Common goals and values

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

- Switzerland maintains a long-standing **development cooperation** with the Eastern European and Balkan countries outside of the EU. Moreover, Switzerland has carried out numerous projects with an autonomous **contribution of over 1 billion EUR** in the 13 member states that joined the EU since 2004. A second contribution to selected EU member states has been submitted to parliament for approval. Swiss expertise shall be put to use to reduce economic and social disparities and to contribute to the management of migration.

- Switzerland’s **solidarity with its European partners** in facing challenges associated with migration extends well beyond its obligations as a Schengen and Dublin associated state, e.g. through its participation on a voluntary basis in the relocation and resettlement programmes of the EU as well as in the European Asylum Support Office (EASO).

- Switzerland contributes to the **promotion of peace and stability in Europe** with civilian experts and military troops in EU missions in the Western Balkans (EULEX Kosovo and EUFOR Althea) and the Sahel region (EUCAP Mali) and its contributions to NATO-led KFOR and the OSCE observer mission SMM Ukraine. It also renders good offices to parties in conflict by mediating (e.g. Armenia/Turkey), hosting negotiations (e.g. JCPOA), and representing the interests of states with broken diplomatic relations (e.g. Georgia/Russia).

Close and intensive relations

- **Switzerland is among the top economic partners of the EU**:
  - **Trade in goods:** Switzerland is the EU’s 3rd partner - behind the USA and China (~7% of total EU trade). The total trade value amounts to >1 billion EUR per working day. Trade with Switzerland is profitable for the EU, with an annual trade surplus of ~40 billion EUR.
  - **Trade in services:** Switzerland is the 2nd partner of the EU behind the USA (10% of the EU’s imports and 14% of the EU’s exports), amounting to a total value of trade in services of 795 million EUR per working day and an EU balance surplus of about 59 billion EUR.
  - **Foreign Investment:** Switzerland is the 2nd foreign investor in the EU with direct investment stocks of almost 802 billion EUR (>12% of overall extra-EU investment stocks). In return, Switzerland is the 2nd destination of EU foreign investment (> 979 billion EUR).

- Every day, around 315 000 EU residents **commute to Switzerland** for work.

- Close to **1,4 million EU citizens reside in Switzerland**, whose total population stands at under 8,5 million. Close to 452 000 Swiss citizens reside and work within the EU.

- With the construction of the **AlpTransit worth around 20 billion EUR** (aka the transalpine railway network “NEAT”) Switzerland is extending capacities for the smooth trade within the EU’s internal market, including the world’s longest railway tunnel: the Gotthard Base Tunnel.

- **Numerous bilateral agreements** add to these very close relations. The EU has concluded more agreements with Switzerland than with any other third country (>120) covering a wide range of policy fields, including but not limited to: **Internal market** (free trade, free movement of persons), **internal security and asylum** (Schengen/Dublin), **transport** (overland transport and civil aviation), **cooperation in tax matters** (cf. below), **research, environment, statistics etc.**

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1 Statistical data from Eurostat, numbers apply to 2017.
Institutional Issues

- For several years, Switzerland and the EU have been working towards solutions to the remaining institutional issues in the area of market access (legal developments, interpretation, supervision and dispute settlement). An institutional agreement would allow for the consolidation and development of reciprocal market access. EU law incorporated in bilateral agreements on market access could be applied in full respect of each party’s autonomy and its respective legal order. This would also guarantee the further development of the bilateral approach.

- On 7 December 2018, the Federal Council took note of the current outcome of the negotiations on the draft institutional agreement and considered it as largely in Switzerland’s interests and in line with the negotiating mandate. It has however decided not to initial the agreement for the time being in view of outstanding issues relating to the accompanying measures, which have not yet been negotiated with the EU, and the Citizens’ Rights Directive, on which no agreement has been reached with the EU. The Federal Council has launched consultations on the draft agreement. On 16 January 2019, it decided on the arrangements for these consultations on the draft agreement.

Further development and strengthening of CH-EU relations in areas of common interest

- An institutional agreement is not a goal in itself, but a mean to achieve the efficient implementation of the five market access agreements. Parallel to this, the Swiss government is determined to reach agreement on further market access and cooperation dossiers, in particular the agreement on access to the internal electricity market. The main concern for Switzerland and the EU is to secure supply in a deregulated market environment. Network access for cross-border electricity must be regulated and security standards for power grids harmonised. Switzerland would thus remain Europe’s electricity hub and, thanks to the storage capacity of its hydroelectric power plants, it could contribute to the load balancing of European power supply as a “battery” in the alpine region.

- In addition, Switzerland and the EU have ongoing negotiations on cooperation in various fields such as culture, health, land transport or food safety.

- In 2013, Switzerland and the EU concluded agreements on the cooperation between competition authorities and on collaboration in the field of satellite navigation (Galileo). In November 2017, they signed an agreement on linking their CO\textsuperscript{2} emissions trading systems (ETS).

Tax matters

- In 2014, Switzerland and the EU signed a joint statement on business taxation. This put an end to a controversy of almost ten years: The Swiss Parliament adopted a reform proposal to remove certain tax regimes and the EU member states confirmed their intention to lift corresponding counter-measures. The Swiss people rejected the reform proposal in a referendum in February 2017. A new proposal (Tax proposal and AHV financing, TRAF) was approved by parliament in September 2018 and will be brought to public vote in May 2019.

- An agreement on the introduction of the global standard for the automatic exchange of information in tax matters (AEOI) was signed in May 2015, replacing the agreement on taxation of savings. The agreement entered into force on 1 January 2017 and data exchange has been running since 2018.