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Package «Stabilisation and further development of Switzerland-EU relations» (Bilaterals III)

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Switzerland in a changing world

« The world is becoming less global, less influenced by the West and less democratic. It is increasingly fragmented and dangerous. And it is volatile. »

Foreign Policy Strategy 2024–27

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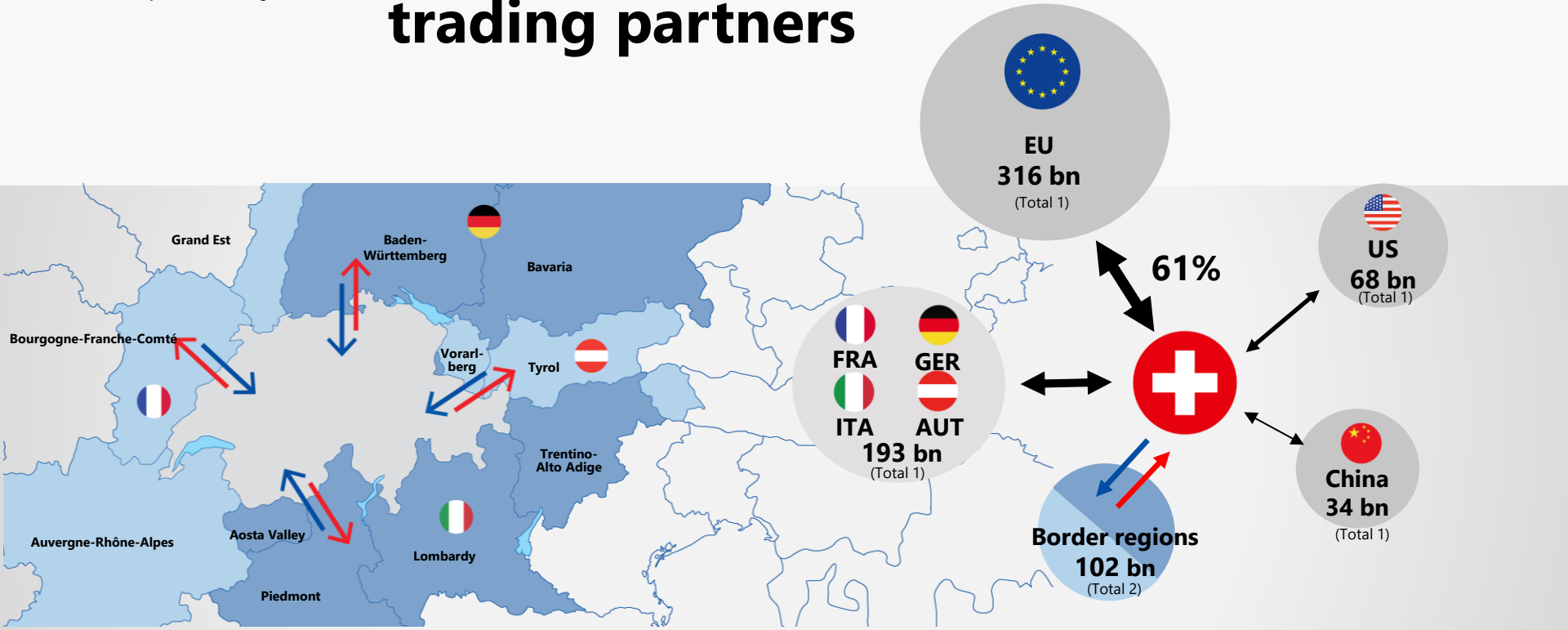
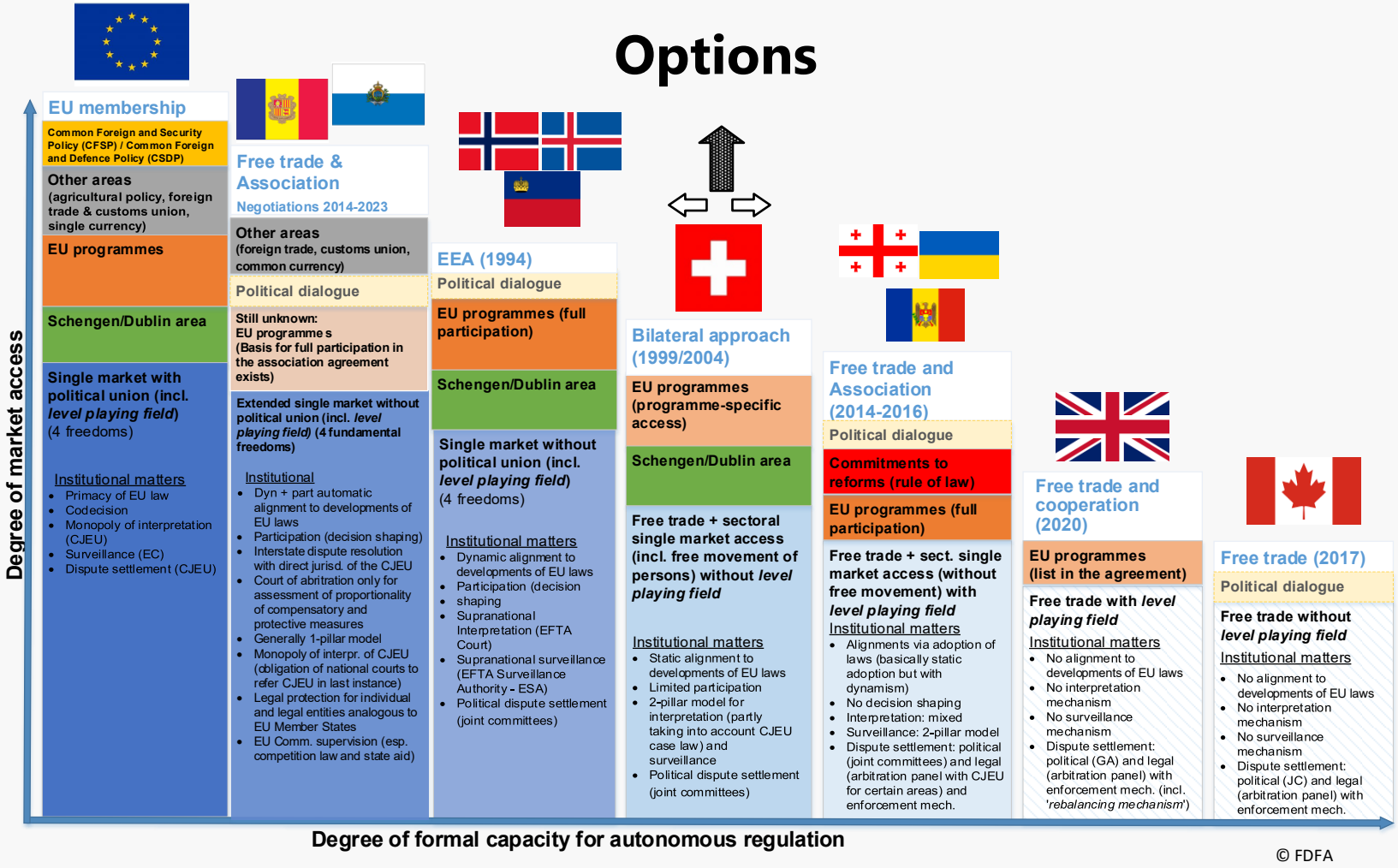
Switzerland's most important trading partners



Volume of trade in 2025 in CHF billion/year. Source: Swiss-Impex and statistics/customs offices in Switzerland's neighbouring countries. The cyclical total (1) excludes trade in goods with high fluctuations (e.g. gold bullion), as these make it difficult to interpret export and import trends. The statistics/customs offices in Switzerland's neighbouring countries do not publish cyclical totals. Accordingly, trade in these goods is included in the border regions' total (2).

Options



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Alternatives to the bilateral approach

Accession to the EEA

- Full participation in the EU single market (not just sector-specific)
- No scope for CH-specific provisions or exemptions
- Comprehensive free movement of persons
- Horizontal monitoring of state aid by a supranational institution
- Supranational jurisdiction
- Higher financial contributions

Free Trade Agreement

- Lower level of economic integration
- Value chain not covered, only tariff barriers
- No participation in the single market, Horizon Europe, Erasmus+, etc.
- Goods subject to customs procedures: inspections, conformity checks, registrations, sanitary and phytosanitary requirements
- Liberalisation of swiss agriculture
- Negative experience of the UK

Doing nothing

- No status quo, deterioration
- Agreements are no longer updated and are losing their significiance (obsolete model)
- Lack of planing and legal certainty
- Competitive disadvantage for the export sector
- No participation in Horizon Europe, Erasmus+ etc.; weakening of CH's position as a centre for research, education and innovation
- Reduced security of supply & consumer protection
- Increasing discrimination against CH

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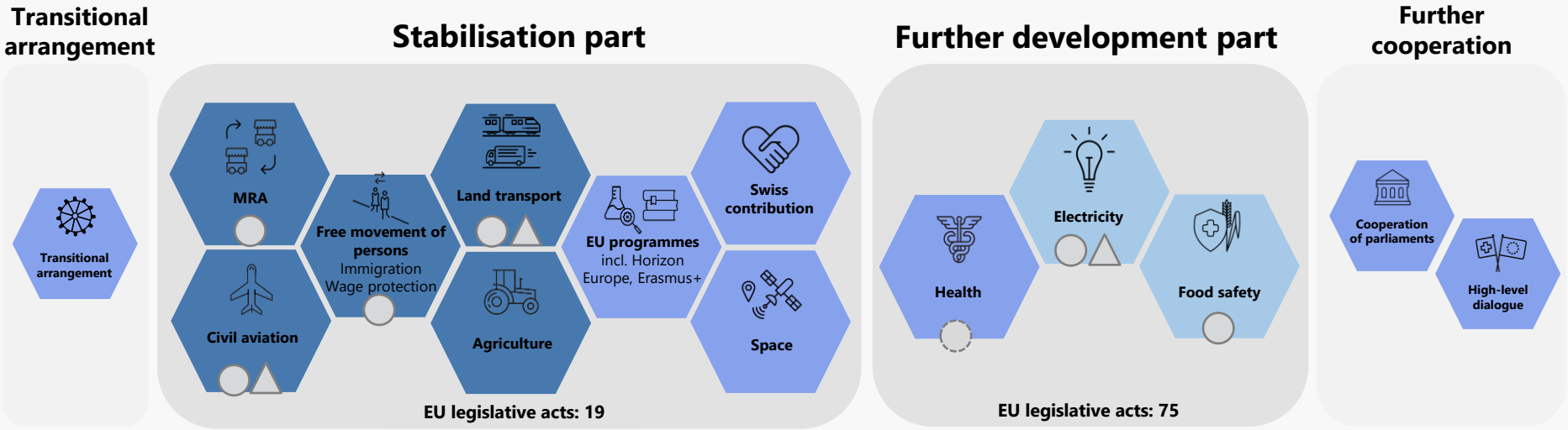
Switzerland-EU package (Bilaterals III)



Existing internal market agreements

Other agreements and areas of interest

New internal market agreements

Institutional elements
Dynamic alignment,
Dispute settlement

State aid

Implementing legislation

3 new laws / 15 significant legislative amendments / 21 minor legislative amendments

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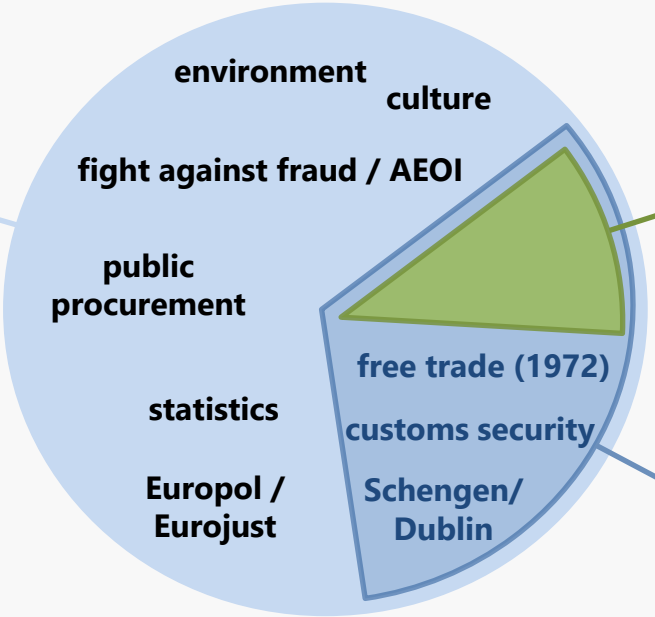
Contextualisation within broader Swiss–EU relations

over 100 Swiss–EU agreements



Switzerland–EU package

most important agreements

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Particularly noteworthy

Direct democracy and federalism remain safeguarded

✓ Constitution, powers of the people, Parliament, cantons and courts remain unchanged

Bureaucracy: reduced (only 19+75 EU legislative acts)

✓ MRA; Regulatory relief for business by the Federal Council

Public services are not affected

Dynamic alignement of legislation: equal treatment CH and EU

✓ Not without the explicit consent of CH

✓ Limited to 4+2 agreements (MRA, AFMP, land and air transport + electricity and food safety)

Dispute settlement: legal certainty, decision by an arbitral tribunal

✓ Between states, both sides equally represented

✓ Role of the CJEU limited (necessary & relevant)

State aid: only 3 agreements

✓ 2 pillars: monitored by CH; decisions by Swiss courts

Immigration: skilled workers for the economy

✓ Labour market needs; protective measures, incl. safeguard clause

✓ Combating abuse; permanent residence; family reunification

Wage protection

✓ Protection mechanism (principles, exceptions, non-regression clause)

Electricity: security of supply & grid stability

✓ Process for granting concessions and water rates as before

Food safety: EU standards are already in place

✓ No EU checks; farm shops, markets and charity stalls as before

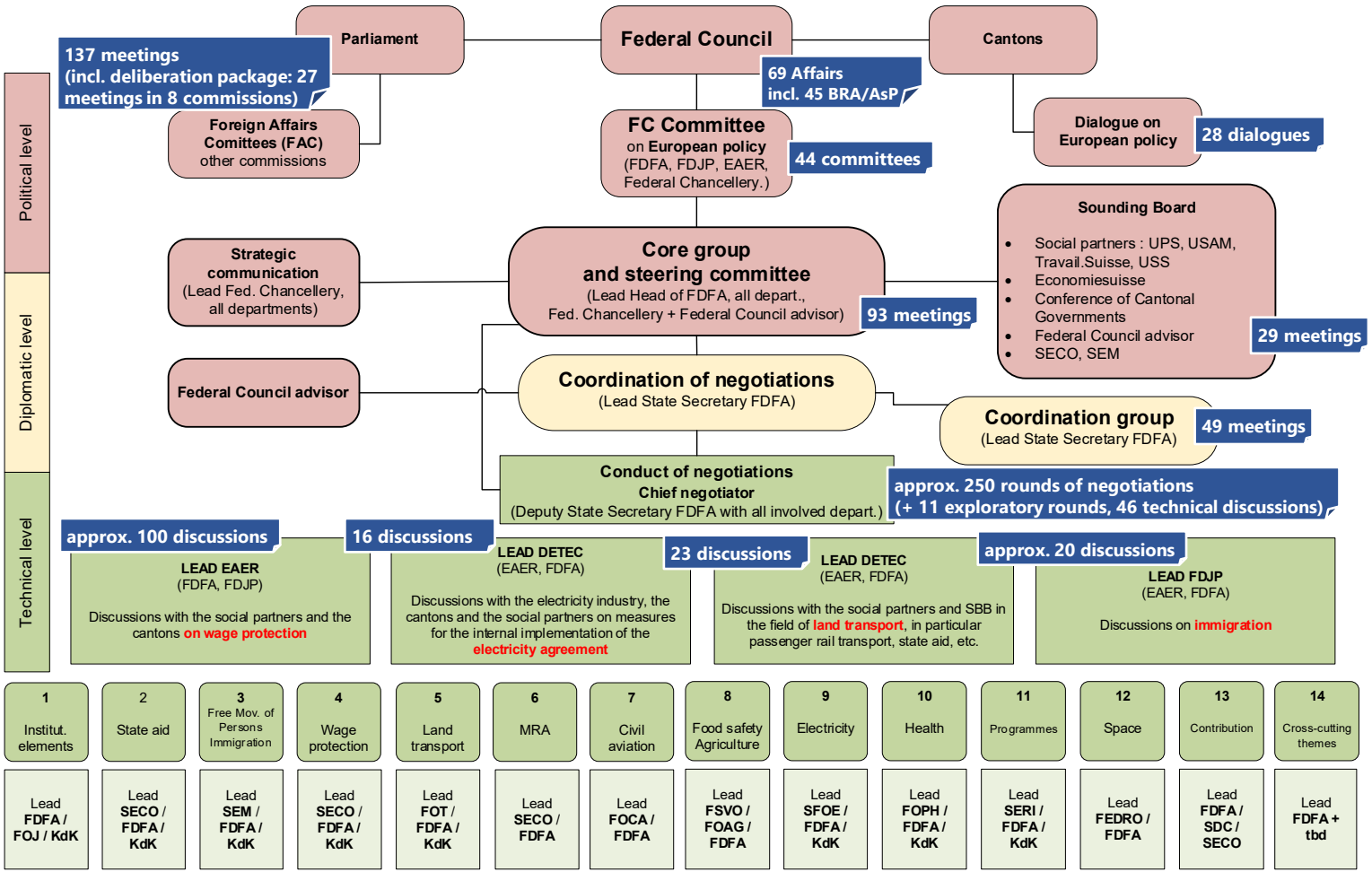
Economic benefits

✓ CHF 1 billion in trade volume per day, CHF 300 billion per year

✓ 76% of all exported industrial products are covered by the MRA

As of August 2026

Inclusive process



The bilateral approach

Bilaterals I
1999

→

Bilaterals II
2004

→

Institutional agreement
from 2010 to 2021

→

New approach

→

Exploratory talks
from March 2022 bis Oct. 2023

→

Phase negotiating mandate
from Dec. 2023 to March 2024

→

Negotiations
from March to Dec. 2024

→

Preparation of documents for consultation
from Dec. 2024 to June 2025

→

Consultation
from 13th June to 31th Oct. 2025

→

Adoption of the dispatch
13th March 2026

→

Parliamentary deliberation

⇢

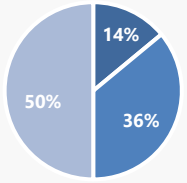
Popular vote

13th June – 31th October 2025

Consultation Switzerland-EU package (Bilaterals III) Results

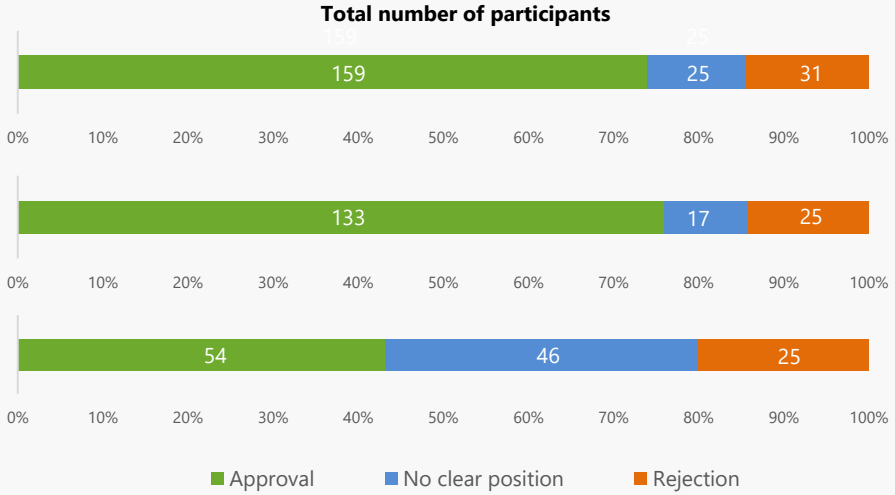
- **318 submissions received**:

43 participants systematically consulted & courts (14%)
115 other interested parties (36%)
160 participants not consulted (50%)



- **1059 reviews submitted by individuals** (a significant proportion written with AI support)

- **Overall assessment of the Switzerland-EU package (Bilaterals III)**
- **Negotiations result**
- **Domestic implementation**



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13th June – 31th October 2025

Consultation Switzerland-EU package (Bilaterals III) Adjustments

Dynamic alignment of legislation

- Greater participation of the cantons (agreement).
- Greater involvement of Parliament (ParlA).
- Information for interested parties (GAOA).

State aid

- Simplification of procedures for aid providers and supervisory authorities.
- Clarification of administrative assistance and information exchange.

Safeguard clause

- Greater involvement of cantons and social partners.
- Indicators and thresholds for triggering measures (transport, housing, wage protection)
- Regional and sector-specific design of protective measures.

Federal support for universities

- The Confederation covers 100% of losses incurred by cantons and universities for four years.

Wage protection

- Measures 1-13 uncontested.
- Measure 14: Discussions EAER and social partners continued to reach a compromise.

Land transport agreement

- Upgrading of the directive on social standards (regulation level).
- Allocation of train paths: new regulation at law level (transparency and clarity).

Swiss Contribution

- More *Swissness:* simplified procedures to strenghen the involvement of Swiss partners and Swiss expertise.

EU programmes

- Participation CH in Erasmus+ from 2027: the necessary funds will be submitted to Parliament for approval as part of the dispatch.

Electricity

- Basic supply threshold.
- Retention of accompanying measures in basic supply regulation.
- Maintenance of the abolition of the minimum remuneration for electricity produced by photovoltaic installations (transitional period of 3 years)
- Clarifications regarding the use of hydropower (concessions, hydropower fees, return).

Agriculture and food security

- Clarification regarding border protection and specific thematic issues.

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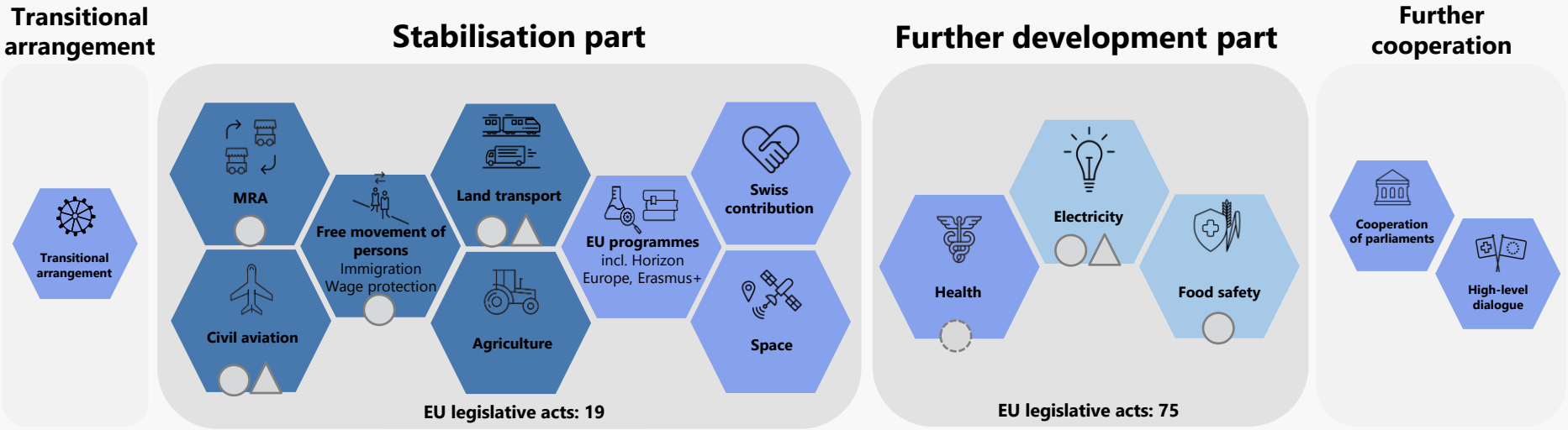
Any question ?



Implementing legislation

3 new laws / 15 significant legislative amendments / 21 minor legislative amendments

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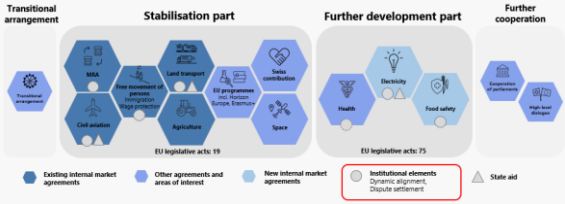
Stabilisation



Institutional elements

Dynamic alignment of legislation

✓ In existing internal market agreements: free movement of persons, MRA, land and air transport. (Also in the new agreements of the further development part: electricity, food safety and, as long as necessary for its functioning, analogously in the health agreement).

✓ Specifically regulated in accordance with the sectoral approach in each agreement concerned.

✓ Exceptions are not affected by dynamic alignment of legislation.

✓ *Decision shaping*: Switzerland can participate in the drafting of EU legal acts relevant to the agreements (involvement of affected bodies, e.g. cantons and parliament).

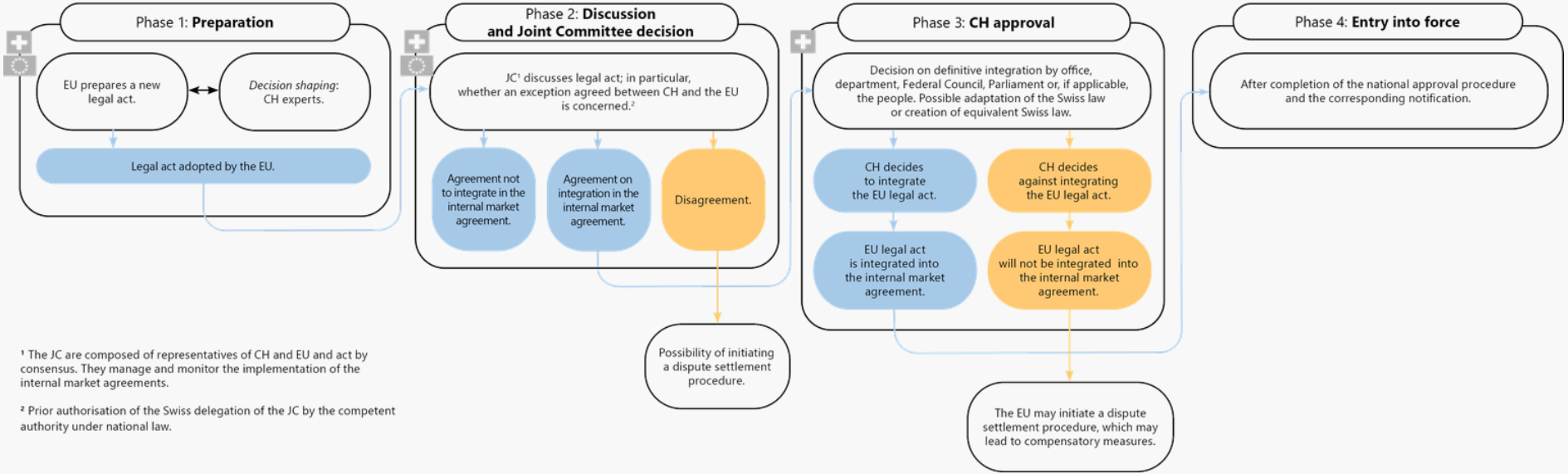
✓ Existing procedures and competences in Switzerland remain unaffected. Parliament and the people can continue to decide on the adoption/rejection of EU legal acts in the agreements.

✓ Sufficient time for Switzerland to adopt new EU legal acts.

→ Neutrality not affected
→ Direct democracy not restricted
→ No automatic alignment of legislation: Switzerland can say no
→ No super guillotine
→ In the interests of Switzerland (especially MRA)

Dynamic alignment to EU legislation

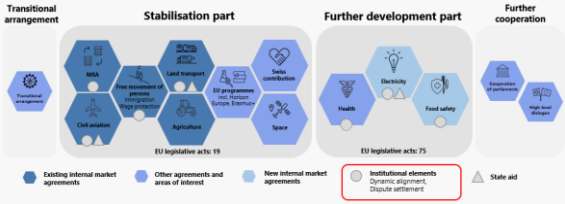
Switzerland and the EU update their internal market agreements in general dynamically.
The dynamic alignment of legislation respects the constitutional order of Switzerland.
No dynamic alignment of legislation before completion of the national approval procedure.



[1] The JC are composed of representatives of CH and EU and act by consensus. They manage and monitor the implementation of the internal market agreements.

[2] Prior authorisation of the Swiss delegation of the JC by the competent authority under national law.

Stabilisation



Institutional elements

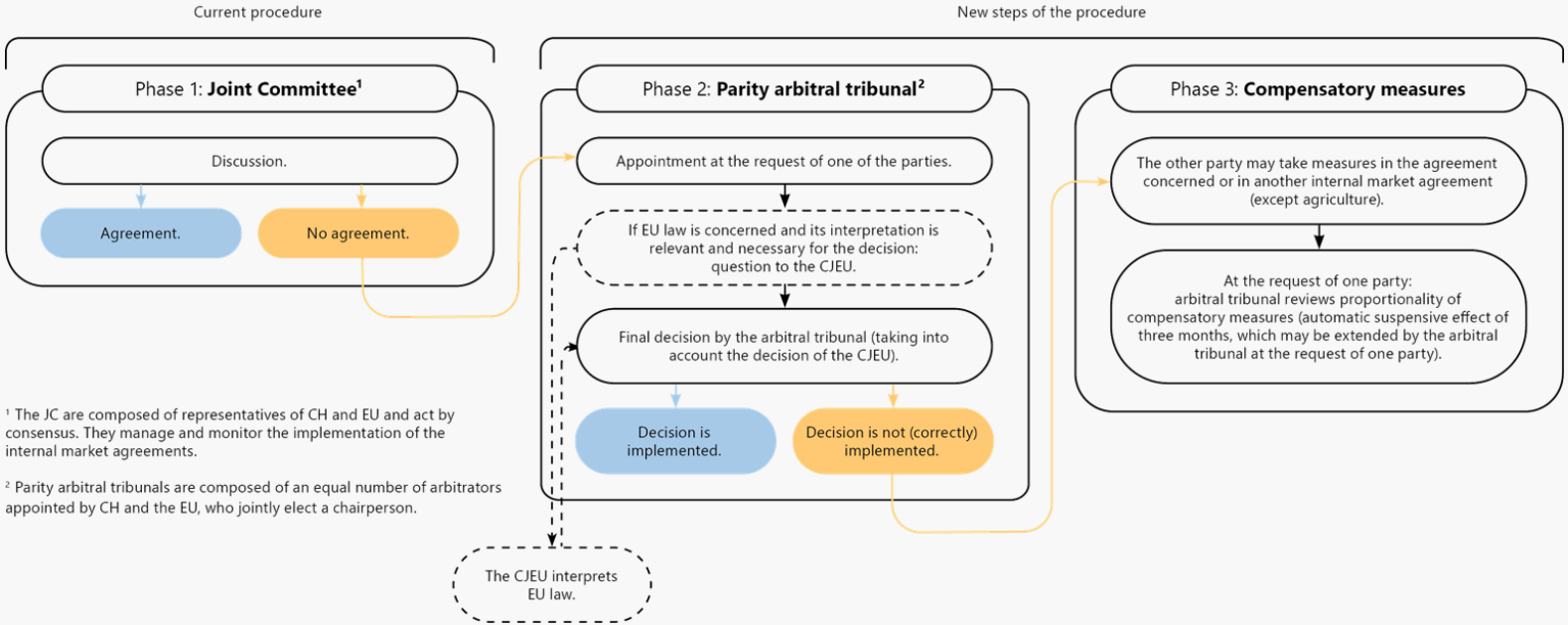
Dispute settlement

- ✓ Dispute settlement only for disputes between Switzerland and the EU.
- ✓ Dispute settlement continues to take place first in the Joint Committee of the agreement concerned (JC). If no agreement is reached in the JC, either party may refer the dispute to an arbitral tribunal, in which both sides are equally represented.
- ✓ The arbitral tribunal makes the final decision on the dispute. The role of the CJEU is limited to interpreting EU law, if relevant and necessary for the dispute resolution. The arbitral tribunal also decides whether a question of interpretation is referred to the CJEU; the CJEU cannot intervene on its own initiative.
- ✓ Compensatory measures must be proportionate and within the scope of the internal market agreements (agricultural part of the agreement on agriculture excluded; in the case of the health agreement: only within the scope of the agreement or in relation to Switzerland's participation in the EU health program).
- ✓ Suspensive effect of compensatory measures.

→ **Legal certainty**
→ **No foreign judges: it is not the CJEU that decides, but the arbitral tribunal**

Dispute settlement

Today, in the event of disagreement on an internal market agreement, Switzerland and the EU can only discuss the issue; and this does not always lead to a solution. In future, disagreement are to be resolved according to the following procedure.

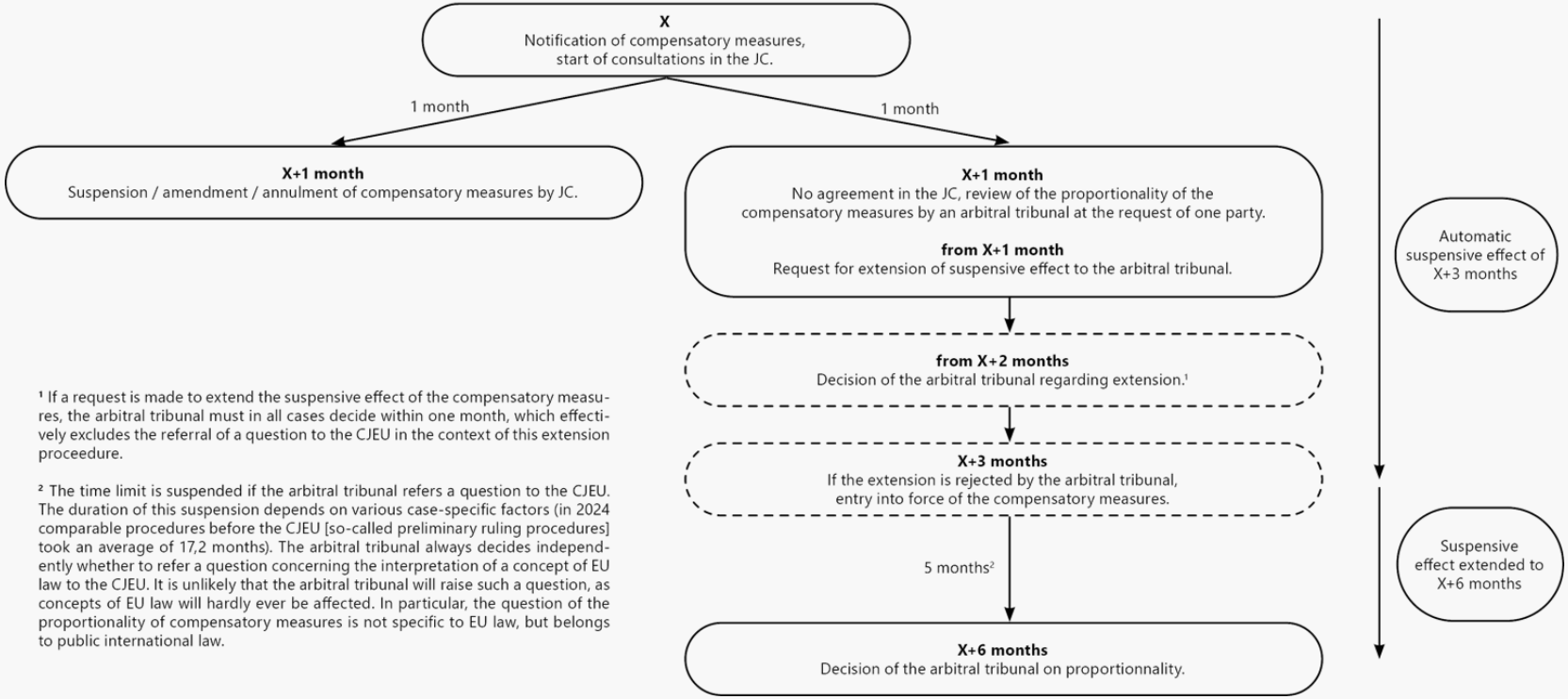


[1] The JC are composed of representatives of CH and EU and act by consensus. They manage and monitor the implementation of the internal market agreements.

[2] Parity arbitral tribunals are composed of an equal number of arbitrators appointed by CH and the EU, who jointly elect a chairperson.

Compensatory measures

Note: The procedures described in this document have been simplified for clarity.



[1] If a request is made to extend the suspensive effect of the compensatory measures, the arbitral tribunal must in all cases decide within one month, which effectively excludes the referral of a question to the CJEU in the context of this extension proceedure.

[2] The time limit is suspended if the arbitral tribunal refers a question to the CJEU. The duration of this suspension depends on various case-specific factors (in 2024 comparable procedures before the CJEU [so-called preliminary ruling procedures] took an average of 17,2 months). The arbitral tribunal always decides independently whether to refer a question concerning the interpretation of a concept of EU law to the CJEU. It is unlikely that the arbitral tribunal will raise such a question, as concepts of EU law will hardly ever be affected. In particular, the question of the proportionality of compensatory measures is not specific to EU law, but belongs to public international law.

Referendum

30 April 2025: Federal Council's decision favouring an **optional referendum**

- Political continuity & coherence: same approach as that taken for Bilaterals I & II.
- 2012: Rejection (75.3%, all cantons) of the popular initiative 'International treaties before the people' that would have prescribed mandatory referendums on the conclusion of international agreements with significant new legal provisions.
- The fundamental question of a mandatory referendum on international agreements *sui generis* remains unaffected by the Federal Council's decision.
- Final determination on the nature of the referendum in the course of parliamentary deliberations.

Article 140 of the Federal Constitution: Mandatory referendum

[1] The following must be put to the vote of the People and the Cantons:

a. amendments to the Federal Constitution;

b. accession to organisations for collective security or to supranational communities;

c. emergency federal acts that are not based on a provision of the Constitution and whose term of validity exceeds one year; such federal acts must be put to the vote within one year of being passed by the Federal Assembly.

Article 141 of the Federal Constitution: Optional referendum

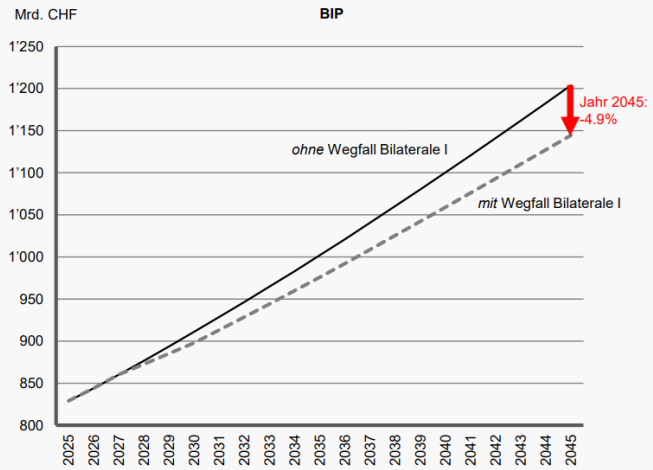
[1] If within 100 days of the official publication of the enactment any 50,000 persons eligible to vote or any eight Cantons request it, the following shall be submitted to a vote of the People:

[…] d. international treaties that

3. contain important legislative provisions or whose implementation requires the enactment of federal legislation.

Economic effects of the Switzerland–EU package

Abbildung 2: BIP-Entwicklung ohne/mit Wegfall der Bilateralen I



Source: Ecoplan (German, 2025)

Long-term safeguarding of sectoral participation in the EU single market (especially Bilaterals I)

→ Around -4.9% GDP in 2045 if Bilaterals I were no longer in force from 2028 (*Ecoplan 2025*).

- Discontinuation of Agreement on Free Movement of Persons would have greatest impact.
- Discontinuation would mean around CHF 2,500 less income per capita in 2045.
- Cumulative losses in GDP from 2028 to 2045 would amount to a total of CHF 520bn.

Effects of individual components of the package (stabilisation and new agreements)

- Studies on the effects in the areas of research, the MRA, immigration and electricity.

→ **Package creates stable framework conditions for Switzerland as a business location and increases legal certainty.**

→ **Overall, a clearly positive economic outcome.**

- The electricity agreement alone can generate additional trade gains of up to CHF 1.2 bn per year.
- Association of Switzerland to EU programmes: strengthening the international reputation of researchers and institutions (higher education institutions, SMEs, start-ups); facilitating the recruitment of top researchers; boosting competitiveness.

Source: Effects of the package

Appraisal of the Switzerland–EU package

- Negotiating mandate fulfilled.
- Stabilisation is the prerequisite for continuing the bilateral approach of the last 25 years.
- Safeguarding Switzerland's key interests through a negotiated solution and domestic implementation with accompanying measures, e.g. in the areas of immigration, wage protection, agriculture and land transport.
- Domestic accompanying measures on wage protection, land transport and electricity safeguard some of Switzerland's vital interests.
- No influence on the division of powers between the federal government and the cantons.
- The political system of Switzerland (in particular direct democracy and federalism) and the constitution remain unaffected.
- The powers of the cantons, the Federal Assembly, the Federal Council, the courts and the people remain unaffected.