



## Package approach

### What is it about?

After the Federal Council decided not to pursue the institutional agreement (InstA) with the EU, it proposed initiating negotiations on a comprehensive package of agreements and arrangements. This package aims to stabilise and further develop the bilateral approach with the EU.

Bilateral relations between Switzerland and the EU have developed to the benefit of both sides over the last two decades thanks to the Bilaterals I (1999) and II (2004) packages. The bilateral approach was adopted after Switzerland's unsuccessful attempt to join the European Economic Area in 1992.

The EU is willing to continue the bilateral path, but on the condition that the same rules apply to all participants in the single market. Switzerland must also adhere to these rules in the sectors in which it participates or seeks to participate in the single market (such as air and land transport, free movement of persons, electricity). The package includes *institutional elements* to ensure this legal uniformity, which serve to stabilise the bilateral approach.

The Federal Council's goal is to expand the bilateral approach to strengthen the Swiss economy, which is heavily dependent on exports. This strategy also aims to safeguard Switzerland's prosperity and ensure the stability of its social welfare system. This further development includes new areas of participation in the EU single market, such as electricity and food safety. The further development also aims to secure Switzerland's participation in EU programmes through cooperation agreements, particularly in the areas of research (Horizon), education (Erasmus) and culture.

All these elements form part of the new package. The package allows many of the concerns and needs of both Switzerland and the EU to be addressed and negotiated simultaneously. The various elements of the package provide flexibility in the search for solutions.

### Outcome of exploratory talks and outlook for negotiations

Switzerland and the EU have agreed on a negotiating package that considers the interests of both parties. The individual components of this package are detailed in separate factsheets. The package is structured as follows:

#### 1. New agreements

The bilateral approach is to be expanded to include two new single market sectors, electricity and food safety, as well as a cooperation agreement in the health sector.

Electricity: the goal is to ensure cooperation in grid stability, simplify electricity trading and enhance the security of supply. Negotiations are to continue on the basis of the 2018 draft agreement.

Food safety: the goal is to protect the public from unsafe food and enhance market access. Negotiations are to continue on the basis of the 2008 mandate.

Health: the goal is to enhance protection against cross-border health threats. Negotiations are to continue on the basis of the 2008 mandate.

#### 2. Participation in EU programmes

Switzerland should, in principle, be able to participate in EU programmes relating to research, innovation, education, youth, sport, culture and other areas. An agreement providing a legal

framework for this is to be negotiated. With the start of negotiations, Switzerland will provisionally regain access to the existing programmes.

### 3. Institutional elements

The existing and future single market agreements will be supplemented with institutional elements and, where applicable, include rules on state subsidies, principles and exemptions. The institutional elements are intended to ensure that the same rules apply to all market participants wherever Switzerland participates in the EU single market. They include the dynamic adoption of EU law developments, uniform application and interpretation of the agreements concerned, monitoring of the agreements and dispute settlement. They are embedded directly in each relevant single market agreement and thus adapted to the specific characteristics of each agreement, particularly with regard to any exemptions from the dynamic adoption of EU law developments. Switzerland's fundamental interests – such as constitutionality and direct democracy – are safeguarded.

### 4. State aid

Provisions on state aid are to be included in the air transport and land transport agreements and the future electricity agreement. State aid rules will be independently monitored by Switzerland. Critical areas like public services or public transport within Switzerland will not be affected by the state aid rules.

### 5. Free movement of persons (Citizens' Rights Directive and wage protection)

With regard to the free movement of persons, the aim is to prevent EU citizens who migrate to Switzerland from overburdening the Swiss social assistance system. A further goal is to avert the erosion of Swiss wage protection. In addition, Switzerland can adjust domestic policies to maintain wage protection levels (accompanying measures).

### 6. Swiss contribution

Switzerland should continue to contribute to selected EU member states in order to promote stability and cohesion and to address common challenges in the single market. A new, legally binding mechanism for regular contributions is to be negotiated. Furthermore, the next Swiss contribution is to be agreed in the negotiations.

### 7. Political dialogue

Finally, a high-level political dialogue is to be agreed as a steering instrument for the bilateral approach. This should encompass all aspects of the package and facilitate a regular political review of bilateral relations.

## **Difference to the institutional agreement**

In contrast to the institutional agreement, in the package approach institutional elements will be incorporated into each single market agreement rather than being addressed separately as a whole. There will also be additional agreements and arrangements to further develop the bilateral approach. The comprehensive package enables a broader give and take – a balancing of interests – and thus increases the chances of a successful conclusion to the negotiations. In addition to the talks with the EU on this package, discussions are under way in Switzerland on possible domestic political compensatory measures, for example to maintain wage protection levels.