

# Basic Facts on the Framework of EU-Switzerland Relations



September 2020

## | Switzerland and the EU in a few figures

**Switzerland and the European Union are key economic partners:**

- Trade exchanges amount to about EUR 1 billion every working day.
- Switzerland is now the EU's 4th largest trading partner after the US, China and the UK. Switzerland accounts for 6.9 % of the EU's exports and 5.7 % of its imports.
- The EU is Switzerland's largest trading partner by far. The EU accounts for around 50 % of Switzerland's exports in goods and for 60 % of its imports (figures of 2019), thanks to Switzerland's far-reaching access to the EU internal market.

## | A long relationship with Switzerland

1972 ●

### **Free trade agreement**

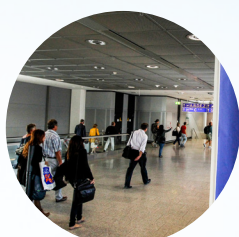
The foundation of EU-Swiss relations can be traced back to the Free Trade Agreement of 1972, which is still in force.

1999 ●

### **Bilaterals I packages**

Switzerland and the EU agreed on a package of seven sectoral agreements signed in 1999 (known in Switzerland as the "Bilaterals I" package).

**These agreements notably cover:**



free  
movement of  
persons



recognition of technical  
certificates



public  
procurement



trade in agricultural products



civil  
aviation



overland  
transport



research

The seven agreements entered into force in 2002 as a package: they are legally linked by the so-called “**guillotine clause**”, which stipulates that if only one agreement is terminated, all the others will also cease to apply six months later.

## 2004

### “Bilaterals II” package

#### Further set of sectoral agreements signed, covering:



Switzerland's participation in the Schengen and Dublin Agreements



taxation of savings



processed agricultural products



statistical cooperation



fight against fraud



education



participation in the EU Media Programme, the EU Environment Agency



pension

In addition to these two “Bilaterals I & II” packages, a number of other agreements have been concluded since 2004, among which:

- 2004 Europol
- 2008 Eurojust
- 2012 Cooperation with the European Defence Agency EDA
- 2013 Cooperation between competition authorities, Satellite navigation
- 2014 European Asylum Support Office EASO
- 2019 Police cooperation Prüm (2019)

## Focus on some key areas of cooperation

### Contribution to the cohesion policy

In 2004, Switzerland pledged to contribute with CHF 1 billion over 5 years to cohesion within the EU. This first financial contribution ran until 2012 (although Swiss commitments pertaining to Bulgaria, Romania, and Croatia lasted to 2014 (BG, RO) and 2017 (HR). It is only in December 2019 that the Swiss Parliament gave its conditional approval to a **second financial contribution to cohesion and to migration challenges**. A **Memorandum of Understanding** (MoU) setting out the framework for the allocation of the Swiss contribution and the sectors to be prioritised is currently under negotiation between the EU and Switzerland. This contribution reflects the continued benefits which Switzerland draws from its participation to the EU's enlarged internal market.



### Governance and Justice

In recent years, the EU and Switzerland have cooperated in pursuing **international standards of tax transparency and fair tax competition**. In May 2015, they signed an agreement on the automatic exchange of information, designed to significantly improve the fight against tax evasion.





### Free movement of people

As part of the Bilateral I agreement, Switzerland and the EU concluded an agreement on the [free movement of persons](#). This gives citizens on each side the right to live and work in the EU or Switzerland, provided they have a job or other source of income.

- About 1.4 million EU citizens live in Switzerland and 450,000 Swiss live in the EU.
- Another 320,000 EU citizens cross the border daily to work in Switzerland. The free movement of people is a centrepiece of EU-Swiss relations.
- Out of a total workforce of 5.1 million persons, some 24 % - amounting to more than 1.24 million persons - are EU citizens (of which 320,000 are cross-border workers).

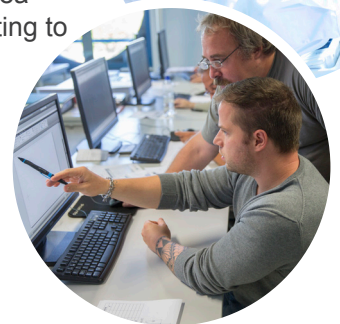
### Research and Innovation (R&I)

Switzerland and the EU have a long tradition of successful cooperation in the field of R&I. Switzerland has been associated to the **EU Framework Programme** since June 2002 (FP5), was partially associated to **Horizon 2020** from 2014, and is fully associated to Horizon 2020 since 2017. It is among the countries with the most long-standing tradition of associations to EU's R&I programmes, alongside Norway and Israel, associated to FP4 since 1994 and 1996 respectively. Switzerland is an integral part of the European Research and Innovation Area (ERA) and is the only non-EU member associated to the Framework Programme contributing to the construction of ITER.



### Education

Since 1992, more than 45,000 Swiss students have participated directly or indirectly in the **Erasmus** mobility programme. Almost as many young Europeans have completed part of their studies at a Swiss university. To a lesser extent, apprentices and teachers also benefit from these exchange programmes.



### Erasmus

Switzerland was associated to Erasmus, the Union programme for education, training, youth and sport, between 2007 and 2013. Since 2014, Switzerland has the status of Partner Country: it participates to international actions open to worldwide participation or with its own funds. Switzerland has developed an alternative national programme called the Swiss-European Mobility Programme (SEMP). The SEMP has been renewed several times, most recently until 2021. This substitution programme provides a degree of international mobility for Swiss students going abroad and EU students coming to Switzerland.



## | More than 120 agreements

Since 2008, through successive Conclusions on EU-Swiss relations, the Council has stressed that the existing system of separate sectoral bilateral agreements had reached its limits, due to its inherent complexity, its lack of homogeneous provisions on updates or on dispute settlement and governance. This led to the negotiation of an **Institutional Framework Agreement** between the EU and Switzerland. These negotiations started in 2014 and ended in November 2018 with a draft text agreed on ministerial level.

Switzerland has called for clarifications on three specific aspects of the agreement. The EU has expressed its readiness to provide such clarifications, provided that they would not amount to the renegotiation of the package deal agreed in November 2018.

In 2017 and again in February 2019, the Council on one hand, the European Parliament in March 2019 on the other hand, determined **that no further agreements on Swiss participation** in the internal market would be concluded without an **Institutional Framework Agreement** to solve the above mentioned issues.



## | Annex

# Content of the Institutional Framework Agreement

### Provisions contained in the agreement

ART. /TITLE	DESCRIPTION
<b>1. Objectives</b>	Legal certainty and uniform conditions on internal market, in which Switzerland participates
<b>2. Scope</b>	Five bilateral agreements: free movement of persons, air/land transport, mutual recognition, trade in agricultural products
<b>3. Definitions</b>	
<b>4. Principle of uniform interpretation</b>	Bilateral agreements and EU law mentioned need to be uniformly interpreted and applied, in line with jurisprudence of the European Court of Justice (ECJ) prior or posterior to signature of agreements
<b>5. Integration of law</b>	Dynamic updating of agreements within scope of Institutional Framework Agreement
<b>6. Cooperation</b>	Between EU institutions and Swiss authorities
<b>7. Effective application of agreements</b>	Both parties take measures to apply agreements in their territory, surveillance will be by both parties through sector committees.
<b>8. State aids</b>	Framework of State aids rules to apply to existing agreement on air transport and future agreements
<b>9. Exclusivity principle</b>	Unique dispute settlement mode (of Art. 10)
<b>10. Dispute settlement procedures</b>	Dispute settlement through arbitration tribunal, which will refer cases to ECJ in cases involving concepts of EU Law for a preliminary binding ruling. Both parties can inform the arbitration tribunal (AT) if in their view ECJ should be involved, and the AT would have to motivate if deciding otherwise. If the losing party does not implement arbitration ruling, the winning party can impose compensation measures. These can be reviewed by the AT for their proportionality.
<b>11. Cooperation between jurisdictions</b>	Dialogue between ECJ and Swiss Federal Court.
<b>12. Preparation of a legal act</b>	Modalities of Involvement of Swiss experts in upstream preparatory work of legal acts by the Commission (decision-shaping)
<b>13. Incorporation of a legal act</b>	Procedure to include legal act in EU-Swiss agreement by sectoral Joint committee and entry into force date
<b>14. Respect of Swiss constitutional obligations</b>	Procedure in case of constitutional obligations (referendum) in Switzerland and (1 year) postponement of entry into force date
<b>15. Horizontal Joint Committee</b>	Objectives and mandate of the Horizontal Joint Committee
<b>16. Joint Parliamentary Committee</b>	Objective and set up of the Joint Parliamentary Committee

ART. /TITLE	DESCRIPTION
<b>17. Primacy of the Agreement</b>	The Institutional Framework Agreement prevails over sector agreements in case of conflict; however the Institutional Framework Agreement not intended to change scope, objective or material contents of the sector agreements
<b>18. Implementation of the agreement</b>	Parties need to ensure implementation of the agreement
<b>19. Protocols</b>	Protocols are integral part of Agreement
<b>20. Territorial application</b>	Territory of EU and Switzerland (Standard clause)
<b>21. Revision</b>	Procedures for revision (Standard clause)
<b>22. Entry into force and denunciation</b>	Dates and procedures if the Institutional Framework Agreement is terminated
<b>Annex on State aids</b>	Horizontal guidelines applicable to Aviation agreement
<b>Protocol 1</b>	Rules (adaptations) to take account of Swiss specificities regarding flanking measures
<b>Protocol 2</b>	Rules (adaptations) to take account of Swiss specificities on social security, transport and food safety
<b>Protocol on arbitration</b>	This protocol outlines the procedures to be followed in case of dispute
<b>Joint Declaration on the modernization of the trading relationship</b>	Political agreement to start negotiations on the new trade relationship, including definition of the areas concerned and the relationship of the future agreement with the Institutional Framework Agreement
<b>Joint Declaration on cohesion</b>	Political agreement to have an autonomously decided, regular Swiss contribution, in coherence with EU programmes – which follow a multiannual programming cycle, recognizing the link with the Swiss access to the internal market.
<b>Free Trade Agreement Joint Committee decision</b>	Decision of the Free Trade Agreement Joint committee to agree on the possible interpretation of the Free Trade Agreement State aids provisions in the light of the Institutional Framework Agreement, if both parties agree, and enable the use of the Institutional Framework Agreement dispute resolution mechanism.