Swiss review : the magazine for the Swiss abroad
Organisation of the Swiss Abroad
46 (2019)
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Playing for time
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https://doi.org/10.5169/seals-907176

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Playing for time

The Federal Council will only sign the Swiss-EU framework agreement once a number of contentious points have been resolved. This could still take quite a while. The new European Commission is unlikely to show any greater flexibility in its dealings with Berne. So far, the Swiss tactic of playing for time has done little harm.

THEODORA PETER



President of the Swiss **Confederation Ueli** Maurer has no option but to defend a framework agreement that his own party, the SVP, has called into serious auestion.



European Commission President Ursula von der Leyen is unlikely to give Switzer land much wiggle room, because Brexit has forced the EU to act tough towards non-EU countries.

The draft institutional framework agreement designed to govern the future bilateral relationship between Switzerland and the European Union (EU) has been on the table for nine months. Although this fits. treaty with Switzerland's biggesttrading partner is of tremendous importance, the Federal Council re-

mained tight-lipped for a long time - only deciding to open up just before the summer recess after months of consultation involving the country's main stakeholders. It explained in Iune that Switzerland could not accept the draft in its present form, and that further clarifications were nec-

essary. The Federal Council consciously avoided mentioning the word "renegotiation" in its letter to EU Commission President Jean-Claude Juncker, given that the EU is categorically ruling out further talks.

wants clarification on three aspects of the text which it believes will not gain majority support as the text stands because of internal political opposition: wage protection, state subsidies, and the Citizens' Rights Directive ("Swiss Review" 2/2019). The first of these points concerns the Federal Council's wish to safeguard Swiss wage levels. With regard to state subsidies, the government wants to ensure that Switzerland only has to apply relevant EU guidelines when access to the EU single market has been contractually agreed. Thirdly, the Federal Council wishes to clarify that no provision of the framework agreement will be in-

Specifically, the Federal Council

terpreted as an obligation for Switzerland to adopt the Citizens' Rights Directive, which defines the reciprocal right to free movement within the EU and extends to other areas such as entitlement to welfare bene-

Ratification unlikely before Juncker's departure

The question is whether "clarifications" are actually enough to resolve these issues, or whether new talks are needed. The present European Commission, responsible under Jean-Claude Juncker for negotiating the framework deal with Switzerland, steps down at the end of October, so the clock is ticking either way. Presi-

dent of the Swiss Confederation Ueli Maurer (Swiss People's Party, SVP) said at the beginning of August that he did not expect a solution to be found by the end of Juncker's term in office. However, talks are unlikely to get any easier under the new European Commission President Ursula von der Leven, Maurer nevertheless believes that Switzerland has time on its side. "And we need time for a solution that serves Switzerland's interests," he added. His party, the SVP, wants to abandon free movement completely, having launched an initiative calling for "moderate immigration" - which the National Council is set to debate during its autumn session.

At the time of going to press, there was still no Swiss consensus on wage protection. The Federal Council had called on the unions and employers to spend the summer working out what proposals they can put to the EU. But the union boss Pierre-Yves Maillard has already indicated his unwillingness to budge. Maillard is also playing for time and wants Brussels to cede ground on wage protection, suggesting that Switzerland increase its financial contributions in return - as exemplified by past cohesion payments to support EU enlargement in Eastern Europe (the "eastern billion"). One possible scenario is that the

SVP's limitation initiative is put to the people in 2020 before the framework deal is signed. The electorate voting against an end to free movement would not only be a de facto endorsement of Switzerland's bilateral approach, but would also strengthen the Federal Council's position.

So far, the tactic of playing for time on the institutional framework agreement has not done Switzerland much harm. The EU decided not to re-

new the Swiss stock exchange's "equivalence" status on 1 July, but measures taken by the Federal Council to protect securities trading on the Swiss stock market seem to have worked.

Brexit limits wigale room

However, more concerning for the economy is the prospect of existing bilateral agreements being eroded. Unless progress is made on the framework deal, the EU will not necessarily feel inclined to update existing treaties. For instance, the bilateral agreement on technical barriers to trade (MRA) has to be adapted by May 2020 - otherwise Swiss medtech companies could lose direct access to the EU single market. Essentially, the bureaucratic hurdles would be higher and the costs greater. There is a lot at stake for the economy, given that Switzerland earns one in three francs from trade with the EU. The bilateral treaties account for trade in goods worth one billion francs each day. Free access to the European market is therefore vital to the Swiss economv.

but helpful to Switzerland. Faced with the UK leaving the EU, Brussels is doing all it can to make non-membership of the bloc as unattractive as possible. That is the message being given to Switzerland, whom the EU accuses of cherry-picking. Some observers believe that Brussels would have given Berne more flexibility were it not for the need to appear tough on Brexit.

Safeguarding Swiss

wage levels is one of the Federal Council's main objectives. Photo: Keystone

The spectre of Brexit is anything

This article reflects the information available at the time of going to press at the beginning of August. Previous article on this issue: www.ogy.de/CH-EU

Switzerland in figures

21,000

Switzerland's care homes and hospitals increasingly need more personnel. In 2018, 2,900 men and women completed training in this field. An additional 2,700 nursing professionals arrived from abroad. The number of foreign care workers has increased by 21,000 in the last ten years.

11

300,000

Some 300,000 new cars were registered in Switzerland last year. Compared to the previous year, new cars in 2018 were less environmentally friendly, accounting for 3.6 per cent higher fuel consumption and increased CO₂ emissions (2017: 134 a/km, 2018: 138 a/km).

670,000

According to the federal government's Swiss social statistics report, the number of people experiencing poverty in Switzerland rose from 615,000 to around 675,000 between 2014 and 2017. Single mothers, children, and the long-term unemployed are particularly affected.

1,957

Swiss bobsleigh duo Beat Hefti and Alexander Baumann received their Olympic gold medals 1,957 days late. They returned from Sochi (2014) with silver, but the winning Russian crew were eventually disqualified for doping.

5,000

On 26 June 2019, the 0°C threshold in Switzerland began at an altitude of over 5,000 metres above sea level, with many high-elevation localities experiencing record high temperatures, e.g. Davos (29.8°C), the Fuorn Pass (28.1°C), and Säntis (21.0°C).