



Swiss–UK relations post Brexit

February 2019

The United Kingdom is an important partner for Switzerland, economically, politically and in terms of migration. At present, relations between Switzerland and the UK are largely based on the bilateral agreements with the European Union, which will cease to apply to the UK after its withdrawal from the EU (possibly after a transition period). Switzerland wishes to ensure that the existing mutual rights and obligations in its relationship with the UK will continue to apply as far as possible after the UK leaves the EU, and to expand them where necessary («Mind the gap» strategy).

Chronology

- 11.2.2019 Signing of the Trade Agreement
- 25.1.2019 Signing of the Insurance Agreement and the Road Transport Agreement
- 17.12.2018 Signing of the Air Transport Agreement
- 29.3.2017 Formal notification by the UK to the EU of its decision to withdraw from the EU under Article 50 of the Treaty on European Union
- 19.10.2016 Federal Council adopts «Mind the gap» strategy
- 23.6.2016 UK's referendum on withdrawal from the EU (leave: 51.9%)

Switzerland-UK relations

Relations between Switzerland and the UK are close and multifaceted. In 2017, the UK was Switzerland's sixth biggest export market (CHF 11.4 billion) and the eighth largest source of Switzerland's imports (CHF 6.1 billion). The UK is Switzerland's sixth largest direct investor (as at 2016). Around 58,600 flights a year from Switzerland are destined for the UK; Germany is the only country to which there are more flights. 34,500 Swiss citizens live in the UK and 41,000 British citizens live in Switzerland.

Negotiations on the UK's exit from the EU

Following the UK's referendum on withdrawal from the EU ('Brexit') in June 2016, the British government formally notified the EU of its withdrawal decision on 29 March 2017. This triggered a two-year period during which the UK and the EU must complete their negotiations on an orderly withdrawal. In spring 2018, the parties agreed on a transition period which would run from 29 March 2019 to 31 December 2020 in the event of an orderly withdrawal. During this time, the UK would remain part of the EU's internal market and customs union (but without codecision rights). EU third-country agreements, for example the Switzerland-EU bilateral agreements, would also continue to apply to the UK. The UK government and the EU finally concluded a withdrawal agreement in November 2018, which includes the above transition period until the end of 2020 (it can be extended once, subject to the agreement of both parties).

A joint declaration on long-term future relations was also published. The agreement requires parliamentary approval from both sides. The agreement requires parliamentary approval from both sides. In a vote on 15 January 2019, the UK House of Commons clearly rejected the withdrawal agreement. The Prime Minister, Theresa May subsequently announced she would seek changes from the EU.

Consequences for Switzerland of Brexit

At present the very close relations enjoyed by Switzerland and the UK are largely based on the bilateral agreements between Switzerland and the EU. Post-Brexit these agreements will cease to apply to the relationship between Switzerland and the UK and will have to be replaced by new agreements, irrespective of the course of the EU–UK negotiations.

Switzerland wishes to ensure that the existing mutual rights and obligations in its relationship with the UK will continue to apply as far as possible after the UK leaves the EU, and to possibly expand them in certain areas. The Federal Council adopted its «Mind the gap» strategy early on, in October 2016, and has since been in regular contact with the UK.

On the Swiss side, this work is coordinated by a steering group consisting of representatives of the federal departments concerned, headed by the Directorate for European Affairs. On the UK side, work is coordinated by the Department for Exiting the European Union.

In April 2018, the Federal Council clarified its «Mind the gap» strategy, deciding that the possibility of temporarily continuing third-country agreements within the framework of the above-mentioned EU-UK transition period following an orderly withdrawal should also be applicable to Swiss-UK relations. This would require formal mutual notification to that effect between the EU and Switzerland. As a result, the bilateral agreements between Switzerland and the EU would continue to apply to Swiss–UK relations from 29 March 2019 until the end of 2020. This would extend the time frame for agreement on the future relationship between Switzerland and the UK.

The Federal Council is also preparing in close cooperation with the UK for the possibility that the withdrawal agreement might be rejected (no-deal scenario). Even in this case of a disorderly withdrawal, the existing rights and obligations between Switzerland and the UK should be preserved as far as possible. This can be achieved by early application of the bilateral agreements on future relations. Where it is not possible to have such agreements in place in time – e.g. because they depend on future regulations between the UK and the EU – fall-back solutions would have to be implemented. These fall-back solutions cannot however guarantee the continuation of the current level of treaty relations, especially in the harmonised areas.

New Switzerland-UK agreements

In this context, Switzerland has drawn up new agreements with the UK which will apply when the bilateral agreements between Switzerland and the EU are no longer valid for the UK. In the event of a disorderly withdrawal on 29 March 2019, the new agreements will be applicable from 30 March 2019.

On 11 February 2019, Federal Councillor Guy Parmelin and the UK Secretary of State for International Trade, Liam Fox, signed a new trade agreement in Bern. This agreement essentially allows for the replication of the bulk of existing economic and trade agreements with the EU (e.g. the free trade agreement), and provides scope for future exploratory talks on developing further ties.

Two new transport agreements are also in place. The first is a road transport agreement, which ensures that carriers will continue to be exempted from obtaining permits to transport freight traffic by road between Switzerland and the UK, and that reciprocal road access for transporting goods and passengers will also

be maintained. The agreement still prohibits cabotage, i.e. the right of one state to carry goods or passengers between two points in another state. The second is a new air transport agreement, which will preserve the existing air traffic rights between Switzerland and the UK. The air transport agreement was signed by Federal Councillor Doris Leuthard and UK Transport Minister Chris Grayling on 17 December 2018 in Zurich, the road transport agreement on 25 January 2019 in Davos by the President of the Confederation, Ueli Maurer, and the British Ambassador to Switzerland, Jane Owen.

Also on 25 January 2019, President Maurer and the UK Chancellor of the Exchequer, Philip Hammond, signed an insurance agreement. It guarantees freedom of establishment for insurance companies in the field of direct insurance for damage and thus converts the content of the insurance agreement between Switzerland and the EU of 1989.

On 19 December 2018, the Federal Council adopted an agreement with the UK on migration-related matters. If the free movement of persons ceases to apply to the UK, this new agreement will protect the rights of Swiss nationals in the UK – which they acquired under the Agreement on the Free Movement of Persons (AFMP) – such as residency and social security rights and the recognition of professional qualifications. Reciprocal conditions will apply to UK nationals in Switzerland. This new agreement will not apply to people who immigrate after the AFMP is no longer valid.

While the Federal Council's remit extends to finalising the agreements on transport and on insurance, parliamentary approval is required for the new trade agreement and agreement on the rights of citizens. In order to ensure the new agreements can be implemented immediately after 29 March 2019 if required, the responsible parliamentary commissions must vote for a provisional application of such agreements. The Foreign Affairs Committee of the National Council unanimously approved of the provisional application at its meeting of 14 and 15 January 2019, and the Foreign Affairs Committee of the Council of States did the same at its meeting of 31 January and 1 February.

The new agreements will only apply from the end of March 2019 in the event of a disorderly withdrawal. If there is a transition period, the bilateral agreements between Switzerland and the EU will continue to apply to the UK. The new agreements would only take effect once this transition period had lapsed. If this

occurs, Switzerland's new trade and migration-related agreements with the UK could be supplemented with other provisions depending on how the relationship between the UK and the EU develops. Brexit-related preparations are also under way in other areas that will not however require new agreements (e.g. data protection). Here too, the aim is to ensure legal continuity.

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Further information

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