

Switzerland in Europe – a first rank partner

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Common goals and values

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

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

Switzerland maintains long-standing **development cooperation** with countries outside the EU in Eastern Europe and the Balkans (close to 3 billion CHF for the Western Balkans since 1995). Moreover, Switzerland has carried out numerous projects to reduce economic and social inequalities within the EU with a **cohesion contribution** of 1.3 billion EUR to the 13 member states that joined the EU since 2004. Switzerland intends to continue its commitment to the EU with a second contribution of the same amount with a focus on vocational training and migration. The Federal Council will engage with Parliament in order to quickly release the funds, which are currently subject to a condition.

Switzerland shows solidarity with its European partners in addressing challenges related to **migration**. Regarding the reform of the Dublin System, Switzerland supports a fair burden sharing mechanism between member states as well as an integrated and sustainable European migration policy. During the 2015 and 2016 migrant crisis, Switzerland volunteered to participate in the relocation and resettlement mechanisms set up by the EU. Switzerland also shows solidarity at the bilateral level, for example by recently supporting Greece with projects, humanitarian aid, the deployment of specialists and the admittance of unaccompanied minors seeking asylum. In addition, Switzerland provides financial and personnel support to the European Asylum Support Office (EASO) and voluntarily contributed 5 million CHF to the “*EU Emergency Trust Fund for Africa*”.

Switzerland contributes to the **promotion of peace, stability and security in Europe**. It regularly participates in EU and OSCE election observation missions. Switzerland also supports EU peace-building missions with civilian experts in Kosovo (EULEX) and the Sahel region (EUCAP Mali), as well as with over 20 members of the Swiss army in Bosnia-Herzegovina (EUFOR Althea). It is also planning to participate in the EU Mission in Iraq (EUAM Iraq). Switzerland also makes important contributions to a secure Europe by deploying nearly 200 members of the Swiss army to NATO KFOR in Kosovo and seconding five civilians to the OSCE Special Monitoring Mission in Ukraine.

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

Switzerland generally coordinates its **foreign policy** with that of the EU. It supports EU sanctions policy and works closely with the EU and its member states at an international level in areas such as security, development cooperation, humanitarian policy, human rights and peace policies.

Close and intensive relations

Switzerland is one of the EU's **top economic partners**¹:

- **Trade in goods:** In 2020, Switzerland is the EU's **4th partner** - behind China, the USA, and the UK (with a share of ~7% of total EU trade). Total trade of goods amounts to about 1 billion EUR per working day². In 2020, the EU benefited from a trade surplus of ~34 billion EUR.
- **Trade in services:** In 2020, Switzerland was the EU's **3rd partner** - behind the USA and the UK with a share of 9.5% of the EU's imports, respectively ~160 billion EUR of trade in services.
- **Foreign Investment:** In 2019, Switzerland was the **3rd foreign investor** in the EU-27 behind the USA and the UK with over 700 billion EUR in direct investments (over 10% of all direct investments from outside the EU). Inversely, Switzerland is the 3rd destination for EU foreign investment (969 billion EUR).

The Swiss and EU **labour markets** are closely intertwined: 1.4 million EU/EFTA citizens reside resp. work in Switzerland. This corresponds to about 16% of Switzerland's total population of over 8.5 million inhabitants. In other words, 7.2% of all EU/EFTA citizens who emigrated to another State within the EU/EFTA space live in Switzerland. In addition, more than 340,000 people commute to Switzerland from the EU, and well over 200,000 persons from the EU/EFTA area are subject to registration each year. On the other hand, about half a million Swiss citizens reside resp. work within the EU, which accounts for 57% of Swiss living abroad.

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

Switzerland and the EU have long engaged in successful cooperation in **research and innovation**. The Federal Council is aiming for a full Swiss association to the Next Generation of EU programmes in research and innovation and thus to the whole Horizon package (Horizon Europe, Euratom, ITER, DEP). Furthermore, 40% of the academic personnel in Swiss universities are EU citizens.³

In the framework of its association to **Schengen and Dublin** Switzerland is committed to common European solutions in the areas of security and migration and to a credible asylum policy at a European level. It actively participates in the instruments to fight terrorism and criminality, as well as in the concerted action to protect the external Schengen borders and improve repatriation.

Close partnership proves its worth in the COVID-19 crisis

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

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

¹ Statistical data from Eurostat, numbers apply to 2018 (investments) and 2019 (goods and services).

² CH statistics from Swiss-Impex.

³ FSO University Staff Survey for 2019.

Pursuit of the bilateral approach

On the 26th of Mai 2021, after an overall evaluation, the Federal Council decided not to sign the institutional framework agreement (InstA) with the EU, which would have aimed to establish institutional mechanisms for market access agreements (dynamic adoption of law, uniform interpretation of the law, monitoring the application of the agreements, dispute settlement). Despite intensive negotiations between Switzerland and the EU, it was not possible to find a common stance. Substantial **differences** remained, especially on the politically sensitive issue of free movement of persons, more specifically, the issues of wage protection and the Citizens' Rights Directive (CRD). Satisfactory solutions on these specific points were necessary in order to garner the necessary political support in Switzerland. The conclusion of an agreement, which would subsequently be rejected in parliament or in a very likely referendum, would have placed a long-term burden on Swiss-EU relations, which cannot be in our mutual interest. Therefore, the Federal Council decided to end negotiations.

Even without an institutional agreement, Switzerland remains a **reliable and committed partner** for the EU. The Federal Council wants to continue this mutually beneficial and well-established partnership with the EU. The existing agreements should be fully applied and updated in case of relevant developments in EU law. In addition, Switzerland should not be more disadvantaged than other third countries with regard to participation in EU programmes and EU equivalence decisions.

Launching a **political dialogue** would allow Switzerland and the EU to review the many different fields of bilateral cooperation in terms of possible issues in implementation, as well as identify development potential. This framework would also help find solutions to specific problems and continue to ensure the frictionless application of the bilateral agreements.

In particular, cooperation in the **health care and electricity sectors** should continue and be further developed. This will protect the shared need to secure supply and network stability within the European liberalised market environment. Switzerland's access to the EU's early warning systems in the health sector and to the European Centre for Disease Prevention and Control (ECDC) – which proved to be key instruments for European cooperation during the COVID-19 crisis – would also be in everyone's interest.