international community. In addition to norms of international law, this order includes non-legally binding standards and rules of conduct. Switzerland is dependent on a rules-based order for its prosperity, security and independence. This also includes multilateral standards and rules necessary for effective results-oriented multilateralism (see also 'Multilateralism').

**Special economic zone:** A special economic zone is a designated geographical area within a state with facilitated legal and administrative regulations for investors.

**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 the 17 goals of the 2030 Agenda in 2015 (see '2030 Agenda').

**Sustainable finance:** Any type of financial service that integrates environmental, social and governance criteria (known as ESG criteria) into business and investment activities.

# Parliamentary procedural requests

## National Council

20.4334

### National Council Foreign Affairs Committee postulate

#### Report on the implementation of the bilateral human rights dialogue between Switzerland and China

#### Wording of the postulate dated 9 November 2020 (English translation)

The Federal Council is instructed to submit to Parliament a report on the implementation of the bilateral human rights dialogue between Switzerland and China. It is invited in particular to respond to the following questions:

- › What is the current status of the human rights dialogue with China?
- › What concrete steps does the Federal Council take to implement the human rights dialogue?
- › What progress has the Federal Council made in this regard?
- › What further steps does the Federal Council envisage?

In submitting the postulate, the Foreign Affairs Committee endorses the petition 18.2020 Pet. Society for Threatened Peoples (STP). Protect the fundamental rights of Tibetans also in Switzerland!

A minority within the Committee (Estermann, Aebi, Binder, Büchel, Giacometti, Grüter, Köppel, Markwalder, Nidegger, Pfister, Portmann, Wehrli) proposes that the postulate be rejected.

#### Federal Council statement of 17 February 2021

The Federal Council has addressed Switzerland's human rights policy in China in its Report on Human Rights Foreign Policy 2015–18 (BBI 2019 p. 1505, 1568 ff.) and in various responses to parliamentary procedural requests. Acceptance of this postulate will provide an opportunity to continue this analysis in the context of the China Strategy 2021–24 and in the Report on Switzerland's Human Rights Foreign Policy 2019–22.

#### Federal Council proposal of 17 February 2021

The Federal Council proposes the acceptance of the postulate.

#### Timeline

09.03.2021 National Council: Approved

## **National Council**

**20.3738**

### **Nidegger Motion**

#### **Review Switzerland's international positioning and free trade agreements in the era of a conflict-laden China–US duopoly**

#### **Wording of the motion of 18 June 2020 (English translation)**

With reference to the Foreign Policy Strategy 2020–23, the Federal Council is instructed to submit to Parliament an analysis specifically devoted to the consequences for Switzerland of the EU's increasing marginalisation in a world that has become multipolar and dominated by a conflict-laden China–US duopoly.

The analysis should compare the respective economic and political benefits (democratic values/sovereignty) of the following options in particular:

- a. the conclusion of a large number of free trade agreements with all potential partners (China, the US, the EU, Japan, India, Mercosur, etc.), in addition to the agreements in the framework of the WTO, which has been in difficulty for several years;
- b. the conclusion and/or strengthening of regional free trade agreements with the main players, primarily China, the US and the EU;
- c. institutional integration in the EU in view of the China–US duopoly, and protection against 'hegemonic' foreign investors.

#### **Federal Council statement of 2 September 2020**

In response to the motion, the Federal Council will address issues relating to how Switzerland will position itself in the changing international environment in a series of reports including the China Strategy, the Foreign Economic Strategy and the 2020 Foreign Policy Report.

#### **Federal Council proposal of 2 September 2020**

The Federal Council proposes the approval of the motion.

#### **Timeline**

25.09.2020 National Council: Approved

16.03.2021 Council of States: Approved

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