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Stages of Swiss European Policy

Overview

Switzerland has consistently adopted a European policy aimed at closer cooperation with the other nations of Western Europe. At each step it has been careful to ensure that this policy is firmly anchored in public law and intergovernmental agreements. It nonetheless followed the development of European integration in the supranational framework of the European Community (EC) with scepticism, preferring a European free trade area, as indeed did the United Kingdom. The European Community (EC), the objective of which was to reconcile the belligerents of the two world wars, in particular France and Germany, and to prevent any further outbreak of conflict between participating countries, was created without any thought being given to Swiss participation. And indeed Switzerland had never seriously considered joining, nor had its membership been sought by the EEC members nations. Quite the opposite in fact, since the demand for association which Switzerland eventually presented in 1962 was put in a bottom drawer due to the influence exerted by the French President Charles de Gaulle. Switzerland thus ran the risk of being cut off by customs barriers from its principal trading partner, Germany. This problem was not overcome until Switzerland signed a free trade agreement with the EC in 1972. Although the United Kingdom joined the Community in 1973, seven years of stagnation in the process of European integration made it possible for Switzerland to just coast along without feeling any real pressure to negotiate.

However the conclusion in 1985 of the Single European Act and the effective creation of the single market with the four freedoms (freedom of movement of persons, goods, services and capital) that resulted from this, forced Switzerland and the other countries of the European Free Trade Association (EFTA) to reconsider their position, eventually leading at the end of the 1980s to negotiations for the creation of a European Economic Area (EEA) based on the same four freedoms. Ultimately however the limited objectives which the EFTA states had set for themselves in these negotiations were overtaken by a number of major events that reshaped the world: the fall of the Berlin Wall, the collapse of the

Soviet Union, and the superpowers' renunciation of their Cold War commitments in Germany and Europe. It became clear to all the states of the "old continent" that henceforth they must themselves accept responsibility for peace and prosperity in Europe, for indeed there was no other choice. The vast majority of EFTA countries (Austria, Finland, Sweden, Norway and Switzerland) consequently decided to apply for membership in the European Union. Switzerland suspended its application in 1992, after the Swiss electorate rejected the government's proposal to join the EEA.

In Switzerland's case relations with the EU were eventually to be given a new lease of life by the decision to seek sector-by-sector bilateral agreements. After lengthy negotiations, seven such agreements were signed with the EU in 1999. These were approved by a large majority of the electorate in the referendum of May 2000. The agreements came into force on 1 June 2002. Further bilateral negotiations between Switzerland and the European Union on ten new areas are also in course since June 2002.

First Stage: from the end of World War II to the foundation of EFTA

At the end of the Second World War, there was great need for political and economic unity in Europe. Switzerland however did not feel tempted to participate in the West European integration process, for her economy was flourishing and the policy of neutrality had proven its worth. Its leaders therefore decided against joining the European Council at the time of its creation in 1949 as the first step towards a federation of European states. It was not until the European Economic Community was founded by the Treaty of Rome in 1957 that her hesitation about joining the European Council was finally overcome. The Confederation became a member of the European Council in May 1963.

An event of singular importance to the Swiss economy occurred in 1960 with the creation of the European Free Trade Association, EFTA. When France opposed the idea of extending the six-member EEC, the United Kingdom, Denmark, Norway, Sweden, Austria, Portugal and Switzerland decided it was time to get together to defend their economic interests and create a free trade area of their own. Some of these nations, the UK and Denmark in particular, saw it as a transitional step. Switzerland on the other hand had its eye on a free trade agreement with the EEC. Thus it was that in the Sixties, Switzerland laid the foundations of a policy

based on step-by-step pragmatism in the context of bilateral negotiations. The coordination instrument of this pragmatic policy would be the Integration Office DFA/DEA, created in 1961.

Second Stage: from the free trade agreement to the Single European Act

In 1972, Switzerland achieved one of her goals in the form of a free trade agreement (FTA) with the EEC. While ensuring that Switzerland would not be left entirely out of the EC integration process, this agreement did not require relinquishing any sovereignty, and also left it open for the Swiss to negotiate additional trade agreements. The only institution the partners had in common was the Joint Committee, which was not however endowed with any supranational powers. This arrangement allowed Switzerland to keep intact its neutrality, federalism and direct democracy. The FTA allowed plenty of scope for new agreements. Over the next 20 years, Switzerland took full advantage of this leeway, concluding well over 100 special bilateral treaties with the EC. Most of these involved trade in goods. The two sides did have talks on other key policy areas however, such as transport, the environment, research and development. And they reached several understandings in these areas too. The participation of Switzerland in the Community's efforts to co-ordinate standardisation is also worth mentioning in this context.

This sector-by-sector approach, at the level of bilateral negotiations, was seen as the most viable solution over the long term. It was thanks to the success of this approach, in the atmosphere of economic and political crisis that prevailed within the EEC at the beginning of the 80s, that there would be no need for serious discussion on the "Europe question" in Switzerland for many years to come. Despite intensification of the West European unification process, culminating in the Single European Act (SEA) of 1986, this state of affairs continued in Switzerland.

It was only with the Swiss people's decision not to become a member of the United Nations that same year that doubts began to set in, being first expressed in the French-speaking cantons of western Switzerland, fearful of the country's increasing isolation. But concern was also spreading in the rest of the country, which was as much worried by the prospect of economic discrimination as by political isolation. This resulted in a more active policy on Europe, and efforts to ensure the compatibility of all new Swiss legislation with the laws of

the EC (the so-called *Acquis Communautaire*) which began in May 1988. In August of the same year, the Federal Council published its first major report on Europe, entitled "Switzerland's position on the European integration process". In this document, while advocating an integration policy based on sector-by-sector negotiations, the Federal Council recognised that times had changed, and admitted for the first time that full EC membership should not be categorically ruled out.

Third Stage: Switzerland seeks its place in the Europe of the 21st century

In January 1989, Jacques Delors who was still President of the European Commission, presented his EEA project to the European Parliament in Strasbourg. Switzerland's dream of a "golden mean" solution seemed to be coming true, for the EEA would require neither a common policy with regard to third countries, nor a common economic and monetary policy. Moreover, there would be little need to adapt Swiss legislation. Switzerland was also ready to accept the Single European Market part of EC law (*Acquis Communautaire*) as the sole basis for negotiations, on the condition that she be granted the right to participate in the legislative decision-making process. It was at this point, at the end of 1989, that the bargaining began, on the one hand between the EC and EFTA, but also between the different EFTA partners, which had been unable to agree on a unified negotiating position. It was not until October 1991, in Luxembourg, that the breakthrough came which allowed Switzerland to share in the so-called four freedoms (the free movement of goods, persons, services and capital). Following the sweeping changes that had been wrought in the world's political map, EEA membership could no longer be said to really meet Switzerland's interests, except partially. For the situation of the countries of Eastern Europe had changed entirely, the Soviet Union had crumbled, and the superpowers no longer had the same engagements in Germany and Europe. In any case the EEA agreement did not allow Switzerland to participate in the decision-making process. After signing the EEA agreement in Porto on 2 May 1992, the Federal Council submitted its request for EU membership to Brussels on 26 May 1992. The Swiss government's "Eurolex" programme, aimed at bringing Swiss law into line with that of the EC, was unveiled on 1 June.

Less than two months later however (6 December 1992), the EEA option was rejected by 50.3% of the electorate, as well as by 14 cantons and four half-cantons. The government interpreted the result as a

mandate to eliminate or at least to minimise the main disadvantages of Switzerland's continued non-participation in the EEA, by negotiating agreements with the EU, sector by sector. At the same time, the government decided that a revitalisation programme was needed to improve Switzerland's attractiveness as an economic centre, to be achieved by the dismantling of various "barriers", and by liberalising the internal market and the cartels that exist in different sectors of the economy. The application to join the EU was frozen.

At the end of 1993, in its report on Swiss foreign policy in the '90s, the Federal Council confirmed Switzerland's commitment as a partner to Europe, and consequently the maintenance of full EU membership as the long-term objective of the country's integration policy. Next, the government focused its attention on the only objective capable of implementation in the short term – the sector-by-sector bilateral negotiations with the EU. These negotiations were begun in December 1994 and concluded in December 1998. Signed in Luxembourg on 21 June 1999, the agreements have entered into force on 1 June 2002.

With the publication of its 1999 Report on Integration the Swiss government gave parliament, in February of that year, a new summary of its view of relations between Switzerland and the EU. The Report on Integration is intended to serve as a solid basis for an objective and comprehensible discussion for everyone interested in the debate on European integration. It is on the strength of this debate that the Federal Council will eventually determine whether or not domestic conditions are suitable for the beginning of negotiations with the EU for Swiss membership.

The «Yes to Europe» popular initiative was rejected by a clear majority on 4 March 2001. 77% of the voters said no to this request for the Federal Council to open immediate negotiations on accession to the EU. Swiss citizens therefore endorsed the position of the Federal Council not to seek EU membership at this stage because the conditions necessary for such a step do not exist at present.

The Federal Council set out its European policy clearly in its foreign policy report of November 2000. Implementation of the seven bilateral agreements with the EU is the immediate priority. In the medium-term, Switzerland wishes to negotiate further bilateral agreements with the European Union in new areas. These negotiations are in course. EU accession continues

to be the long-term objective. The Federal Council is convinced that Switzerland will be able to safeguard its interests more effectively as a member of the EU than if it stays outside. This is the only way in which it can have its say and help to shape decisions which have a direct bearing on our own country too.

However, before negotiations on accession are opened, the Federal Council believes that three conditions must be satisfied: in the first instance, Switzerland wishes to acquire experience of the seven bilateral agreements. Secondly, the implications of EU accession for central areas of the Swiss constitution must be studied in detail and proposals made for the necessary reforms. Thirdly, broad domestic policy support for the goal of accession must be secured.

These conditions cannot be met overnight. The Federal Council will therefore await the next term of government (2003-2007) before deciding whether the time is ripe to open accession negotiations with the European Union.



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