



# Institutional agreement

August 2019

**With the aim of consolidating mutual market access and making it fit for the future, Switzerland and the European Union (EU) have negotiated an institutional agreement. It should apply to five existing and to all future market access agreements. After intensive consultations with the stakeholders most affected in Switzerland, the Federal Council decided on 7 June 2019 to clarify certain points of the draft text. In order to support the search for solutions with the EU, the social partners and the cantons are closely involved in this ongoing domestic political process.**

## Chronology

- 07.06.2019 Report on the consultations is approved, Federal Council demands clarifications
- 07.12.2018 Federal Council acknowledges the results of the negotiations, decision for consultations
- 02.03.2018 Clarification of the negotiation mandate by the Federal Council
- 22.05.2014 Start of the negotiations
- 06.05.2014 Adoption of the negotiating mandate by the Council of the EU
- 18.12.2013 Adoption of the negotiating mandate by the Federal Council

## State of play

In order to gain a better understanding of the interests and concerns of the various political and economic actors in Switzerland the Federal Council decided in December 2018 to send the text negotiated with the EU out for consultation to Parliament's foreign affairs committees, the cantons, the political parties, the social partners and other stakeholders.

At its meeting on 7 June 2019, the Federal Council approved the report on the consultations and reiterated its broadly positive assessment of the draft institutional agreement. It demands clarifications in some areas, specifically regarding certain provisions relating to wage and worker protection, state subsidies and the Citizen's Rights Directive. The Federal Council has closely involved the social partners and the cantons in this process.

## Background

Switzerland has pursued the bilateral approach with the EU since it rejected membership of the European Economic Area (EEA) in a vote by the people and the cantons on 6 December 1992. Since then, Switzerland and the EU have concluded about 20 main agreements and more than 100 other agreements ensuring access for Swiss companies to particular sectors of the EU single market and governing a number of areas of cooperation between Switzerland and the EU.

The Federal Council has stated on various occasions that it aims to secure extensive access to the EU internal market and to cooperate with the EU in selected areas while maintaining as much political autonomy as possible. It considers this bilateral approach to be the most suitable instrument for safeguarding Switzerland's interests both within Europe and towards the EU – which is by far its biggest economic and trading partner. Today, around 53% of all Switzerland's exports go to the EU and about 71% of all its imports come from the EU.

In its conclusions on relations between the EU and Switzerland, the Council of the EU stated on a number of occasions that the conclusion of an agreement on institutional matters would be required for the further development of the bilateral approach. In its conclusions of 2012 and 2014, the Council of the EU had already stated that an institutional framework was a precondition to ensuring the continuation of mutual sectoral market access between the EU and Switzerland. It repeated this demand in February 2017.

For the Federal Council, an agreement on institutional matters is also important because it secures access to the EU single market in the long term and makes it possible to expand cooperation with the EU. After prior consultation with the foreign affairs committees, Parliament and the cantons and after

informing the economic and social partners, the Federal Council adopted a corresponding negotiating mandate in December 2013. After the EU had also adopted its mandate for the conclusion of such an institutional agreement, negotiations were able to commence on 22 May 2014.

### **Content**

The institutional agreement applies only to the bilateral agreements between Switzerland and the EU known as the 'market access' agreements, as follows:

- the Agreement on the Free Movement of Persons
- the Agreement on Air Transport
- the Overland Transport Agreement
- the Agreement on Trade in Agricultural Products
- the Mutual Recognition Agreement

Future market access agreements, such as the electricity agreement currently under negotiation, will also be covered by the institutional agreement.

The institutional agreement regulates the following four areas:

- Developments in EU law: how will the affected market access agreements be adapted to any devel-

opments in EU law that fall within the scope of these agreements?

- Monitoring: how will uniform monitoring of the application of the market access agreements concerned be ensured?
- Interpretation: how can the consistent interpretation of the market access agreements concerned be ensured?
- Dispute settlement: how should disputes between the EU and Switzerland concerning the application and interpretation of the relevant market access agreements be resolved?

**Details on the content of the agreement can be found in the following link**

[www.fdfa.admin.ch/europe/institutional-agreement](http://www.fdfa.admin.ch/europe/institutional-agreement)

**Further information**

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