



2023/2042(INI)

29.6.2023

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on EU-Switzerland relations
(2023/2042(INI))

Rapporteur for opinion: Jörgen Warborn

(*) Associated committee – Rule 57 of the Rules of Procedure

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SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas Switzerland's economic and trade relations with the EU are mainly governed through a free trade agreement (FTA) and a series of bilateral agreements, including the agreement on the free movement of persons, according to which Switzerland has agreed to take over certain aspects of EU legislation in exchange for accessing part of the EU's single market;
 - B. whereas Switzerland and the EU are key economic partners – the EU is Switzerland's main trading partner and Switzerland is the EU's fourth trading partner after China, the United States and the United Kingdom; whereas both the EU and Switzerland are among each other's top destinations for foreign investment and are key partners in trade in services;
 - C. whereas between 2014 and 2021, the EU and Switzerland negotiated an institutional framework agreement (IFA) to restructure EU-Swiss relations, notably by establishing key rules and procedures for the dynamic takeover and homogenous application of internal market law, to ensure a level playing field and the enforcement of State aid rules, and to provide for a proper dispute settlement mechanism;
 - D. whereas on 26 May 2021, the Swiss Federal Council made the decision to unilaterally terminate negotiations on the IFA;
- 1. Acknowledges the fact that historical, strong and stable EU-Swiss relations and shared values have contributed to peace, economic prosperity, social justice and cooperation in Europe for decades;
 - 2. Underlines that safeguarding, strengthening and deepening strong, stable and sustainable trade relations with Switzerland, the EU's fourth largest trading partner, remains a high priority and is in the fundamental interest of both parties, particularly in the current turbulent international environment; considers that a modernised and mutually beneficial relationship, underpinned by an ambitious agreement, should not only reduce barriers to trade but should also create a level playing field for EU citizens and economic operators, generate trust, stability, jobs, growth and welfare, ensure the non-discriminatory protection of workers' rights and guarantee the highest level of protection for consumers and the environment, fair competition, sustainable development and social security, progress and justice; stresses the importance of continuing joint efforts to reform the World Trade Organization (WTO), in particular its dispute settlement body, and to promote sustainable and green trade initiatives ahead of the 13th WTO Ministerial Conference;
 - 3. Notes that the EU Roaming Regulation has been a success story, particularly benefiting citizens in border regions and, more broadly, facilitating the free movement of people; notes that countries in the European Economic Area already apply the Roaming Regulation; encourages Switzerland to consider applying the Roaming Regulation as

part of a new agreement between the EU and Switzerland, to the benefit of both Swiss and EU citizens;

4. Acknowledges that Switzerland has taken over EU sanctions against Russia in the context of Russia's aggression against Ukraine; believes that Switzerland and the EU should work together closely in order to use Russian frozen assets for the reconstruction of Ukraine;
5. Regrets the decision of the Swiss Federal Council to terminate negotiations on the IFA, which was essential for the conclusion of possible future agreements regarding Switzerland's further participation in the single market and the continuation of frictionless trade in several industry sectors;
6. Notes that without any modernisation of the FTA, which was concluded 50 years ago and has not been adjusted to reflect developments in international trade rules since, and of the package of bilateral agreements (I and II), which was concluded almost 20 years ago, and without the proper transposition, implementation and enforcement of single market legislation, EU-Swiss relations will not bring full benefits to citizens and businesses and will inevitably erode over time; believes that the EU should strive for pragmatic solutions to resolve this issue between the EU and Switzerland; notes that outdated bilateral agreements need to be revisited in order to prevent their expiry and take into account developments in relevant EU legislation so as to preserve mutual market access, this being particularly true in the areas of reciprocal market access for industrial goods, customs facilitation, free movement of persons, technical barriers to trade and public procurement; calls on the Commission, therefore, to propose a mandate for modernising the FTA once negotiations have resumed;
7. Notes that investment protection is currently upheld through outdated bilateral agreements between Switzerland and only nine EU Member States; believes that a modern EU-Switzerland investment protection agreement would increase legal certainty for investors on both sides and would further strengthen bilateral trade relations; encourages the Commission, therefore, to propose a mandate for negotiating a modern EU-Switzerland investment protection agreement;
8. Notes the value of enhanced cooperation between Switzerland and the EU in combating climate change; stresses that it is important for the EU and Switzerland to consider Switzerland's participation in the various aspects of the European Green Deal, in particular in the REPowerEU programme, including the European solar photovoltaic industry alliance; advocates finding avenues for cooperation between the EU and Switzerland on the EU's Fit for 55 package;
9. Highlights that the Mutual Recognition Agreement (2002) is becoming more and more outdated as it cannot be updated to take into account new EU legislation; notes that this has already created technical barriers and hampered trade in medical devices and will do so in the future for mechanical engineering, machinery, construction products and artificial intelligence in particular; believes that the EU should strive for pragmatic solutions to resolve this issue between EU and Switzerland;
10. Notes that business and industry associations are currently only consulted through informal information channels; calls on the negotiators to agree to establish a bilateral

ex ante and *ex post* consultation platform between the EU and Switzerland with a view to facilitating discussions and consultations in advance of any new measures or subsidies that could negatively affect trade or investment; takes the view that business and industry associations should be able to bring any new trade or investment irritants to the attention of the secretariat of this platform; believes that the platform should eventually be made an integral part of the governance framework for the modernised trade agreement and should entail setting up an SME helpdesk, which would help to reduce trade costs and administrative burdens while increasing SMEs' participation in trade;

11. Stresses the importance of flanking measures that guarantee efficient and non-discriminatory protection of workers' rights, ensure that mobile, posted and local workers receive equal pay for equal work in the same place and, at the same time, permit EU economic operators to provide services in Switzerland; stresses that such flanking measures are necessary to create a level playing field for EU citizens and economic operators in areas where Switzerland has market access to the EU single market;
12. Acknowledges the flexibility provided by the Commission and the compromises offered in past negotiations on the IFA and in current exploratory talks;
13. Welcomes the Swiss Federal Council's decision to issue a mandate to draw up key parameters for a negotiating mandate with the EU and urges the Commission and the Swiss Federal Council to commence negotiations promptly; underlines that delivering a comprehensive framework agreement is the most efficient way to modernise existing bilateral agreements and respond to changing priorities in areas such as climate change, digitalisation, workers' rights and social cohesion; emphasises the importance of using the current momentum, as Switzerland will hold general elections in October 2023 and European Parliament elections will take place in June 2024; calls on the Commission to inform Parliament of all new developments in a timely manner and closely involve it in any steps related to potential future negotiations, taking its views into account and limiting any future negotiating mandate to five years;
14. Underlines that negotiated deals should be designed with a structure that allows for horizontal consistency and transparency in order to facilitate the implementation of existing bilateral agreements, as well as new and updated ones, in an easily interpretable, practical manner that provides legal certainty and predictability and guarantees that citizens, workers and businesses engaged in EU-Swiss trade can effectively exercise their rights;
15. Considers that the governance of a potential EU-Switzerland IFA, or of a modernised FTA, should involve a joint committee providing joint monitoring, structured dialogue and oversight by the European Parliament and the Swiss Parliament;
16. Stresses that the Swiss Federal Council did not support the EU's push to remove fossil fuel protections from the Energy Charter Treaty; notes with concern that EU-based fossil fuel companies could structure their operations through Switzerland so that they can still be protected under the Energy Charter Treaty; encourages the Swiss Government and the Commission to engage in order to explore possible coordinated

action on the next steps for the Energy Charter Treaty.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	27.6.2023
Result of final vote	+: 36 -: 0 0: 0
Members present for the final vote	Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Daniel Caspary, Arnaud Danjean, Paolo De Castro, Raphaël Glucksmann, Markéta Gregorová, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Emmanuel Maurel, Alessandra Mussolini, Carles Puigdemont i Casamajó, Samira Rafaela, Catharina Rinzema, Inma Rodríguez-Piñero, Katarína Roth Nevedálová, Ernő Schaller-Baross, Helmut Scholz, Sven Simon, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler
Substitutes present for the final vote	Mazaly Aguilar, Reinhard Bütikofer, Svenja Hahn, Michiel Hoogeveen, Seán Kelly, Miapetra Kumpula-Natri, Javier Moreno Sánchez

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

36	+
ECR	Mazaly Aguilar, Geert Bourgeois, Michiel Hoogeveen
ID	Danilo Oscar Lancini
NI	Tiziana Beghin, Carles Puigdemont i Casamajó, Ernő Schaller-Baross
PPE	Daniel Caspary, Arnaud Danjean, Christophe Hansen, Danuta Maria Hübner, Seán Kelly, Gabriel Mato, Alessandra Mussolini, Sven Simon, Jörgen Warborn, Iuliu Winkler
Renew	Svenja Hahn, Samira Rafaela, Catharina Rinzema, Marie-Pierre Vedrenne
S&D	Paolo De Castro, Raphaël Glucksmann, Miapetra Kumpula-Natri, Bernd Lange, Margarida Marques, Javier Moreno Sánchez, Inma Rodríguez-Piñero, Katarína Roth Nevedalová, Kathleen Van Brempt
The Left	Emmanuel Maurel, Helmut Scholz
Verts/ALE	Saskia Bricmont, Reinhard Bütikofer, Markéta Gregorová, Heidi Hautala

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Key to symbols:

+ : in favour

- : against

0 : abstention