
EU URGES SWISS TO MOVE ON TALKS OR FACE SANCTION

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The EU commission did not propose extending the Swiss stock exchange's direct access to EU markets on Tuesday (18 June) - in an effort to pile pressure on Bern to stop dragging its feet in concluding talks on the EU-Swiss framework agreement.

The so-called "equivalency" will expire on 30 June, unless the commission proposes to extend it after that.

EU officials have said Bern has until Friday to make a move in the talks that have been stalled since the draft agreement was reached last November.

"We really have a very clear conscience that president Jean-Claude Juncker and commissioner [Johannes] Hahn and the services did the utmost," commission vice-president Maros Sefcovic said on Tuesday after a meeting of the commissioners.

"We really have a feeling that we did our best, we consider the institutional framework agreement as the best possible to achieve, our doors are always open, but at this stage, if the commission does not decide otherwise, the equivalency will automatically expire on 30 June," he added.

The EU-Swiss framework agreement is aimed at streamlining over 120 bilateral accords already in place that regulate the relationship between the bloc and Switzerland - which is not an EU member but is part of the European Economic Area.

They concluded a package of institutional agreement and additional protocols last November, when the the Swiss government said they want to hold public consultations.

"We believe it is a fair outcome, it goes to the absolute limit on what EU can offer, on state aid and treatment of workers and institutional issues," an EU official said on condition of anonymity.

On 7 June, Juncker received a letter from the Swiss government saying Bern will only sign the agreement points relating to wage and worker protection; state subsidies and citizens' rights still need to be clarified.

Juncker answered in a letter to Swiss president Ueli Maurer, that the commission can only give clarifications, and cannot reopen talks - conditional that those clarifications can be done quickly, and that the two sides' overall aim will be to sign the agreement before Juncker leaves office at the end of October.

Commission officials claim the Swiss have been silent ever since.

"There hasn't been any progress, the process hasn't begun," one EU official said.

"Therefore the college today was not able to find meaningful progress, and did not see the need for any decisions to be done, [*] it id a disappointment that ten days after asking for clarification, no serious engagements on these clarifications," the official said.

"It is not a straightjacket the EU wants to force on Switzerland", the official added on the framework agreement, while Bern has been reluctant to sign up to the freedom of movement's EU interpretation.

Brexit backdrop

The Swiss government needs to pass the agreement through parliament and then a referendum, highlighting the need for political consensus on the deal. Some of the far-right opposition has stood up against the entire agreement, and closer alignment with the EU.

Some of the left-wing parties and trade unions have also been vocal about restricting the freedom of movement of EU citizens, which they see as threatening wages in Switzerland.

The government in Bern is keen to secure "clarifications", which to the commission sound more like tweaks to the existing draft deal, to get political backing for the ratification of the agreement back home.

Against the backdrop of Brexit, the commission has also been reluctant to show flexibility to Switzerland – fearing it could trigger hopes in the UK for a renegotiation of the withdrawal agreement, agreed last year.

The commission had been using the "equivalency" as leverage to put political pressure on the Swiss government to end the stalemate.

Last December the commission temporarily extended the equivalence by six months until the end of June, after talks with Bern failed to reach a compromise.

If Switzerland and the EU does not resolve the issue, the EU could let older agreements with Switzerland expire without renewing them, and will not make new ones.

Switzerland could lose access to the EU's Horizon Europe program, which starts in 2021 and funds research and innovation, and Switzerland could suspend contributing payments to EU cohesion funds.