



EUROPEAN UNION

Delegation of the European Union to Switzerland and the Principality of Liechtenstein

CURRENT ISSUES IN EU – SWISS RELATIONS

Ambassador

Richard Jones

May 2012

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

It is a real honour for me to address you all today. I feel a bit daunted to have been invited to speak to you after only four short months in this country. And I'm sorry that I am expressing myself in English: I assure you that this will be a far less painful experience for you than if I attempted to do so in German, however keen I am to learn!

I feel incredibly privileged to have been selected for the job of Head of the EU's delegation to Switzerland. I'd like to begin my remarks by linking this to some objective reasons, which also help describe the unique partnership which the EU and Switzerland enjoy. I think it's very important to remember this; and I'll say a little about why this is particularly important now. The most topical aspect of Switzerland's relationship with the EU are the institutional issues surrounding Switzerland's access to the Single Market; and how this might develop to make the relationship even more constructive in the future.

So, to begin at the beginning: it is all too easily forgotten that the relationship between Switzerland and the European Union is a crucial one for both partners. Switzerland formally recognises this, for example in two recent Federal Government reports on Swiss foreign policy. For the EU, Switzerland is somewhere around our third most important commercial and economic partners, depending on how you do the maths. So, only the US and China are definitely more important, economically. And the EU values the specific cooperation between us at the moment, as we try to steer through the crisis affecting the Euro.

We are holding our discussions today at a very interesting time for relations between Switzerland and the European Union. Two months ago, President Widmer-Schlumpf and Foreign Minister Burkhalter paid what I think was a very important and very helpful visit to Brussels. There they held meetings with the heads of all three of the major EU Institutions: with Martin Schulz in the European Parliament, with Herman van Rompuy, the President of the European Council, and with José Manuel Barroso, the President of the European Commission.

This visit offered an important opportunity for the EU leaders to deliver – or even reiterate – messages to their Swiss counterparts in the course of extremely friendly, frank and open discussions.

I was lucky enough to attend the bulk of the programme, and I can testify to the atmosphere of friendship, but also of a professional desire to get down to business and make real progress in the relationship – which was the golden thread running through the day's agenda. This was in no shape or form the sort of 'going through the motions' that the Institutions sometimes slip into in their meeting with representatives from more distant partner countries.

The first thing to say about these discussions, and which brings us straight to the title for this talk, is just how much we already have in common. If we have reached a turning-point in our relations, and I think we have, we absolutely have to ensure that we take with us on the next stage of our journey all the luggage which we already share.

Switzerland and the EU do a huge amount together already. In the days running up to the visit to Brussels in March, we were able to finalise the arrangements for Swiss participation, for example, in the Galileo programme, and in the European Defence Agency. Earlier this month, I was the co-host of our annual Europe Day celebration, together with the Rector of the University of Bern, whose topic was the full participation of Switzerland in wider European research and innovation policies, including through participation in the EU's research framework programme. We were able to show both the direct and indirect benefits of such cooperation to both partners, and to their wider societies – not just the immediate practitioners.

The cooperation and liaison between us on foreign policy issues is extremely close, and – for the EU side – extremely useful. Switzerland is able through its extremely experienced and skilful diplomacy, resting on its proven track record of neutrality and hence reliability as a diplomatic honest broker, to make a unique contribution to the furtherance of peace and stability in so many areas of the globe.

These are just some of the examples of the intense cooperation which already exists, to our mutual advantage. I don't think it would be very interesting to give an exhaustive list of all the many areas where we work together – I have already made some rather shocking omissions, such as Switzerland's participation in the whole Schengen/Dublin project – but I just want to give an illustration of how closely integrated Switzerland already is in a great range of EU policies and projects. But the deeper point I want to make here is that all of this cooperation is based on the fact that the EU and Switzerland share fundamental political and moral values.

We believe in an open and free society, in democracy, in the rule of law, in the respect for human rights; and we both separately transmit these common values on the world stage. When discussing our scientific and intellectual cooperation at the Europe Day celebration the other day, I argued that successful research and innovation were impossible without rational, open debate, in which participants respect and trust each other, and where arguments are won on their intellectual merits, rather than by shouting down one's opponent, or, worse, through brute force. Intellectual progress also depends on an active, constant search for improvement, on a willingness to embrace change, and on agreeing that sharing ideas and experience will lead to wider prosperity and enrichment – in the widest sense of that word.

So, we have a huge amount already to celebrate, and to keep hold of as we see how to take our relationship forward. I think it is extremely important to talk about this, and to talk about the wider relationship, and where it is going. As the Head of the European Union's Delegation in Bern, I have the normal tasks of interacting with the Swiss authorities on this huge range of business which we share between us. It also falls to me as Head of Delegation, following the entry into force of the new external arrangements provided by the Lisbon Treaty, to lead locally in the coordination of the member states – the centrepiece of which is setting the agenda, chairing, and following up on the regular meetings of EU Heads of Mission.

But both of these tasks would feature on the to-do list of any Head of Delegation, wherever they were posted around the world. It's also my strong desire that the EU Delegation here, and that I as its head, should contribute to a wider discussion within Switzerland about Switzerland's relationship with the EU. I see this also as being very much the crucial part of a wider debate about Switzerland's position in the world, and its assessment of its responsibilities – in a world which is changing rapidly, often bewilderingly, and often in a dangerous way.

The help of people like yourselves – who are the opinion formers of today or will be the opinion formers of tomorrow – is of central importance here, to help ensure that the Swiss electorate is as fully informed about these issues as possible. I think there's a real need to set out the facts about the EU, and about Switzerland's relationship with it.

Having said that, I also think it's crucial for the EU, for the Delegation in Bern, and for me as Head of Delegation, in no way to tell Switzerland what decisions it needs to make, or what sort of relationship it should have with the EU. The position of the EU towards all non-EU European states is clear: it is up to each individual country to decide on its own vision, on its own vocation. The EU will always respect that choice.

But what we do extremely strongly hope for is that that choice should be based on as objective and factual an assessment of the situation as possible – and not just on an assessment of the here and now, but on a judgement of what circumstances will prevail in the future, and what needs, requirements and pressures an individual country can legitimately expect.

So, in this respect, for me, clarity and openness are really important – and particularly between friends who are as close as are the EU and Switzerland. If there are points at issue between us – and there are, and I'll come to them in a moment – we should address them frankly, head-on; and not try to paper over the cracks, as it were, for example by using ambiguous or loaded language. Naturally, as a diplomat, I am all for being sensitive to the points of

view of others. But I am also a firm believer in being clear – ambiguity leads to misunderstanding, which only stores up trouble for the future.

So, let's turn to the one key respect in which I think both partners consider that we need a step change in our relationship. That's the way in which Switzerland enjoys access to the Single Market. This was the centrepiece of the visit by Mrs Widmer-Schlumpf and Mr Burkhalter to Brussels in March. And I think this is key to the topic of my talk: how to take our constructive relationship forward. As President Barroso said in March, we need to take a qualitative leap ahead, with a comprehensive, global solution, which will put our relations on a stable, long-term footing.

I think it's important to recall a little bit of history here. Despite the 'no' vote in the 1992 referendum on membership of the European Economic Area, it was Switzerland's wish to enjoy access to the Single Market, a right – which it's important to remember – is reserved just to the EU member states and the three other members of the EEA. So, despite this vote, the EU was prepared for Switzerland to have the sort of access to the Single Market which no other non-EEA 'third country' has. And we did so in a way where, rather than asking Switzerland to accept the Single Market in its entirety, Switzerland could reach agreements with us on individual sectors where it felt access was particularly interesting.

We used to call this the 'bilateral approach'. I must say that as someone coming back to the dossier after ten years' absence, and as someone who had thought that English was their mother tongue, I found this adjective highly misleading. So did the participants in the talks in Brussels on 20 March. They agreed that what we really mean here is the old 'sectoral' approach – where our relationship was carried forward by a series of agreements covering individual sectors of the Single Market, but in many instances with their own slightly different institutional arrangements. And, taken together, those institutional arrangements are posing increasing problems for the effective running of the Single Market.

Twenty years on from the referendum, with the benefit of hindsight, and with a view to the future development of the relationship, the EU has come to the conclusion that this approach has reached its limits. This isn't a question of bureaucratic tidy-mindedness, of a desire for administrative efficiency and economy – although in this day and age these are important considerations. But the real problem is that the risks which this approach poses to the functioning of the Single Market are too great.

I think again it's worth stepping back a bit here and reflecting on what we're talking about. The Single Market is something very special. It's far more than just a free trade area. It's a system which provides for the genuinely free movement of goods, services, capital and persons – which has tackled a panoply of internal restrictions to provide a level playing field for operators and consumers in a market of 500 million people. Arguably, it's the greatest single achievement of the entire European project. We may feel that we live in an economic crisis now – and clearly that is true. But the Single Market underpins peace and prosperity which were beyond the wildest dreams of European citizens in the 1950s, when the foundation stones were first laid.

So, the Single Market offers a legal level playing field for all, irrespective of nationality or geographical location of the participant in the market. This homogeneity has to apply also to those sectors in which Switzerland takes part. And, very helpfully, the centrality of this principle is something to which Foreign Minister Burkhalter explicitly drew attention a couple of weeks ago when he unveiled the Swiss Federal Council's interim thinking on how to take the relationship forward.

The vital importance of the homogeneity of the Single Market is, as I say, the view of the European Union, in its entirety. It is agreed upon by all the Institutions; by all the member states. And it has been our united view for some time now: formally expressed in the conclusions of the Foreign Affairs Council in December 2008, and in December 2010, and regularly repeated in top-level meetings. So, it's not new.

What specifically are we talking about? Well: it's an all-embracing, global solution governing Swiss access which respects the key principles which have governed the Single Market ever since the Treaty of Rome in 1957:

- in addition to the homogeneity of the Single Market;
- the dynamic application of the *acquis communautaire*;
- a satisfactory system of surveillance;
- a satisfactory system of dispute settlement.

This package should cover all areas where Switzerland has access: put another way, it should apply not just to future but also to existing agreements.

And again, it's important to be absolutely clear here. These are issues of principle of us. They're not bargaining chips in a negotiation. These are points which are central to the correct functioning of the EU's Single Market – and all previous entrants to the Single Market have had to accept the rules before they joined. From the first wave of enlargement, which involved the member state I know best – through to the last to date, which included the ten countries of central and eastern Europe, all of whom had to make enormous changes, involving a lot of economic and social pain, in order to be able to meet the standards of the Single Market. So, we have to have the same rules, and the same interpretation of those rules, and the same application and enforcement, across the Single Market – to give legal certainty to all our companies, to all our operators, to all our citizens.

So, President Barroso said that the EU needed a clear and unequivocal signal from the Swiss side that these principles could constitute the new basis for our cooperation. But unless a satisfactory solution to this institutional question is found, the EU will not be able to conclude any further negotiations with Switzerland relating to access to the Single Market, including, for example, those on electricity.

And as we all know, Mrs Widmer-Schlumpf said that Switzerland also considered that we could make more progress, and declared Switzerland's

willingness to work towards a horizontal institutional framework addressing these 'red lines' – and that the Swiss side would make proposals to this effect in the near future, having duly consulted opinion within Switzerland, in the cantons in particular. For his part, President Barroso said that the EU would be flexible in responding to the Swiss proposals, providing that the basic point of principle were secured.

Speaking personally, I find the commitment on the Swiss part extremely encouraging. It is already an important step forward. I am convinced that, if the political determination is there, there'll also be a solution.

And now, as I say, Foreign Minister Burkhalter is duly following up, giving a progress report following the Federal Council's discussion of the dossier on 25 April, and sketching out the ongoing process of consultation within Switzerland – with the cantons, as I say, and also with the relevant committee of the Federal parliament, and with the social partners.

As Foreign Minister Burkhalter said, we are presently in the part of process where proposals are being worked up on the Swiss side. While I think it remains right for the EU, especially when invited to do so as I am today, to recall our guiding principles, the red lines which President Barroso rehearsed in March and which have been our pole star for years now in discussing this key aspect of our relationship. But we should do so in full respect for Swiss internal decision making processes. So, the next milestone as we turn – as I hope we shall do – this crucial corner in our common journey, will be the presentation by our Swiss partners, of the Swiss Government's proposals – after full consultation of the relevant actors in Swiss politics and society - for reforming Switzerland's access to the Single Market.

I very much hope that these proposals can be as forward-looking and constructive as possible, so that Switzerland can fully enjoy its proper place at the heart of Europe, to the benefit of both Switzerland, and the European Union.