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**A5-0118/2000**

19 April 2000

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## **RECOMMENDATION**

on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):

- on the free movement of persons (9748/1999 - C5-0197/2000 - 1999/0103(AVC))
- on air transport (9749/1999 - C5-0198/2000 - 1999/0104(AVC))
- on the carriage of goods and passengers by rail and road (9750/1999 - C5-0199/2000 - 1999/0105(AVC))
- on scientific and technological cooperation between the European Community and the European Atomic Energy Community, of the one part, and the Swiss Confederation, of the other part (9751/1999 - C5-0200/2000 - 1999/0106(AVC))
- on certain aspects relating to public procurement (9752/1999 - C5-0201/2000 - 1999/0107(AVC))
- on trade in agricultural products (9753/1999 - C5-0202/2000 - 1999/0108(AVC))
- on mutual recognition in relation to conformity assessment between the European Community and the Swiss Confederation (9755/1999 - C5-0203/2000 - 1999/0109(AVC))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Massimo Carraro

<i><b>Symbols for procedures</b></i>	<i><b>Abbreviations for committees</b></i>
<p>* Consultation procedure <i>majority of the votes cast</i></p> <p>**I Cooperation procedure (first reading) <i>majority of the votes cast</i></p> <p>**II Cooperation procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>*** Assent procedure <i>majority of Parliament's component Members except in cases covered by Articles 105, 107, 161 and 300 of the EC Treaty and Article 7 of the EU Treaty</i></p> <p>***I Codecision procedure (first reading) <i>majority of the votes cast</i></p> <p>***II Codecision procedure (second reading) <i>majority of the votes cast, to approve the common position</i> <i>majority of Parliament's component Members, to reject or amend the common position</i></p> <p>***III Codecision procedure (third reading) <i>majority of the votes cast, to approve the joint text</i></p> <p>(The type of procedure depends on the legal basis proposed by the Commission)</p>	<p>I. AFET Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy</p> <p>II. BUDG Committee on Budgets</p> <p>III. CONT Committee on Budgetary Control</p> <p>IV. LIBE Committee on Citizens' Freedoms and Rights, Justice and Home Affairs</p> <p>V. ECON Committee on Economic and Monetary Affairs</p> <p>VI. JURI Committee on Legal Affairs and the Internal Market</p> <p>VII. INDU Committee on Industry, External Trade, Research and Energy</p> <p>VIII. EMPL Committee on Employment and Social Affairs</p> <p>IX. ENVI Committee on the Environment, Public Health and Consumer Policy</p> <p>X. AGRI Committee on Agriculture and Rural Development</p> <p>XI. PECH Committee on Fisheries</p> <p>XII. REGI Committee on Regional Policy, Transport and Tourism</p> <p>XIII. CULT Committee on Culture, Youth, Education, the Media and Sport</p> <p>XIV. DEVE Committee on Development and Cooperation</p> <p>XV. AFCO Committee on Constitutional Affairs</p> <p>XVI. FEMM Committee on Women's Rights and Equal Opportunities</p> <p>XVII. PETI Committee on Petitions</p>

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## PROCEDURAL PAGE

By letter of 13 April 2000 the Council requested Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty, on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/1999 - COM(1999) 229)):

- on the free movement of persons (9748/1999 - 1999/0103(AVC))
- on air transport (9749/1999 - 1999/0104(AVC))
- on the carriage of goods and passengers by rail and road (9750/1999 - 1999/0105(AVC))
- on scientific and technological cooperation between the European Community and the European Atomic Energy Community, of the one part, and the Swiss Confederation, of the other part (9751/1999 - 1999/0106(AVC))
- on certain aspects relating to public procurement (9752/1999 - 1999/0107(AVC))
- on trade in agricultural products (9753/1999 - 1999/0108(AVC))
- on mutual recognition in relation to conformity assessment between the European Community and the Swiss Confederation (9755/1999 - 1999/0109(AVC))

At the sitting of 14 April 2000 the President of Parliament announced that she had referred the proposal to the Committee on Industry, External Trade, Research and Energy as the committee responsible and, for their opinions, to:

- the Committee on Budgets (C5-0197/1999, C5-0198/1999, C5-0199/1999, C5-0200/1999, C5-0201/1999, C5-0202/1999, C5-0203/1999),
  - the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs (C5-0197/1999),
  - the Committee on Legal Affairs and the Internal Market (C5-0201/1999, C5-0203/1999),
  - the Committee on Agriculture and Rural Development (C5-0202/1999),
- and
- the Committee on Regional Policy, Transport and Tourism (C5-0198/1999, C5-0199/1999).

The Committee on Industry, External Trade, Research and Energy had appointed Massimo Carraro rapporteur at its meeting of 14 October 1999.

The committee considered the proposal for a Council decision and the draft recommendation at its meetings of 23 February 2000, 23 March 2000 and 19 April 2000.

At the last meeting it adopted the seven draft legislative resolutions by 49 votes to 0, with 1 abstention.

The following were present for the vote: Nuala Ahern, acting chairman; Massimo Carraro, rapporteur; Gordon J. Adam (for Gérard Caudron), Konstantinos Alyssandrakis, Alexandros Baltas, Ward Beysen (for Willy C.E.H. De Clercq), Herbert Bösch (for Imelda Mary Read, pursuant to Rule 153(2)), Yves Butel, Gunilla Carlsson (for Anders Wijkman), Giles Bryan Chichester, Nicholas Clegg, Dorette Corbey (for Mechtild Rothe), Elisa Maria Damião (for Elena Valenciano Martínez-Orozco), Claude J.-M.J. Desama, Jonathan Evans (for Umberto

Scapagnini), Concepció Ferrer, Francesco Fiori (for Guido Bodrato), Colette Flesch, Christos Folias, Glyn Ford, Pat the Cope Gallagher, Neena Gill (for Erika Mann), Norbert Glante, Alfred Gomolka (for Werner Langen), Michel Hansenne, Malcolm Harbour, Wolfgang Kreissl-Dörfler (for Yves Piétrasanta), Peter Liese (for Paul Rübig), Rolf Linkohr, Nelly Maes, Marjo Tuulevi Matikainen-Kallström, Hans-Peter Mayer (for Renato Brunetta), Linda McAvan, Eryl Margaret McNally, Elizabeth Montfort, Luisa Morgantini, Angelika Niebler, Hervé Novelli (for Dominique Vlasto), Reino Kalervo Paasilinna, Elly Plooi-j-van Gorsel, John Purvis, Godelieve Quisthoudt-Rowohl, Alexander Radwan (for Peter Michael Mombaur), Daniela Raschhofer, Christian Foldberg Rovsing, Ilka Schröder, Konrad K. Schwaiger, Jaime Valdivielso de Cué, W.G. van Velzen and Alejo Vidal-Quadras Roca.

The opinions of the Committee on Budgets, the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, the Committee on Legal Affairs and the Internal Market and the Committee on Regional Policy, Transport and Tourism are attached. The Committee on Agriculture and Rural Development decided on 28 March 2000 not to deliver an opinion.

The recommendation was tabled on 19 April 2000.

## I. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on the free movement of persons (9748/1999 - C5-0197/2000 - 1999/0103(AVC))**

### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on the free movement of persons (9748/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0197/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Budgets and the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

## II. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on air transport (9749/1999 - C5-0198/2000 - 1999/0104(AVC))**

### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on air transport (9749/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0198/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Budgets and the Committee on Regional Policy, Transport and Tourism (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

### III. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on the carriage of goods and passengers by rail and road (9750/1999 - C5-0199/2000 - 1999/0105(AVC))**

#### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on the carriage of goods and passengers by rail and road (9750/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0199/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Budgets and the Committee on Regional Policy, Transport and Tourism (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.



#### IV. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on scientific and technological cooperation between the European Community and the European Atomic Energy Community, of the one part, and the Swiss Confederation, of the other part (9751/1999 - C5-0200/2000 - 1999/0106(AVC))**

**(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on scientific and technological cooperation between the European Community and the European Atomic Energy Community, of the one part, and the Swiss Confederation, of the other part (9751/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0200/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinion of the Committee on Budgets (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

## V. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on certain aspects relating to public procurement (9752/1999 - C5-0201/2000 - 1999/0107(AVC))**

### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on certain aspects relating to public procurement (9752/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0201/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Budgets and the Committee on Legal Affairs and the Internal Market (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

## VI. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on trade in agricultural products (9753/1999 - C5-0202/2000 - 1999/0108(AVC))**

### **(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on trade in agricultural products (9753/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0202/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinion of the Committee on Budgets (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

## VII. DRAFT LEGISLATIVE RESOLUTION

**European Parliament legislative resolution on the proposal for a Council decision on the conclusion of the Agreements between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other part (7260/2000 - COM(1999) 229 - C5-0204/2000):**

- **on mutual recognition in relation to conformity assessment between the European Community and the Swiss Confederation (9755/1999 - C5-0204/2000 - 1999/0109(AVC))**

**(Assent procedure)**

*The European Parliament,*

- having regard to the proposal for a Council decision (7260/2000 - COM(1999) 229<sup>1</sup> - C5-0204/2000),
  - having regard to the draft Agreement between the European Community and the Swiss Confederation on mutual recognition in relation to conformity assessment between the European Community and the Swiss Confederation (9755/1999),
  - having regard to the Council's request for Parliament's assent pursuant to Article 300(3), second subparagraph, in conjunction with Article 310 of the EC Treaty (C5-0204/2000),
  - having regard to Rules 86 and 97(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Budgets and the Committee on Legal Affairs and the Internal Market (A5-0118/2000),
1. Gives its assent to the conclusion of the Agreement;
  2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and of the Swiss Confederation.

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<sup>1</sup> Not yet published in the Official Journal.

## **EXPLANATORY STATEMENT**

### **I. BACKGROUND TO THE RELATIONS BETWEEN THE EUROPEAN UNION AND SWITZERLAND: A SPECIAL CASE**

Although Switzerland took part in the negotiations which led to the Agreement on the European Economic Area, the Swiss people voted in a referendum in December 1992 to reject the agreement. Not only did this mean that Switzerland could not join the EEA, but its application for membership submitted in May 1992 also had to be frozen.

Relations between the EU and Switzerland have therefore had to be taken forward on the basis of bilateral agreements. Since 1993, Switzerland has thus made a series of requests for access to the internal market in specific sectors.

Although progress has been made through the use of bilateral agreements and while these have advantages for both parties, it would not be acceptable for Switzerland to enjoy full access to the single market without taking on any of the institutional and financial obligations that go with it.

Moreover, Switzerland has stated that membership of the European Union remains a strategic objective and is keenly aware of the benefits that would flow from more extensive and far-reaching cooperation with the European Union.

### **II. INTERESTS AND BENEFITS FOR THE TWO PARTIES**

#### ***1. The Union's interests***

At first sight, the benefits of these agreements for the European Union might seem less significant than they actually are. The Union does in fact have a great deal to gain from the introduction of an agreement on the free movement of persons since it will make it easier for European citizens to gain access to the Swiss market, it is to be hoped, and will solve many of the problems faced by cross-border workers, such as, for instance, discrimination with regard to old-age and surviving dependants' insurance

The benefits for the European Union of the agreement on rail and road transport should not be underestimated. The European Union has consistently stressed the important role played by efficient transport infrastructures in its economic development. The agreement with Switzerland will facilitate and improve the road, rail and combined transport of goods and will help to create a transport infrastructure linking northern and southern Europe.

The agreements on trade in agricultural products and on mutual recognition in relation to conformity assessment should also be welcomed since they will facilitate access to the Swiss market for Community products.

Progress also needs to be made in the areas of organised crime and the taxation of capital. As regards the former, the Commission has been holding discussions with the Swiss Government which should lead to an agreement on judicial cooperation in the area of tax offences. As far as the taxation of capital is concerned, the Ecofin Council of 1 December 1998, acting in response to a request by the Vienna European Council, agreed on a procedure to allow coordination in the area of the exchange of information with a number of third countries, including Switzerland.

## **2. *Switzerland's interests***

Switzerland has so far benefited from the conclusion of bilateral agreements with the European Union, since it has been able to choose the sectors which suited it best and in which it could obtain substantial benefits. This 'pick and choose' strategy appeared to be more advantageous in the short term than full integration into the single market. Nevertheless, the fact that Switzerland is not a member of the EEA and is an enclave in a highly integrated market has resulted in numerous trade barriers, especially in a number of specific sectors of the economy. As a result, Switzerland changed its approach and agreed to negotiate an overall package of agreements offering benefits for both parties: for example, although the agreement on the free movement of persons will require considerable liberalisation in Switzerland, the agreements in other areas, such as air transport or mutual recognition in relation to conformity assessment are certain to have beneficial effects.

## **III. THE COMPROMISE: A SECTOR-BASED PACKAGE OF AGREEMENTS**

The 'package' consists of seven agreements relating to road and air transport, the free movement of persons, public procurement, research and development, mutual recognition in relation to conformity assessment and agriculture.

In order to guard against the danger of agreements being rejected separately in a referendum, the Community decided to link the agreements by incorporating a common clause into each one stating that all the agreements can only enter in force simultaneously and can only be applied in their entirety.

## **IV. SUBSTANCE OF THE VARIOUS AGREEMENTS**

## ***1. Agreement on the free movement of persons***

The aims of the agreement are set out in Article 1:

- (a) to accord a right of entry, residence, access to work as employed persons, establishment on a self-employed basis and the right to stay in the territory of the Contracting Parties;
- (b) to facilitate the provision of services in the territory of the Contracting Parties, and in particular to liberalise the provision of services of brief duration;
- (c) to accord a right of entry into and residence in the territory of the Contracting Parties to persons without an economic activity in the host country;
- (d) to accord the same living, employment and working conditions as those accorded to nationals.

Annex I – contains general provisions on entry and exit rights, economic activity and the rights granted to members of the family.

Annex 2 – deals with the coordination of social security systems.

Annex 3 – concerns the mutual recognition of professional qualifications (diplomas, certificates and other evidence of formal qualifications).

## ***2. Agreement on air transport***

The agreement recognises the integrated character of international civil aviation and calls for the harmonisation of regulations on intra-European air transport.

It states that it is appropriate to base the rules for civil aviation within the area covered by the Community and Switzerland on the legislation which is in force in the Community.

Article 5 of the agreement states that '...companies or firms formed in accordance with the law of an EC Member State or Switzerland and having their registered office, central administration or principal place of business within the Community or Switzerland shall be treated in the same way as natural persons who are nationals of EC Member States...'.

Article 15 states that:

- Community and Swiss air carriers shall be granted traffic rights between any point in Switzerland and any point in the Community;
- two years after the entry into force of this Agreement, Swiss air carriers shall be granted traffic rights between points in different EC Member States.

### **3. *Agreement on the transport of goods and passengers by rail and road***

Article 1 of the agreement states that it is aimed at liberalising access by the contracting parties to each other's transport market for the carriage of passengers and goods by road and rail in such a way as to ensure the most efficient management of traffic using routes which, from a technical, geographical and economic viewpoint, are most suitable for all the modes of transport covered by the agreement and, also, at laying down the basis for a coordinated transport policy.

Article 4 states that 'Subject to the derogations introduced under this Agreement, the rights and obligations of the Contracting Parties arising from the 1992 Agreement shall not be affected by the provisions of this Agreement.'

The agreement deals with technical matters such as technical standards, transitional arrangements governing the weight of vehicles transporting goods, the carriage of goods in transit across the territory of the contracting parties, triangular transport operations involving third countries, the allocation of train paths, railway supply capacity, **road transport charging systems**, facilitation of frontier controls, ecological standards for commercial vehicles and safeguard measures.

### **4. *Agreement on agricultural products***

The agreement states that the contracting parties are resolved gradually to eliminate the barriers affecting the bulk of their trade in accordance with the provisions on the establishment of free-trade areas in the Agreement establishing the World Trade Organisation.

The aim of the agreement is to strengthen the free-trade relations between the parties by improving the access of each to the market in agricultural products of the other.

The various annexes deal with the following matters:

- Tariff concessions granted by Switzerland (Annex 1)
- Tariff concessions granted by the Community (Annex 2)
- Concessions regarding cheeses (Annex 3)
- Plant health (Annex 4)
- Animal feed (Annex 5)
- Seeds (Annex 6)
- Trade in wine-sector products (Annex 7)
- Mutual recognition and protection of names of spirit drinks and aromatised wine-based drinks (Annex 8)
- Organically produced agricultural products and foodstuffs (Annex 9)
- Recognition of conformity checks for fruit and vegetables subject to quality standards (Annex 10)



- Animal-health and zootechnical measures applicable to trade in live animals and animal products (Annex 11)

## **5. *Agreement on mutual recognition in relation to conformity assessment***

The agreement provides for the mutual recognition of the results of conformity assessment procedures required for access to the respective markets of the parties, in accordance with the Free Trade Agreement of 22 July 1972 between Switzerland and the European Economic Community and taking into account the two parties' obligations as members of the World Trade Organisation, and, in particular, the Agreement on Technical Barriers to Trade, which encourages the negotiation of mutual recognition agreements. The agreement states that the close ties between the Community and Switzerland, of the one part, and Iceland, Liechtenstein and Norway, of the other, makes the conclusion of parallel agreements between those countries and Switzerland appropriate.

Annex 1 specifies the product sectors covered by the agreement. These include, machinery, toys, medical devices, pressure vessels, motor vehicles and measuring instruments.

## **6. *Agreement on certain aspects of public procurement***

The parties to the agreement wish to liberalise their respective public procurement markets, notably through the Government Procurement Agreement (GPA) concluded in Marrakesh on 15 April 1994.

Switzerland and the European Community wish to pursue their liberalisation efforts among themselves by granting access to procurement of products, works and services by their respective telecommunications and railway operators, entities active in the field of energy other than electricity, and private utilities which operate on the basis of special or exclusive rights granted by a competent state authority and are active in the sectors of drinking water, electricity, urban transport, airports and maritime or inland ports.

The Annexes specify the sectors and operators covered by the agreement.

## **7. *Agreement on scientific and technological cooperation***

The benefits of such an agreement for both parties are obvious.

The most important aspect of the agreement is Switzerland's financial contribution.

Article 5 states that 'Switzerland's financial contribution deriving from its participation in the implementation of the specific programmes shall be established in proportion to and in addition to the amount available each year in the general budget of the European Union for commitment appropriations to meet the Commission's financial obligations stemming from work to be carried out in the forms necessary for the implementation, management and operation of those programmes and activities covered by this Agreement.'

## **V. CONCLUSION**

The Committee on Industry, External Trade, Research and Energy endorses the proposals relating to the agreements with Switzerland. The agreements will play a part in adding a new dimension to relations with Switzerland, not only because of their intrinsic importance as agreements but also because they will ensure that relations with Switzerland no longer remain stalled.

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on Industry, External Trade, Research and Energy

on the proposal for a Council Decision on the conclusion of the Agreement on the Free Movement of Persons between the European Community and its Member States, of the one part, and the Swiss Confederation, on the other part (COM(1999) 229 - 9748/1999 - C5-0197/2000 - 1999/0103(AVC))

on the proposal for a Council Decision on the conclusion of the Agreement on Air Transport between the European Community and the Swiss Confederation (COM(1999) 229 – 9749/1999 - C5-0198/2000 - 1999/0104(AVC))

on the proposal for a Council Decision on the conclusion of the Agreement on the Transport of Goods and Passengers by Rail and Road between the European Community and the Swiss Confederation (COM(1999) 229 - 9750/1999 - C5-0199/2000 - 1999/0105(AVC))

on the proposal for a Council and Commission Decision, Euratom on the conclusion of the Agreement on scientific and technological co-operation between the European Community and European Atomic Energy Community, of the one part, and the Swiss Confederation, on the other part (COM1999) 229 - 9751/1999 - C5-0200/2000 - 1999/0106(AVC))

on the proposal for a Council Decision on the conclusion of the Agreement on Certain Aspects Relating to Public Procurement between the European Community and the Swiss Confederation (COM(1999) 229 - 9752/1999 - C5-0201/2000 - 1999/0107(AVC))

on the proposal for a Council Decision on the conclusion of the Agreement on Trade in Agricultural Products between the European Community and the Swiss Confederation (COM(1999) 229 - 9753/1999 - C5-0202/2000 - 1999/0108(AVC))

on the proposal for a Council Decision on the conclusion of the Agreement on the Mutual Recognition in Relation to Conformity Assessment between the European Community and the Swiss Confederation (COM(1999) 229 - 9755/1999 - C5-0203/2000 - 1999/0109(AVC))

Brussels, 27 January 2000

Dear Mr Westendorp y Cabeza,

The Committee on Budgets considered the above subject at its meeting of 27 January 2000.

### **BACKGROUND/GENERAL COMMENTS**

In December 1992 the Swiss people voted against the proposal of the Swiss government to join the Agreement on the European Economic Area. This meant also that the Swiss accession request to the European Union, transmitted in May 1992, had to be frozen. The only possibility left to intensify the relations between Switzerland and the EU was the opening of negotiations on bilateral agreements on co-operation in specific sectors.

The present agreements were negotiated in the framework of the Swiss efforts to participate in certain areas of the internal market, in particular air transport, land transport, mutual recognition of diplomas, the audio visual sector, rules of origin for processed agricultural products, technical obstacles to trade, public procurement, product liability, veterinary and phyto-sanitary issues, intellectual property and participation in certain Community programmes.

In 1994 and 1995, the Community adopted negotiation mandates for the sectors road and air transport, free movements of persons, public procurement, research and development, mutual recognition of conformity assessment and agriculture. The Community adopted a “package approach” to link the seven intended agreements by a clause in each agreement providing that all agreements can only enter into force simultaneously and can only be applied in their entirety.

Negotiations were, in particular, difficult in the area of land transport. In this sector Switzerland adopted in 1994 the “Alpine Initiative” which completely changed the parameters for the negotiations. The guarantee of non-discrimination, reciprocity and freedom of choice of undertaking in road, rail and combined transport could only be reached after complex negotiations on issues such as the maximum authorised vehicle weight, the application of rules on roadworthiness tests for vehicles and the road user charging system. Eventually, the seven agreements were initialled on 26 February 1999.

The agreements on the free movement of persons, on air transport and on certain aspects relating to public procurement have no financial impact for the EU budget, except the costs for organisation and participation in Joint Committee meetings. The costs for each of these 3 agreements are estimated to be between € 1 700 and € 57 000 per year funded by budget lines A-701 and A-703.

For all meetings of the Joint Committee, set up in the framework of the seven agreements, Switzerland will bear the costs of the organisation of meetings held in Switzerland and of the participation of its representatives in meetings in the European Union. The Commission does not request additional posts for the management of the agreements and the usual financial controls are in place.

In the agreement on the carriage of goods and passengers by rail and road, the contracting parties agreed to finance jointly a “Permanent Traffic Observatory” to monitor land transport flows in the Alpine region. The financing and administrative arrangements for the Observatory will be decided by the Joint Committee of the agreement. The estimated costs for the Observatory, co-ordination meetings and the meetings of the Joint Committee are €1.35 million for the period 2001 to 2006. The Observatory will be financed by line B2-704 (Preparation, evaluation and promotion of sustainable mobility). The share of the EU budget has to be decided in the Joint Committee. The Budgets Committee asks the Commission to share costs on an equal basis with the Swiss government.

The agreement on scientific and technical co-operation provides for the Swiss participation in the specific programmes of the Fifth Framework Programme of the European Community (1998-2002) and the Fifth Framework Programme of Euratom for Research and Training activities (1998-2002). Switzerland will contribute to the financing of the programmes on the basis of the ratio of its GNP to that of the Member States of the European Union (3.11%). This contribution to the EU budget is fixed at € 465.3 million for the 5-years period 1998 to 2002 (entered in chapter 60 – contributions to Community programmes – on the revenue side, and articles B6-451 and B6-551 on the expenditure side of the budget). It will be allocated to the various specific programmes of the framework programmes. Annual expenditure on management of the agreement is estimated at € 96 250 for EC experts’ missions to Switzerland, € 22 400 for EC officials’ missions to Switzerland, and € 127 890 for workshops and seminars. The Committee on Budgets requests that the Commission mention in its annual reporting on the Fifth Framework Programme how much it received from the Swiss partners and how much was spent from the Union's budget on the co-operation activities.

The agreement on trade in agricultural products foresees the mutual grant of tariff concessions. This includes new EC concessions for the import of Swiss products in the sectors of meat, plants, cut flowers, fruit and vegetable, cheese and milk products. A loss of customs levies of € 20.6 million will be the direct impact for the EU budget (compared to a total amount of € 1 054.5 million for agricultural duties on the budgets revenue side entered in chapter 10 in the 1999 budget). An abolishment of refunds for two types of cheese will lead to estimated savings of € 2.1 million (compared to a total of € 221 million for refunds on cheese entered on line B1-2002). The agreement has no impact on the Commission's administrative expenditure.

The agreement on the mutual recognition in relation to conformity assessment is aimed at establishing mutual recognition of certification of conformity of products with the applicable technical regulations or standards. The Commission will pursue confidence-building activities to facilitate the proper implementation of the agreement and manage the agreement by officials and experts attending Committee meetings, by organising and participation in workshops and seminars, by verification actions (scrutinising the activities of the conformity assessment bodies) and by the production and the dissemination of information. The estimated costs of € 156.557 for the period 2000 to 2004 (of which € 61 191 in 2000) will be covered by budget line B7-850 (External trade relations and the World Trade Organisation) except the travel

expenditure for officials, which are to be covered by chapter A-70 (Decentralised Expenditure on support staff and administration.

The Committee on Budgets notes that the financial statements attached to the seven proposals for decisions lack coherence. Some of the financial statements do not clearly indicate which budget line is funding which part of the estimated expenditure. The staff to be assigned to the management of the operations is not identified for all proposals.

At the meeting of 27 January 2000 the Committee on Budgets adopted the following conclusions:

### **CONCLUSIONS**

The Committee on Budgets asks the Commission to examine the financial statements attached to the legislative proposals in order to harmonise the method and to complete the information given.

The Committee on Budgets suggests that the Court of Auditors might usefully carry out a global investigation of the benefits and cost-effectiveness of the EU-Swiss co-operation activities under the seven agreements taking, in particular, into account the scientific and technical co-operation under the Fifth Framework Programmes.

The Committee on Budgets does not see budgetary impediments to the agreements and does not raise an objection against the Committee on Industry, External Trade, Research and Energy to approve the adoption of the proposals for decisions

Yours sincerely,

Terry Wynn

The following were present for the vote: Wynn, chairman; Dührkop Dührkop, vice-chairman; Casaca, Cauquil, Colom I Naval, Costa Neves, Dover, Färm, Ferber, Garriga Polledo, Gill, Guy-Quint, Haug, Jensen, Krehl, Laschet, Martin, Naranjo, Rühle, Stenmarck, Virrankoski, Walter and Wenzel-Perillo.

21 March 2000

## **OPINION OF THE COMMITTEE ON CITIZENS' FREEDOMS AND RIGHTS, JUSTICE AND HOME AFFAIRS**

for the Committee on Industry, External Trade, Research and Energy

- on the proposal for a Council Decision on the conclusion of the Agreement on the Free Movement of Persons between the European Community and its Member States, of the one part, and the Swiss Confederation, on the other part (COM(1999) 229 - 9748/1999 - C5-0197/2000 - 1999/0103(AVC))

Draftsman: Jan Andersson

### **PROCEDURE**

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs appointed Jan Andersson draftsman at its meeting of 29 July 1999.

It considered the draft opinion at its meetings of 12 October 1999, 13 and 21 March 2000.

At the last meeting it adopted the conclusions below unanimously.

The following were present for the vote: Watson, chairman; Evans vice-chairman; Andersson, draftsman; von Bötticher, Cashman, Ceyhun, Deprez, Di Lello Finuoli, Duhamel, Karamanou, Ludford, Paciotti, Pirker, Schmid, Vattimo and Wiebenga .

### **JUSTIFICATION**

The European Parliament received :

- 1) on May 7<sup>th</sup>, 1999 a letter from the European Commission forwarding the draft decisions of the Council announcing that the assent procedure (art. 300, paragraphs 2, 3 and 4 of the TEC) was applicable ;
- 2) on June 17<sup>th</sup>, 1999 a letter from the Council announcing that the Commission had terminated negotiations with Switzerland, and that the agreements were initialled on February 26<sup>th</sup>, 1999 and will be signed on June 21<sup>st</sup>, 1999.

The seven agreements concern :

- 1) free movement of persons;
- 2) transport by aircraft;
- 3) transport on land;
- 4) scientific and technological co-operation;
- 5) public tenders;
- 6) exchange of agricultural products;
- 7) mutual recognition in the field of conformity assessment.

The Swiss Parliament approved, on October 8th 1999, by a large majority, the seven sectoral agreements between the EU and Switzerland. Nevertheless, during the following three months, signatures were collected in order to organise a referendum, announced by two extreme right wing parties, aiming at rejecting certain provisions, amongst others, the free movement of persons. The referendum is due to be held on 21<sup>st</sup> May 2000.

This Opinion of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs for the Committee on Industry, External Trade, Research and Energy concerns the agreement on free movement of persons. The main content of this agreement is a progressive adaptation of the Swiss system for movement of persons to the provisions of the European Community Treaty on free movement of persons:

- right of entry, right of establishment (with a simplified procedure, no visas) ;
- possibility to enter the labour market (in order to exercise a dependent/independent economic activity or to provide services) with a geographical and professional mobility ;
- equal treatment of European Community citizens, with residence in Switzerland, to Swiss nationals (principles of equality of treatment and non-discrimination on grounds of nationality) ;
- co-ordination of social security ;
- possibility of residence for non-working persons or for students ;
- recognition of diplomas, certificates and other qualifications ;
- right of establishment together with the right to carry out an economic activity, for family members (regardless of nationality);
- new facilities for cross border workers;
- abolition of the "seasonal" worker statute.

#### Exceptions (Art. 10)

1. for a period of 5 years after the implementation of the agreement, Switzerland may maintain a quota for the entry of persons enabled to exercise economic activities, limited to a certain period of time ;
2. for a period of 2 years after the implementation, both the EU Member States and Switzerland can keep a priority system for indigenous workers;
3. EU workers shall have a minimum quota of residency authorisations in Switzerland for a period of 5 years. If, between the 6<sup>th</sup> and 12<sup>th</sup> year, certain conditions are achieved, Switzerland can unilaterally limit the amount of new authorisations for certain categories,



the following year.

12 years after implementation of the agreement, freedom of movement should be completely achieved.

#### Position of the Opinion Rapporteur

Our rapporteur welcomes the proposal for a Council Decision on the conclusion of the Agreement on the Free Movement of Persons between the European Community and its Member States, on the one part, and the Swiss Confederation, on the other part.

In December 1992 Switzerland voted against an adherence to the Economic European Area, which, de facto, ended the Swiss application to adhere to the EC. It has been crucial that both sides, the EU and Switzerland, worked to establish deeper relations and an improved co-operation in order to facilitate the functioning of free movement within the internal market. The proposed seven agreements as a whole will reinforce the relationship between the EU and the neighbouring state Switzerland as far as the functioning of the internal market is concerned. Considering the fact that Switzerland should still be considered as a possible future member of the Union, the rapporteur believes that it is not useful to continue with this practise of sectoral agreements, negotiated with a rather 'commercial' mentality. In future a clearer approach will need to be adopted.

The rapporteur believes that the specific agreement on free movement of persons contains all the necessary elements and that the agreement is constructed in a satisfactory manner. There are several examples of problems encountered by nationals of the EC countries living or working in Switzerland, in certain cases examples of discrimination were reported. The present elements in the agreement, for instance the right of entry, right of establishment, the possibility to enter the labour market, co-ordination of social security, the possibility of establishment for non-working persons or for students and some new facilities for cross border workers provide important opportunities to solve these current problems, and will help prevent new ones arising.

It is stressed that all seven agreements should operate as a package, and that they should be implemented simultaneously, obliging the Contracting Parties to accept or refuse all seven agreements as a whole. This is of great importance. These restrictions eliminate the possibility of Switzerland taking advantages of an "acquis communautaire à la carte" and it also puts Switzerland in a position where it must get involved in the institutional and budgetary level. It is also crucial that the agreement is interpreted and applied so that the use of the exceptions should be avoided as far as possible.

The rapporteur also believes that the Commission should continue its contacts with Switzerland in order to reach agreements regarding the fight against organised crime, in particular money laundering, drug trafficking, trafficking in persons, namely women. In this context it could be possible to consider the work of the mixed interparliamentary committee on Justice and Home affairs, which aims at reinforcing the EU-Switzerland co-operation. During the negotiations of the seven agreements, talks took place about fight against organised crime, fraud, cooperation in immigration and asylum matters, but no formal result

was achieved.

## CONCLUSIONS

1. The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following points in its draft recommendation:

a/ In general:

- the seven agreements must be seen as a package,

b/ In particular, as far as the agreement on free movement of persons is concerned :

- the agreement should be interpreted and applied so that the practice of the exceptions should be avoided as far as possible;
- the agreement should also be used to avoid social dumping and discrimination (see also art. 13 TEC) ;
- free movement of persons should be related to the labour market (see also art. 14 TEC) ;

c/ In particular, as far as other aspects on JHA are concerned :

- Co-operation with Swiss authorities should be strengthened in the field of the fight against organised crime (in particular, against money laundering, drug trafficking, trafficking in persons, namely women).

2. The committee on Citizens' Freedoms and Rights, Justice and Home Affairs calls on the Committee on Industry, External Trade, Research and Energy to recommend to the Parliament the assent to the seven agreements EU/Switzerland and in particular on the proposal for a Council Decision on the conclusion of the Agreement on the Free Movement of Persons between the European Community and its Member States, on the one part, and the Swiss Confederation, on the other part (COM/99/0229 final AVC 99/0103\*).

21 March 2000

## **OPINION OF THE COMMITTEE ON LEGAL AFFAIRS AND THE INTERNAL MARKET**

for the Committee on Industry, External Trade, Research and Energy

on the proposals for Council decisions on the conclusion of agreements between the European Community and the Swiss Confederation

- on certain aspects relating to public procurement (99/0107(AVC))
- on mutual recognition in relation to conformity assessment (99/0107(AVC)) (99/0109(AVC)) (COM(1999) 229)

Draftsman: Ana Palacio Vallelersundi

### **PROCEDURE**

By letter of 7 May 199 the Commission informed Parliament that the Council could not conclude the agreements between the European Community and the Swiss Confederation until it had obtained the assent of the European Parliament.

The Committee on Legal Affairs and the Internal Market appointed Ana Palacio Vallelersundi draftsman at its meeting of 30 November 1999.

It considered the draft opinion at its meeting of 20 March 2000.

At its meeting of 21 March 2000 it adopted the conclusions below unanimously.

The following were present for the vote: Ana Palacio Vallerlersundi, chairman; Willi Rothley, first vice-chairman; Ana Palacio Vallerlersundi, draftsman; Carlos Candal, Jean-Maurice Dehousse, Marie-Françoise Garaud, Françoise D. Grossetête, Gerhard Hager, The Lord Inglewood, Ioannis Koukadis, Klaus-Heiner Lehne, Arlene McCarthy, Donald Neil McCormick, Manuel Medina Ortega, Bill Miller, Diana Paulette Wallis and Joachim Wuermeling.

## SHORT JUSTIFICATION

On 21 June 1999, in Luxembourg, the European Community and its Member States and the Swiss Confederation signed the seven sectoral Agreements and the related Final Acts of the following Agreements: free movement of persons, air transport, rail and road transport, public procurement, scientific and technological cooperation, mutual recognition in relation to conformity assessment and agriculture.

These Agreements were negotiated as a package and therefore they will be concluded and enter into force on the same date in respect of all their provisions in order to prevent any repeal of any provision further to referendum.

Indeed, a referendum will be held in Switzerland on 21 May 2000, since such a referendum concerning the sectoral agreements was requested by two Swiss political parties (the Démocrates Suisses (DS) and the Lega dei Ticinesi) who collected the 50 000 requisite signatures for demanding such a referendum. The most sensitive aspects for Switzerland are those of land transport and free movement of persons.

In the meantime, the popular initiative 'Yes to Europe' obliges the Swiss Parliament to conduct a debate on Swiss European integration policy.

On 8 October 1999, the Swiss Parliament approved the sectoral agreements by 183 votes in favour and 11 votes against at the Conseil national and by 45 votes in favour, with no votes against, at the Conseil des Etats (the Conseil national comprises two members per Canton, i.e. 46 members).

These seven sectoral Agreements mark a major step in the further development of relations between the European Community and its Member States and Switzerland.

Once they enter into force, these seven agreements are expected to have outstanding added value for bilateral trade relations and to bring the people of Switzerland and of the European Union closer together.

The Agreement on the Free Movement of persons was signed by Switzerland, the European Community and each Member State.

The Agreements on air transport, rail and road transport, public procurement, scientific and technological cooperation, mutual recognition in relation to conformity assessment and agriculture were signed by Switzerland and the European Community.

The Council may only conclude the agreements after obtaining the assent of the European Parliament (second paragraph of Article 300(3) of the EC Treaty).

## **1. Historical background**

Here is a brief summary of the background to the agreements:

- January 1989: Jacques Delors, President of the Commission, submits his plan for a European Economic Area (EEA) to the European Parliament in Strasbourg.
- 1989: Swiss negotiations to join the EEA.
- October 1991, Luxembourg: finalisation of the EEA Agreement enabling Switzerland to subscribe to the four freedoms (free movement of goods, people, services and capital).
- 2 May 1992, Porto: signature of the EEA Agreement.
- 26 May 1992: Switzerland applies for membership.
- 1 June 1992: the Swiss programme 'Eurolex' enters into force, designed to bring Swiss law into line with EC law.
- 9 October 1992: ratification of the EEA by the Federal Council.
- 6 December 1992: the EEA Agreement is rejected by 50.3% of Swiss voters and by 14 cantons and 4 half-cantons. The Swiss Government then decides to attempt through bilateral sectoral negotiations with the EU to remove or minimise the main drawbacks to non-membership of the EEA.
- 5 February 1993: the Swiss Government proposes to the EU the opening of negotiations in some 15 sectors: rules of origin; outward processing of textiles; processed agricultural products; technical barriers to trade (TBT); public procurement (in connection with the WTO/GATT); product liability; veterinary rules; plant health rules; intellectual property (particularly protection of geographical indications and designations of origin); air transport; land transport; research; the MEDIA audio-visual programme; statistics; education/training/youth.
- 24 February: Message from the Federal Council on its programme following the rejection of the EEA Agreement. 'The option of Swiss membership of the EC remains valid ... Membership negotiations will not be considered until they can have an external (EC enlargement timetable) and an internal basis...'
- 8/9 November 1993: conclusions of the General Affairs Council: agreement to negotiate in four sectors (transport; free movement of people; research; access to the market for agricultural products) and, 'as far as possible', in two other sectors (technical barriers to trade; access to public procurement). Instruction to the Commission to draw up negotiating briefs.
- 29 November 1993: in its White Paper on Switzerland's foreign policy in the 90s, the Federal Council sets membership of the EU as a long-term strategic objective of its integration policy: 'Given the importance of Switzerland's full participation in the process of European integration, accession to the EU constitutes the strategic objective of

integration policy’.

- 31 October 1994: the Council adopts negotiating directives.
- 12 December 1994: negotiations start.
- 14 March 1995: Council Decision authorising the Commission to negotiate an agreement on air transport with Switzerland.
- 7 April 1995: Council Decision authorising the Commission to negotiate an agreement on road, rail and combined road/rail goods transport with Switzerland.
- 16 June 1998: technical conclusion of the negotiations by the coordinators.
- 30 November/1 December 1998: conclusion of negotiations on land transport.
- 11 December 1998: conclusion of negotiations at political level.
- 26 February 1999: initialling of the agreements.
- 21 June 1999: signing of the agreements in Luxembourg by the Commission, the 15 Member States and the Federal Council.

The Committee on Legal Affairs and the Internal Market has been asked to deliver an opinion on the agreement dealing with certain aspects relating to public procurement and the agreement on mutual recognition in relation to conformity assessment.

## **2. Agreement on Public Procurement**

The Agreement on certain aspects relating to public procurement aims at ensuring harmony between the procurement regime of the EC and Switzerland and achieving further reciprocal opening of the public procurement markets. In doing so the Agreement consists of two parts: it follows up the invitation in the WTO Agreement on Government Procurement of 1994 (GPA), to which both the EC and Switzerland are parties, to extend coverage between parties through bilateral negotiations. However, the Agreement goes well beyond the level of openness envisaged by the GPA and intends to achieve a high degree of trade liberalisation, comparable to that achieved in the EC. The Agreement focuses only on certain aspects of public procurement as account has been taken of the already existing WTO GPA. Therefore, an almost complete reciprocal opening of the respective public procurement markets has been achieved.

As regards the entities covered by the Agreement, the Swiss municipalities will be subject to the GPA (in exchange the EC will eliminate the restrictions applying to Swiss suppliers bidding for contracts in EC municipalities). In addition, all types of entities not covered by the GPA but nevertheless covered by the Community Directives will be subject to the bilateral agreement. This includes public operators in the fields of telecommunications, energy other than electricity and transport by railways, and private operators (having exclusive or special rights) in all sectors covered by the Utilities Directive.

As regards the thresholds above which the agreement's provisions on challenges and non-discrimination apply, they will be those of the EC Directives. Below these thresholds, there is a best effort provision to avoid discrimination between nationals of both parties: the agreement provides for a review of this aspect that shall take place five years after entry into force of the agreement.

In addition to the traditional possibilities of challenging the award of contracts through a judicial procedure, both parties agree to establish an independent authority, if it does not exist, able to bring forward cases independently before the relevant judicial jurisdiction. In the EC, this role will be fulfilled by the European Commission.

### **3. Agreement on the Mutual Recognition of Conformity Assessment**

The Agreement provides for the reciprocal acceptance of testing, certification and approval of products by each Party against the regulatory requirements of the other Party or those of the same Party where deemed equivalent. Products can therefore be certified by recognised Conformity Assessment Bodies (*CABs*) in the European Union and placed on the Swiss market without having to undergo any further approval procedures, and vice-versa. The MRA thus reduces the costs and time associated with obtaining product approvals, and will facilitate market access.

The sectors covered by the Agreement are machinery, personal protective equipment, toys, medical devices, gas appliances and boilers, pressure vessels, telecommunications terminal equipment, equipment and systems intended for use in potentially explosive atmospheres (ATEX), electrical equipment and electromagnetic compatibility, construction plant and equipment, measuring instruments, motor vehicles, agricultural and forestry tractors, good laboratory practice (GLP) for chemicals and medicinal products GMP inspection and batch certification.

Under the Agreement, a Joint Committee will be established to ensure good implementation and management.

### **4. Final assessment**

These agreements mark a major step in the further development of relations between the European Community and its Member States and Switzerland.

Once they enter into force, these seven agreements are expected to have outstanding added value for bilateral trade relations and to bring the people of Switzerland and of the European Union closer together.

## **CONCLUSION**

The Committee on Legal Affairs and the Internal Market hereby delivers to the Committee on Industry, External Trade, Research and Energy, the committee responsible, an opinion recommending that the European Parliament gives its assent to the conclusion by the Council

of agreements between the European Community and the Swiss Confederation on, respectively, certain aspects relating to public procurement and mutual recognition in relation to conformity assessment.



## **OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM**

for the Committee on Industry, External Trade, Research and Energy

- on the proposal for a Council Decision on the conclusion of the Agreement on Air Transport between the European Community and the Swiss Confederation (COM(1999) 229 - 9749/1999 - C5-0198/2000 - 1999/0104(AVC))
- on the proposal for a Council Decision on the conclusion of the Agreement on the Transport of Goods and Passengers by Rail and Road between the European Community and the Swiss Confederation (COM(1999) 229 - 9750/1999 - C5-0199/2000 - 1999/0105(AVC))

Draftsman: Mathieu Grosch

### **PROCEDURAL PAGE**

At its meeting of 31 August 1999 the Committee on Regional Policy, Transport and Tourism appointed Mathieu Grosch draftsman.

It considered the draft opinion at its meetings of 24 November 1999 and 26 January 2000.

It the last meeting it adopted the following conclusions unanimously.

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The following took part in the vote: Konstantinos Hatzidakis, chairman; Emmanouil Mastorakis, Rijk van Dam and Helmuth Markov, vice-chairmen; Mathieu J.H. Grosch, Draftsman; Sir Robert Atkins, Alain Esclopé, Ewa Hedkvist Petersen, Marie Anne Isler Béguin (for Theodorus J.J. Bouwman), Georg Jarzembowski, Dieter-Lebrecht Koch, Sérgio Marques, Arlene McCarthy, Reinhold Messner, Francesco Musotto, Juan Ojeda Sanz, Karla M.H. Peijs, Samuli Pohjamo, Carlos Ripoll i Martínez Bedoya, Isidoro Sánchez García, Ingo Schmitt, Brian Simpson, Renate Sommer, Ulrich Stockmann, The Earl of Stockton, Margie Sudre and Helena Torres Marques (for Mark Francis Watts).

## **GENERAL COMMENTS**

1. The proposed agreements are part of a package of seven agreements to be concluded between the European Community and Switzerland on a wide range of topics, ranging from trade and the free movement of persons and goods to public procurement, mutual recognition and scientific and technological co-operation. Two of the proposed agreements concern:
  - air transport
  - road and rail transport
2. The negotiations on an agreement on air transport started in 1995 and have now been concluded. The agreement will be ratified by the Council after Parliament gives its assent.
3. The main objective of the proposed agreement on air transport is to promote the opening-up of the market in the sector of air traffic rights for journeys between any point in Community territory and any point in Switzerland. The carriers entitled to profit from such liberalisation are those registered in the European Community or in Switzerland. However, it does not cover journeys between two or more points in the territory of the same country.
4. As a corollary to this opening-up of both markets, the right of establishment is also granted to the same carriers, under the same conditions. For both these market sectors, it is planned that liberalisation measures will be implemented in two stages, the first stage covering liberalisation measures to be applied during the first five years. After this period, further measures could be foreseen, with a view to eliminating the last remaining obstacles to the opening-up of the respective markets.
5. Although not directly linked, this agreement was also subject to special requirements due to extreme sensitivity for environmental issues in Swiss public opinion. These considerations were taken into account not only for the decision-making provisions of the agreement but also for the imposition of additional traffic rights.
6. It should be noted that although Swiss carriers could participate in the EC's single air transport market and could therefore accept the general jurisdiction of Community institutions in this field, there is no commitment to the further integration of Switzerland into the Community market.
7. However, liberalisation measures and harmonisation rules in air transport between the EC and Switzerland do not seem to be compatible with Switzerland maintaining duty-free sales for EC destinations; this could distort competition amongst airports and airlines, since the same facilities are now abolished in the EC.
8. Parliament could give its assent to this agreement, taking into consideration the fact that it represents the outcome of long and difficult negotiations and is now accepted by both the Council and Switzerland, and also because it incorporates the general substance of EU air transport policy.
9. In addition, the fact that the ECAA will, in the future, provide for full freedom of operation for air carriers from all participating parties, strongly advocates for the need to implement the proposed agreement with Switzerland, which is more restrictive.

10. The agreement on the transport of goods and passengers by rail and road between the European Community and the Swiss Confederation aims at providing mutual access to the transport market for the carriage of passengers and goods by road and rail as well as at coordinating the two parties' transport policies. The objective is to ensure a better, more rational and more environmentally friendly traffic flow.
11. According to its Article 2, the proposed agreement shall apply to the carriage of passengers and goods by road between the two parties; this concerns traffic crossing their territory as well as the Swiss home trade.
12. The agreement shall apply not only to the carriage of passengers and goods as such, but also to road transport and railway undertakings established either in the European Community or in Switzerland, either public or private or mixed.
13. The transport of passengers and goods by rail also covers combined transport between the contracting parties but does not include activities limited solely to urban, suburban or regional operations.
14. Other provisions concern the harmonisation of Swiss legislation concerning technical controls for vehicles, social standards and a gradual increase of the weight limit for vehicles from the current 28 tonnes to 34 tonnes in 1 January 2001 and to EC equivalent in 1 January 2005 (40 tonnes).
15. Furthermore, transit through Switzerland shall be subject to a quota and the payment of a supplementary charge for the use of infrastructure, due to Swiss specific environment protection considerations. The quota applicable to heavy goods vehicles of more than 28 tones is to increase gradually from 250 000 authorisations for the year 2000 to 400 000 authorisations for the years 2003 and 2004, applicable to both Switzerland and the European Community.
16. This agreement is aimed at facilitating transit through Switzerland, introducing charges for the use of roads, supporting the development of an efficient rail network and speeding up the liberalisation of the road and rail sectors; it thus encompasses the essential components of European transport policy.
17. However, it seems that a number of problems still exist and could jeopardise the objectives set out in the proposed agreement for road transport. The work of the Joint Committee will be of considerable significance in this context.
18. A major problem is the provision for the imposition of a road tax rate to 40 tonnes vehicles. This tax is considered very high and counter-productive by the operators in this sector, as it greatly exceeds not only the EC norms but also the current tax applied by Switzerland.
19. Furthermore, this road tax does not constitute an appropriate instrument for ensuring environmental protection. The rates imposed do not provide for a sufficiently favourable treatment of less-polluting vehicles, which does not give transport undertakings any real incentive to invest in pollution-reducing equipment.

20. Although the railway companies are indicating an interest in investing in improving the existing infrastructure and developing new infrastructure, the current situation as regards both management and capacity does not seem conducive to enabling them to perform their new task effectively and, consequently, the proposed charges will not only penalise the economy but also fail to deliver the results it is hoped to achieve.

## **CONCLUSIONS**

The Committee on Regional Policy, Transport and Tourism calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to

1. draw attention to the importance of air safety and therefore ask Switzerland to adopt the whole package of measures to promote safety in line with measures applying in the European Union;
2. underline the negative impact on fair competition resulting from Switzerland maintaining its duty-free sales for destinations in the E U and strongly support the need for abolishing these facilities, even if duty free sales are considered to fall under EU customs union and thus outside the scope of the proposed agreement;
3. call for Parliament to be kept regularly informed of the implementing decisions to be taken by the Joint Committee as well as of the progress made in establishing a single air transport market;
4. welcome the proposed agreement on road and rail transport as a result of long and difficult negotiations between the two parties and as essentially corresponding to Parliament's positions in this sector, even if it does not fulfil all expectations;
5. consider this agreement to be part of the measures necessary for the protection of the Alpine region, aiming also at achieving greater coherence between the economy, security and environmental protection of the contracting parties;
6. consider, therefore, that it constitutes a step in the right direction by promoting measures to revitalise rail transport and to liberalise the market within a reasonable time; to reach this aim, a number of technical adjustments would, however, seem necessary in the future in order to improve the road transport system and promote combined transport in real terms;
7. insist on the need for special provisions to avoid penalising north/south goods transport and to prevent transit traffic being diverted onto other routes in order to by-pass high Swiss taxes and/or unacceptably long waiting times at the Swiss borders;
8. regret that the imposition and maintaining of high tax rates does not form part of a coherent policy that is capable of ensuring that users of road infrastructure invest in environmentally friendlier technology;
9. call for a system for the distribution of permits which would ensure their full and real use by operators in order to avoid distortions of competition in this field;

10. ask to be kept fully and regularly informed of the evaluations provided for in this agreement and of the decisions of the Joint Committee. It expects these evaluations also to include a precise timetable for the availability of the infrastructure necessary to operate the combined road/rail transport system as well as the precise allocation of funds for the construction of these networks and terminals.