

# Switzerland and the common market

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Objektyp: **Article**

Zeitschrift: **Helvetia : magazine of the Swiss Society of New Zealand**

Band (Jahr): **37 (1973)**

Heft [3]

PDF erstellt am: **13.09.2024**

Persistenter Link: <https://doi.org/10.5169/seals-942160>

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# SWITZERLAND AND THE COMMON MARKET

ON 22nd JULY 1972 Switzerland signed an agreement in Brussels with the European Economic Community (EEC) which provides in particular, for the progressive abolition of customs duties on all industrial products. Recently, Mr Ernst Brugger, Head of the Federal Department of Public Economy, kindly answered our questions about that agreement.

**Federal Councillor, could you tell us Switzerland's reasons for moving closer to the Common Market?**

The EEC is our most important trading partner. Already 60% of our imports come from that group of countries, which in turn absorbs 38% of our exports. Since the creation of the Common Market Switzerland's aim has been to establish links with that economic organisation. However, as she was very anxious that such links should not affect her neutrality, her constitutional system or her right to determine her own relations with the rest of the world, she deliberately renounced the possibility of membership. For her part, the agreement to be concluded was intended principally to lead to the elimination of customs barriers or, in other words, to the establishment of a large free market in Western Europe. The creation of EFTA had already constituted a first step in that direction. For a long time, however, it was not possible



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to achieve a rapprochement between the EEC and EFTA, two free trade bodies which were nevertheless so close to each other. We had to wait for the Hague summit conference, in December 1969, to see the outlining of an over-all solution comprising three elements: the entry into the EEC of some members of EFTA, the conclusion of free trade agreements between the Common Market and the other EFTA countries and, finally, the maintenance of free trade between the members of EFTA remaining faithful to that organisation. This was the basis on which a large free market embracing 300 million inhabitants was created in Western Europe.

**The negotiations took place in several phases: could you remind us of the principal stages?**

After the summit conference at The Hague, negotiations with the applicants for membership began. The first talks with those members of EFTA which did not wish or were not able to join the EEC, for political or economic reasons, took place shortly afterwards. Switzerland submitted her concept to the EEC ministers on 10th November 1970. In its opening statement the Federal Council accepted the Common Market's invitation to draw up an agreement enabling Switzerland to maintain with the countries entering the EEC the free trade achieved within the framework of EFTA and to extend it to the other members of the EEC.

The exploratory talks took place in the winter of 1970/71. They confirmed the impression that the agreement being sought by both Switzerland and the EEC could most satisfactorily be realised in the form of a free trade area.

The negotiations themselves began in December 1971 and ended with the signing of the agreement in Brussels on 22nd July 1972.

**What are the principal features of the new agreement?**

In the first place, I should mention the **abolition of customs duties** on imports of industrial products exchanged between Switzerland and the EEC; this will be carried out in five stages of 20% each between 1st April 1973 and 1st July 1977. More than 90% of our exports to the enlarged Common Market and of our imports from it will thus be exempted from customs duties. It was also necessary to introduce **rules of origin** in order to determine what products would enjoy the customs reductions. The latter will apply only to those products which have undergone in the EEC, in Switzerland or in another EFTA country a process of transformation regarded as sufficiently important.

Provisions relating to **competition** state that no practice, private or public, which distorts the free play of competition must affect the Swiss-EEC trade covered by the agreement. **Safeguard clauses** authorise the Contracting Parties to reintroduce customs barriers temporarily, after consultations, if certain difficulties specified in the agreement should arise.



Free trade in **agricultural products** is not provided for by the agreement, but both Parties, undertaking expressly to respect the agricultural policy of their partners, pledged themselves to foster the harmonious development of trade in those products.

For both parties, the **evolutionary clause** leaves the door open for a subsequent development of their relationship. The conclusion of new arrangements will, of course, only be possible after new negotiations.

The agreement also contains a **denunciation clause**; it will therefore be possible to withdraw from it by giving twelve months' notice.

### **Will Swiss farmers derive some advantages from the agreement?**

As I said just now, it will not contain agricultural clauses. Consequently our policy of supporting agriculture will not be modified in any way; this applies to prices or internal structures in that branch of our economy as well as to our present regulations on the importation of agricultural products. Our farmers will, however, derive certain advantages from the customs reductions, particularly when acquiring agricultural machinery or fertilisers. It should also be remembered that our agricultural policy is relatively costly and that our agriculture will therefore continue to thrive only if the economy as a whole does well.

### **Was the problem of foreign workers in Switzerland discussed in Brussels?**

The agreement contains no provisions which could affect the policy we have adopted with regard to the labour market, and it allows us, in particular, to pursue our efforts to stabilise the total number of foreign workers in Switzerland. From the beginning of our negotiations in Brussels we maintained that the outstanding problems connected with foreign workers should be settled at a bilateral level between Switzerland and Italy. The EEC fully concurred with this point of view, but that did not prevent us from regularly informing our negotiating partners of the state of our discussions with that country.

We finally reached an agreement and a protocol of negotiations was signed in Rome on 22nd June, 1972. Taking as its starting point the necessity, also recognised by Italy, of continuing our policy of stabilisation, it fixes the time-limits and the details of certain improvements in the living and working conditions of Italian nationals in our country, particularly with regard to the question of their families coming to Switzerland and the enjoyment by "false" seasonal workers of the status of all-the-year-round workers.

**(To be continued.)**

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