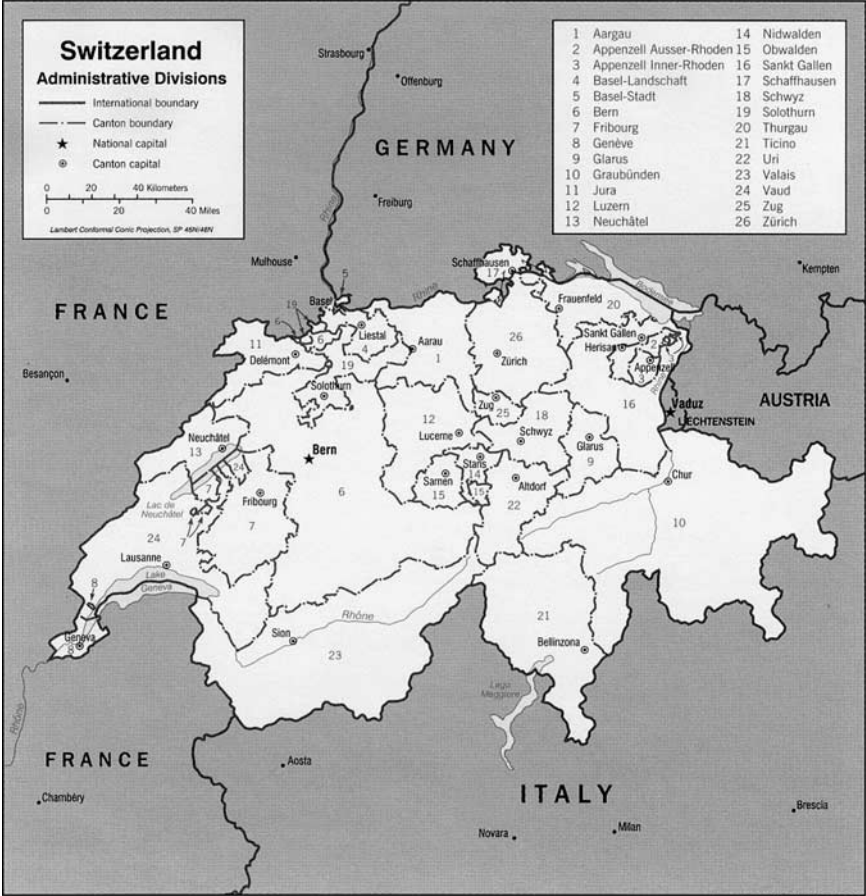


# **Switzerland and the European Union**

A close, contradictory and  
misunderstood relationship

**Edited by Clive H. Church**

# Map of Switzerland



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# 1 Introduction

*Clive H. Church*

Not many months ago a serving officer in the Royal Air Force was quoted in *The Times* as saying that he wanted Britain to emulate Switzerland and have nothing whatsoever to do with the European Union [EU].<sup>1</sup> His assessment is widely shared. So, when Pascal Lamy said that, if Britain chose to vote “No” to the Constitutional Treaty, it could finish up in the same situation as Switzerland, many Eurosceptics carolled “Yes please!”<sup>2</sup> Yet such views are based on a misapprehension because Switzerland actually has a great deal to do with the EU even if it is not a member and sometimes seems to share the British desire for “splendid isolation” from Europe. In fact Switzerland is surprisingly deeply integrated in “Europe”.<sup>3</sup> In other words, the Swiss–EU relationship, as well as being misunderstood, is close and somewhat contradictory.

## **The Swiss anomaly**

Hence if, as HM the Queen once said, the British constitution is a bit of a puzzle, the same might be said of Switzerland.<sup>4</sup> For the country is, in many ways, an anomaly. On the one hand, it is a very European country: culturally, geographically, linguistically, politically and in its economic involvement in the Single Market. One Swiss job in three is said to depend on this. Indeed, one senior Swiss diplomat said “Economic relations between Switzerland and the EU are of such a density that they cannot be limited by judicial texts”.<sup>5</sup>

However, it also has two sets of more general bilateral legal accords, the second approved in June 2005 and the first initially agreed in May 2000 and successfully extended to the ten new member states in September 2005. Equally, it has often had more technical agreements with the European Union than any other non-member state while its legislation has been “Euro-compatible” for many years. In fact more than half of its economic legislation derives from the EU and often, as with the E111 card, has to be accepted willy-nilly. All this means that it is subject to a high degree of Europeanization<sup>6</sup> and this in a wide variety of fields. Conversely, in some circumstances, it can exercise a restraining influence on EU policy-making, as was the case with withholding taxes.<sup>7</sup>

Moreover, it has a government committed in principle, at least till recently, both to programmes like Schengen and to eventual membership of the Union.

Sizeable elements of party and public opinion support this point of view, often with great commitment. They want to see a more active and outward-looking Switzerland in line with the country's innate European nature. Indeed recent polls suggest that between 46 per cent and 66 per cent of the population are in favour of entry.<sup>8</sup> Similarly the Union would be very open to Swiss membership. Indeed Eurobarometer polls regularly suggest that 78 per cent of EU citizens would like to see Switzerland as a member, compared to only about 40 per cent who would welcome more Balkan states.<sup>9</sup>

Yet, on the other hand, along with Norway, Switzerland is the only small (as opposed to micro) state in continental western Europe which is not part of the Union.<sup>10</sup> Indeed, contrary to myth, the country has never yet voted on the general principle of entry to the EU. This reflects deep-seated reservations about Swiss involvement not just with Europe but with all international organizations. Increasingly these have been focused by well-organized and vociferous opposition movements, spearheaded by the Swiss People's Party [SVP/UDC]. So, after the 1992 popular rejection of entry into the European Economic Area [EEA] the government had first to freeze its application for membership and then to delay its reactivation. Similarly, even the technical agreements signed with the EU have come under pressure from those who fervently want the country to remain an island in the middle of the EU sea. The European question is, in other words, the most divisive issue in Switzerland and has helped to polarize and ideologize the Swiss party system in a way which has not happened in Norway.

To some extent, the political divide on Europe coincides with the country's linguistic and social divisions. French-speaking and urban areas were thus much more pro-European than German-speaking and rural districts. The decline of religious affiliations, the eclipse of cantonal boundaries and, especially, the segmentation of the media have all helped to make the question more sensitive and salient. This was very much the case in 1992 when the Swiss rejected entry into the EEA, something which was bitterly resented in the *Suisse Romande*. For, while the Italian community voted against entry, French speakers were in favour by a large majority but were overcome by hostile votes from German-speaking areas.<sup>11</sup>

Since then other issues, both European and domestic, have reinforced the divide although there have also been countervailing factors so that the divide has never become violent or destabilizing. Nonetheless, it remains an underlying problem and one of much concern to most Swiss because it threatens confederal unity. However, evidence from recent votations (or referenda) suggest that the gap between the two sides is lessening.<sup>12</sup> The *Suisse Romande* has become less enthusiastic about European integration and more willing to welcome political movements opposed to it while German-speaking Switzerland has lost some of its old scepticism. As a result the September 2005 votation on extending rights of free movement to the new EU member states showed a real alignment between the two regions.

## Coming to terms with the Swiss situation

Such division and uncertainty about Europe is not a quaint quirk of fortune with no real impact or interest for others. For, despite its relative smallness, Switzerland is a significant country which matters not just to the Swiss themselves but also to the EU and its member states. For the Swiss the European issue raises questions not only about their relationship with the outside world but about their own identity and internal political development. This is because entry would require more sacrifice of identity than in most other countries. Swiss ambiguities also raise questions both about the EU's relations with the rest of Europe and its own nature and territorial limits. Hence the Swiss relationship with the EU cannot be understood as an abstract. It needs an awareness of Swiss specificities.

Yet, despite its importance and political sensitivity, neither the details of Swiss relations with the EU, nor their causes, are well known in Britain or, indeed, in many other member states. Equally, ideas that Switzerland offers a model for European integration are not widely shared. In fact the country suffers more than most small countries from a proliferation of myths and ignorance: mistakes, such as saying that the Swiss have voted against EU (rather than EEA) entry, are commonplace. So there is a clear case for examining the realities and settings of Swiss relations with Europe. Doing this is not to urge any particular strategy on the Swiss, or indeed on others. Deciding on what to do about EU entry should, and will, be a matter for the Swiss electorate. But knowing what the present-day Swiss situation in relation to Europe actually is, in all its complexity, may be helpful to those thinking about the future of European integration after the French and Dutch rejection of the Constitutional Treaty.

The year 2006–7 is a very good time to try and make such assessments. On the Swiss side, the Federal Council, the collegial Swiss executive, has refused to withdraw its application but it has now declared that membership is no longer the strategic aim it had been. Following on a suggestion made in the Council of States in 2000, this is now simply one option among a number of strengthening links with the EU, all of which will be considered in an updated report on integration policy. This has encouraged talk about an overall framework agreement, a “lite” form of membership and an agricultural free trade deal with the EU, although the government is clearly divided on such questions. Business has also made it clear that it rejects another idea now being floated, a customs union. All this has already stimulated discussion, not to say controversy, and this is unlikely to diminish in the near future.

Indeed, having gained domestic approval for all its bilateral deals with the Union, the country has already started re-assessing its future relations with the Union, especially in the light of the failure to agree a free trade deal with the USA. In other words, the popular endorsement of various bilateral deals in June and September 2005, which went rather against European trends, was far from ending debate. Both opponents and supporters have continued to mobilize.

The former are hoping to exploit the fact that entry is no longer the government's preferred aim and push back Swiss involvement in “European

construction". Hence they are calling for a formal withdrawal of the frozen entry application and rejecting any further bilateral arrangements, especially if these take the form of a framework agreement with institutional links. They are also threatening action against the projected cohesion payment to the EU. Some want this cancelled and others want it decided by the Swiss alone, and targeted on the new member states, or subject to a detailed agreement with the EU, and payable to other states as well. Resolving this and getting the EU states to complete ratification of the various agreements was still going on in the spring of 2006.

Moreover, AUNS is considering launching a popular initiative which would ban entry or, at least, prevent any discussion of the subject for 20 years. The fact that Europeanization is still going on, as in the adoption of EU rules on food safety and air passenger rights, is also likely to focus attention on the issue.<sup>13</sup> And there are also several regular opportunities for new votations such as on the extension of free movement to Bulgaria and Romania whenever they join the Union and when the first bilaterals come up for reconsideration in 2011.

Supporters have been less vociferous. However, the Social Democratic Party is still committed to entry. Other supporters are looking to the promised government report, due by the autumn of 2006, to help relaunch an intelligent debate. However, opponents are prone to dismiss the report as a farce because it is not independent but the product of the, to them, deeply compromised Integration Bureau.

Even if there were not the political pressures, the working of existing agreements could also produce controversy about Europe. Thus what is seen as Brussels' "unhealthy" interest in things like ex-export trade and the low tax policies of cantons like Zug have caused annoyance. So too did German rejection of proposals for access to Zurich's Kloten Airport. The fact that a bilateral relationship means, as does Europeanization, continuous adaption to EU norms also raises the possibility of new friction. This is despite the fact that the Swiss public now sees Europe as far less significant an issue than it did in 1995 notwithstanding the changing political balance. The latter has shifted towards opponents of integration, although both sides of the argument are, and will remain, very active. So the government still finds itself between the rock of economic gain – enlargement for instance being estimated as likely to add 0.75 per cent to Swiss GDP – and the hard place of domestic opposition.

On the Union side, if the enlargement process, coupled with some of the underlying causes of the rejection of the constitutional treaty, focuses attention on its relations with its neighbours, there is no great enthusiasm for further bilateral deals, though it might consider them if they are linked as were the first batch. Equally, it might consider a limited coordinating framework agreement. However, there are still reservations in Brussels about some Swiss stances. This is the case with money laundering, Alpine transit and banking secrecy. Indeed President Chirac has floated the idea of a tax on countries that allow this. More importantly, Greece, Portugal and Spain are still resisting their exclusion from the cohesion scheme and this is holding up EU ratification of the second round of bilaterals.

Yet, if many in the Union still believe that Switzerland will join the Union in the not too distant future, some external critics of the EU see the Swiss situation as being applicable to them. Indeed some opposition parties in Norway are now said to be enviously eyeing the Swiss arrangement. And, as already noted, what is believed to be the Swiss solution appeals to many opponents of British membership of the EU. The questioning of the existing model of integration unleashed by the referenda in France and the Netherlands in May and June 2005 may well encourage such feelings. Yet, if the Swiss often like to think that their federal process is a model for Europe, this actually implies a degree of consolidation that many British Eurosceptics would resist.<sup>14</sup> All this is likely to mean that Swiss–EU relations remain a key topic on the agenda in coming years.

### **The aims of the book**

In order to assist understanding of all this the book, which is probably the first, and certainly the most up-to-date, detailed survey in English of Switzerland and its relations with Europe, has three main purposes. First, it seeks to provide hitherto unavailable information on the Swiss side of the relationship across a range of fields. Second, it tries to explain the complexities and contradictions of the relationship. It does this, on the one hand, by looking at the factors which both limit and encourage Swiss attitudes toward the EU. In other words, it looks at the classical obstacles to integration. These are essentially political although economic and social questions are closely related to political doubts. But it also tries to bring out the countervailing factors which encourage increased involvement. Thus, it brings in relevant theoretical and conceptual approaches which help to deepen understandings of such relationships as those involving Switzerland, Norway and the EU, notably the idea of “Europeanization”.

Third, it seeks to set these problems in their context: of general Swiss foreign policy, of the legacy of earlier Swiss dealings with Europe and of the EU response to Switzerland. Taken together with a detailed examination of the two sets of bilateral agreements, by which the Swiss have sought to fill the gaps left by their rejection of entry to the EEA in 1992, this provides a basis for following Swiss–EU relations over the coming years.

The book therefore considers present and future relations in a balanced way, bringing together, as it does, Swiss experts from a variety of disciplines, along with outside observers of Switzerland. However, it does not aim to give lessons to the Swiss, merely to make better known and understood both their involvement in European integration and their reservations about EU membership. Equally, the aim is not to demonstrate that Switzerland is the ideal model for further European integration, thanks to its experiences in 1848 and after. Rather the book seeks to highlight the range, depth and complexity of a small state’s relations with Europe and not to urge a particular form of relationship on either the EU or the Swiss. So the focus is less on the EU and more on Switzerland, especially as it is today.

As a result the book falls into three main sections. The first analyses the key

political factors involved in encouraging reservations about wider international involvement such as European integration. Here the key obstacles to entry are direct democracy, federalism and neutrality – all basic components of Swiss identity and things which have formed the basis of the strong and popular anti-EU movement. The second looks at the economic, financial and social concerns which lead many Swiss to be ultra-cautious about EU entanglements. Here too questions of identity play a large role.

The third section considers the detailed context and nature of actual Swiss–EU relationships. This involves first looking at Swiss foreign policy in general and at the way in which Swiss attitudes to European integration have emerged over the years. In the last years of the previous century and the beginning of this, those relationships have led to two sets of so-called “bilateral” deals which are beginning to provide a basic structure for the relationship. However, it takes two to tango and the EU’s attitude to Switzerland is a major part of the context. Finally, possible scenarios for the future are examined.

### **The findings of the chapters**

Looking at the factors inhibiting closer relationships with the Union, three inter-linked political structures play a massive part. They are seen as crucial to Swiss identity. Yet they are not politically disinterested. In fact they are reinforced by new populist political forces which proclaim their allegiance to such traditional institutions and values.

Thus, on federalism, Paolo Dardanelli shows how Swiss federal structures have evolved into their present tripartite and cooperative nature. But he also emphasizes that federalism is more than merely structure, being an idea and a way of behaving which permeates Swiss political culture. Because of its evolutionary nature, it is not without problems today, some of which spring from the process of Europeanization which it has been undergoing. Nonetheless, because of its “mythical properties” as a constituent of national identity, it raises the bar for entry.

Direct democracy is perhaps an even more important component of the triad as Alex Trechsel shows because of its remarkable prevalence and the way it shapes the Swiss political system. Switzerland has a variety of direct democratic instruments and, over time, these have played a variety of roles, especially in recent years. Although they have neither been predominant nor as influential as often assumed they remain very popular in Switzerland and therefore have been, and will remain, a factor in Swiss relations with the EU, even if Europe itself makes more use of direct democracy.

Furthermore, neutrality, as Daniele Ganser and Georg Kreis show, has long roots in Swiss history but this has not stopped it becoming a contested concept in a way which direct democracy has not. By the late 1950s it began to take on what they see as an increasingly doctrinaire colouring. This first affected attitudes to the EC and then limited Swiss willingness to adapt both to the 1987 Single European Act and the collapse of the Soviet Empire two years later. And,



when the authorities did begin to rethink neutrality, their efforts were resisted by a sizeable element of public opinion. This was despite the fact that the Swiss record of collaboration with NATO shows that realist politics were very important in the Cold War era and that neutrality could well be compatible with outside engagement. All this, of course, is very different from the assumptions underlying British Euroscepticism which are very much those of a return to an earlier great power status.

Domestic resistance to any redefinition of neutrality shows how important the use of such pillars of national identity has been to new political forces in Switzerland. Regula Stämpfli shows that Switzerland is leading a European trend towards populism. In Switzerland, the latter has developed an aggressive stance, attacking elites, established institutions and state-based norms. Led by the SVP it uses established practices like direct democracy and federalism to block closer relations with Europe whenever it can. Populism is also very media savvy, existing in a close symbiosis with the rise of a “media democracy” which is transforming Swiss politics. All this has implications, not just for Swiss policy on Europe – whose drift and assumptions are constantly challenged – but for Europe at large.

However, Swiss reservations about European integration are not restricted to the political dimension. Economics are also very important. This is true both where the functioning of the economy is concerned, especially outside the Single Market, and for specific sectors. The banking and finance sector also figures in the EU relationship in a number of significant ways. Equally, social concerns over migration have had a major restraining effect on negotiations with the Union.

In economic terms, the Swiss situation, as Rolf Weder shows, is that membership of the World Trade Organization [WTO] and the advantages of European Free Trade Association [EFTA] membership and bilateral deals reduces discrimination and makes entry to the EU of limited appeal. The country does not, as some think, suffer greatly either from continuing non-tariff barriers or from the effects of cartels and government policy. Examination of Swiss rankings shows this and makes it clear that, if we look at key economic performance indicators, Switzerland is not really a “small” country. Equally, it is an open economy, integrated into world economic networks as well as into those of the EU. Indeed it is better integrated into the latter than some member states. And it is more open than some larger states.

All this helps to explain, as Church and his co-authors show, why the strength of the economy has been an essential element of what has been called the “Sonderfall” or special case.<sup>15</sup> This was essentially the belief that the country had been exceptionally blessed by the way that, through its own efforts, it had survived the Second World War and then enjoyed unparalleled prosperity and harmony. And even though there has been a downturn in recent years, the multi-faceted economy is still strong and plays a major part in shaping Swiss reservations about Europe, even though it is much dependent on the EU economy and its policy mix can be unfavourably compared with that of some EU member states.

Specific sectors also play a part in shaping Swiss attitudes, nowhere more so in matters related to banking and finance. Taxation rates and policy, currency values and competition between the Swiss financial centre and other European centres have all featured in relations with the EU. As with what is often inaccurately called “banking secrecy” the Swiss have been prompt to defend these things since they are often seen as essential to national identity.

An even more explosive issue for most Swiss, as Philippe Koch and Sandra Lavenex show, has been that of the free movement of labour. For although there is no evidence to suggest that the Swiss are more xenophobic than any other European people, unease about immigration have reinforced reservations about the EU. This is partly because the latter prevents migration being used as a conjunctural buffer against unemployment. In any case this has encouraged the government to insist on a range of guarantees for the Swiss labour market.

All these factors have played out in very specific contexts. To begin with the country’s contemporary European policy is part of a broader foreign policy which itself restrains closer involvement in international affairs. Moreover, today’s stances are often conditioned by the long and complicated history of Swiss approaches to Europe, the successes of which seem to have constrained flexibility. All these factors have been focused on the negotiation and ratification of the two sets of bilateral relations which, since 1992, have dominated Swiss dealings with the Union. And, in turn, these have been affected by the way the EU has reacted to Switzerland.

Overall Swiss foreign policy, as Laurent Goetschel shows, is structured by, on the one hand, the problems inherent in being a “small state” in political terms and, on the other, by basic values and institutions. The latter, in their turn, force a specific form of integration policy on Switzerland, even though this policy can undermine those very values. A key element in this is the important influence of democratic influences on policy-making, at the expense of representative bodies. Entry to the EU would limit this. In all this Switzerland shares with other small states the problem of balancing influence with autonomy.

History has also, in the view of Church, acted as a constitutive influence on Swiss policy. After a period of uncertainty, the Swiss seemed to have achieved an ideal solution in the 1970s and 1980s, something which reinforced ideas of the “Sonderfall”. However, the benefits of its post-1972 solution, often over-estimated, then prevented adaption when the world changed in the late 1980s, just as was the case with neutrality. And the government’s failure to educate people about the new circumstances then encouraged the catastrophic defeat of 6 December 1992. This, in turn, forced the adoption of the bilateral road.

Amongst the first bilateral arrangements, road transport and free movement were, as Cédric Dupont and Pascal Sciarini show, probably the most important. They owed their existence to the aftershock of the EEA votation and were, in a way, forced on the country. At the same time the bilaterals were not easy to negotiate because, on the one hand, of the EU’s insistence on parallelism and, on the other, of the opposition from smaller right-wing parties, opposition which continued into the new century, thanks to the need to update the agreements to

take account of EU enlargement. Firm negotiating tactics and skilful corporatist campaigning were needed to get them adopted. So, although the bilaterals were pushed by unions and employers, amongst others, they represent a less than optimum situation for the Swiss, even if this is not always appreciated abroad.

The second bilaterals were, as Alexandre Afonso and Martino Maggetti argue, another good deal for Switzerland which gained most of its objectives. But these gains came at a price because, although they were pushed by the Swiss, who saw access to the Schengen Information Service as a valuable strengthening of their facilities, they involved difficult negotiations in which the Swiss often had to make concessions. At the same time the Swiss have become somewhat tied to EU fiscal norms. This leads them to ask whether the bilateral door may not now be closing and forcing the Swiss to consider some of the other options already discussed here.

Faced with a Switzerland which, as Sieglinde Gstöhl shows, tended to weaken its position vis-à-vis the Union through its behaviour, the EU has not always given the country the benefit of its full attention. Equally the Swiss all too often failed to understand or appreciate the Union, Nonetheless, Brussels would like to include Switzerland within its bounds so as to complete its policy coverage in key areas. At present this is being done by bilateral deals but this may well have reached its limits.

### **Assessments and questions arising**

All this shows that Switzerland may be unusual but it is not wholly unique. Its relations with Europe are constantly evolving and their future is uncertain. They are, of course, much more complicated than many people imagine thanks to the fact that, even though the country is not a member of the EU, it has an intense and wide-ranging involvement with the Union, through formally negotiated bilateral agreements, informal contacts and autonomous adaption of EU rules. Indeed, one high-ranking EU official was heard recently at a conference in Geneva to remark that Switzerland was the most punctilious observer of Union directives, bar none. Europeanization, in other words, has been a major facet of Swiss life over the last 15 years or so.

Public opinion is not always aware of the extent of this involvement. However, some formal aspects of Swiss closeness to the EU are highly controversial, since they are seen as threatening national political structures and sovereignty, things which are rooted in Swiss political culture. This is fiercely defended by populist forces which overlap with more restrained technical concerns about relations with Europe.<sup>16</sup> Moreover, domestic political reservations also have a wider international dimension. Equally, while there is large-scale opposition to this, there are still those who want Switzerland to go further in its relations with the EU. And the government is still very keen on developing relations so that non-membership does not lead to discrimination. In other words there is a delicate balance between involvement and autonomy.

So, to sum up, the book shows that our air force Europhobe gravely

misunderstands the Swiss situation. Switzerland may not be a member but is far from having “nothing to do with the EU”. Not merely is it not a pariah, as it was once thoughtlessly called, but some think that it is more integrated now than it would have been had the country joined the EEA in 1992 so that, even if it is not a satellite as some claim, it must certainly be regarded as part of the wider pattern of multi-level governance in Europe.<sup>17</sup>

Thus the country does not really serve as a model. This is partly because the example it offers of life outside the EU is not what many outside admirers like to think, or would wish to emulate. It is not as successful as Katzenstein suggested in the 1980s and it offers a level of influence which certainly Blair, and probably many British Eurosceptic nationalists, would not be willing to accept.<sup>18</sup> Equally ideas that the Swiss federal system offers a way forward for the Union overlooks the visceral resistance in some quarters to anything called federalism, the fact that the Union has its own dynamics and the fact that the EU is far more like the old Swiss Confederacy before 1798 than it is to the Switzerland of the 1840s. Moreover, its example is seen by some as precisely the thing that Europe should seek to avoid.<sup>19</sup>

Why is the Swiss situation like this? As to why this is, the contributors offer a range of empirical explanations: the legacy of history, the fallibility of Swiss thinking (notably about the Sonderfall), reservations about migration, the impact of the media and changing internal political divisions. In particular the linked impact of Swiss institutions such as direct democracy and the way the Swiss think about them are crucial. Outside factors such as changes in Europe, globalization and EU reservations all play a part as well.

However, underlying their interpretations are a number of less empirical concepts and theories. Concepts are frequently used, whether these are types of federalism, economic classifications and ideas of smallness, power and governance. These help to reveal and classify the situation in Switzerland. They also help us to appreciate the complications of Swiss attitudes towards European integration.

At the same time three broader theoretical constructs emerge.<sup>20</sup> Thus, first, there is a clear appeal to neo-institutionalism. Many of the contributors stress the way in which structures inside and outside Switzerland impact on politics and policy. This is true both of international bodies of which Switzerland is a member such as the WTO and of the country's own structures, notably direct democracy and federalism. Much of the debate about the impact of membership is framed in terms of the way this would affect such structures. And, in their turn, past decisions have structured the present debate. Some might see this as an example of historical institutionalism.

However, this is not just a material affair. Ideas play a large part so that, second, constitutive theories are implicit in many of the contributions. The dominating effects of beliefs about Swiss identity appear in discussions of populism in general and in responses to the various votations on Europe. What motivates people and makes things so hard for the government is the way the opposition can appeal to popular fears about their country and its future. Gstöhl argues that

supporters of more integration will have to introduce new ideas to offset the traditional appeal of identity politics.

Third, perhaps even more important than these are theories of Europeanization. Understood as the way in which EU activities reshape and become internalized within member and other states – which is only one view of the process of course – the approach is fundamental to much of the book. Indeed Koch and Lavenex use it to structure and introduce their whole contribution. But the impact of the process also affects culture, federalism, finance, governance and legislation. Yet, strangely this is often ignored both by opponents of EU entry and by outside sympathizers. Nonetheless, it is still ongoing as the Federal Council adoption of the “Cassis de Dijon” principle in autumn 2005 shows. And it shows that contrasts between the status quo and “alleingang” – or going it alone – miss the point.<sup>21</sup> Swiss involvement with Europe on a bilateral basis does not spare the country from the impact of EU activities.

Another question to emerge is whether the bilateral status quo is sustainable. Many in Switzerland, including several contributors, think not. For them it means, on the one hand, that the country lacks influence and can only react to EU developments, something which is likely to become increasingly difficult as the Union expands. On the other, the agreements themselves are too complicated, too restricted and too rigid to meet future needs. Moreover, the EU seems to be out of sympathy with such arrangements.

However, the obstacles to change remain. Indeed, some in the SVP believe that the deals recently done on Schengen and free circulation mean that the country will ineluctably be drawn into membership and should, implicitly, be withdrawn. Nonetheless, majority opinion seems to believe that the bilateral approach, with perhaps a few adjustments, is capable of lasting for the medium term and this without leading to membership. For some it seems, in fact, that Switzerland has again found a successful third way. Many of the contributors here are not convinced of this.

If there are to be adjustments, or even replacements of the present bilateral arrangements, what might they be? A range of possibilities have been mentioned: a framework agreement to pull all the bilateral deals together; a full association agreement (since the 1963 application has never formally been withdrawn); a customs union; joining the EEA or even a “lite” form of membership with many opt outs. And, of course, the existing agreements can be undone or reduced in 2009 and up to 2014. Many factors, external and internal, will decide which, if any, of these will come about. The likelihood is that no simple solution will be forthcoming.

Indeed, the best guess, according to Yannis Papadopoulos, is that because of the requirement for a cantonal majority, entry will be impossible for many years to come. This, in his view, is reinforced by the way that Europeanization has already, among other things, both promoted the rise of the SVP and encouraged its resistance to any further close ties. Nonetheless, while this may not pose any great economic problems, it does leave Switzerland politically exposed and unable to bring its experience to bear in shaping evolving processual trends in

the Union, which seem likely to echo those already used in Switzerland. But whether this is good or bad depends on one's own views.

In other words there are still many uncertainties and unanswered questions about the future of Swiss–EU relations. Equally there is much research to be done on the subject of Swiss–EU relations to supplement what has been said here notably on agricultural, energy and trade policy. Nonetheless, we hope that the book, on the one hand, lays a sound foundation for understanding the complexities of the present situation and why they have come about. And, on the other, we hope its insights will help to explain whatever developments the Swiss decide on in their response to European integration.

## Notes

- 1 *The Times*, 11 June 2004, 10.
- 2 G. Turner, "The EU? It's political suicide to mention it in Switzerland", *Telegraph on line*, 8 May 2004. Cf also the Charlemagne column in *The Economist* of 9 October 2004, 45.
- 3 See M. Vahl and N. Grolimund, *Integration without Membership*, Brussels, CEPS, 2006, esp. pp. 22–4. Moreover, there are also parallels between the Swiss situation and what is being proposed through the EU's European Neighbourhood Policy. See J. Kelley, "New Wine in Old Wine Skins", *Journal of Common Market Studies* 44/1, 2006, 29–55.
- 4 J. Steiner, "Switzerland and the EU: A Puzzle" – available at [www.ies.ubc.ca/events/swiss/steiner.html](http://www.ies.ubc.ca/events/swiss/steiner.html).
- 5 Luzius Wasecha, quoted in *SwissInfo*, May 2004.
- 6 This term is commonly used in academia to describe the varied processes of change inside European states by their involvement with integration.
- 7 Indeed the Swiss are the first non-member state to sue the Commission before the Court of Justice, over its handling of flight paths into Kloten Airport in Zurich. Cf Vahl and Grolimund, *op. cit.*, pp. 55–7.
- 8 Available from the Schweizerische Gesellschaft für praktische Sozialforschung – or gfs – on its [www.politrends.ch](http://www.politrends.ch) site.
- 9 *Eurobarometer* 56, Autumn 2001.
- 10 C. Archer, *Norway Outside the EU*, London, Routledge, 2005.
- 11 Cf C. Buchi, *Rostigraben*, Zurich, NZZ, 2001 esp. pp. 265–7 and 287. Cf also C.H. Church, "Switzerland: A Paradigm in Evolution", *Parliamentary Affairs* 53/1, 2000, 96–113.
- 12 Such votes are normally translated as "referenda" in English but this is misleading both because the Swiss use this term to define a specific form of popular vote and because it can suggest infrequent and one-off plebiscites about national boundaries etc. and not the regular practice of popular decision-making on domestic policy found in Switzerland. For this reason, this book takes the advice of the late Christopher Hughes and borrows from the Swiss more general term *votation* (or *votazione* and *abstimmungen*) for all popular votes other than elections. Hughes also categorizes optional referenda, in which government legislation can be sent for a *votation* if 50,000 citizens request this, as a "challenge".
- 13 Thus in recent months the Swiss have accepted the EU's compensation scheme for delayed air travellers, air security procedures and the Single European Sky rules. Changes in trade and customs arrangements are also under way.
- 14 D. Sidjanski and M. de Bellet *L'Union Européenne à la lumière du fédéralisme Suisse*, Geneva, Georg, 1996.

- 15 Church, *The Politics and Government of Switzerland*, Basingstoke, Palgrave, 2003 esp. pp. 19–26.
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- 18 P. Katzenstein, *Corporatism and Change: Austria, Switzerland and the Politics of Industry*, Ithaca, N.Y., Cornell U.P., 1984; and *Small States in World Markets: Industrial Policy in Europe*, Ithaca, N.Y., Cornell U.P., 1985. Tony Blair has, however, long since pointed out the drawbacks of the Swiss position as seen from London in a speech given in the City Hall, Ghent, on 23 February 2000: “Committed to Europe, Reforming Europe”. Available on [www.number-10.gov.uk/output/Page1510.asp](http://www.number-10.gov.uk/output/Page1510.asp). Nor is there any real sign that Norwegians are seriously considering giving up EEA for a Swiss-type arrangement.
- 19 D. Moisi, “Europe Must Not Go the Way of Decadent Venice”, *Financial Times*, 13 July 2005, 28.
- 20 For a helpful summary of theories of integration see S. Bulmer and C. Lequesne, *The Member States of the European Union*, Oxford, OUP, 2005.
- 21 Alleingang is the German for “going it alone” and is conventionally used to describe the state desired by Swiss opponents of EU membership. Hence it is usually taken to be a foreign policy strategy based on staying outside all European (and other) international institutions, including the EU and the EEA.

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