

Brussels, 12 June 1984.

MEETING OF THE EEC/ECSC/SWITZERLAND JOINT COMMITTEES

The EEC-Switzerland Joint Committee will meet in Brussels on 13 June 1984 for its regular bi-annual session. Among the points on the agenda are a general exchange of views on the operation of the agreement and an examination of the activities of the Customs Committee. The ECSC-Switzerland Joint Committee, which will meet the same day, will hold a general discussion on prospects for the steel industry in a bilateral context.

The State of EC-Switzerland Relations.

Switzerland and the Community form, with the other members of the European Free Trade Association, an industrial free trade zone which comprises almost all of Western Europe and its more than 300 million consumers. Spain is the only exception but is currently negotiating membership of the Community. This is the end result of the free trade agreements which were signed in 1972 and 1973 in the wake of the decision by three EFTA Members, Britain, Ireland and Denmark, to become full members of the European Community. The agreements also apply to the Principality of Lichtenstein which has a customs union with Switzerland.

Since the end of the transition period in 1983, a transition which was accomplished without encountering any major difficulties, trade in industrial products has been made completely free of tariffs and quantitative restrictions.

Although agriculture was not part of the original agreement a provision was included whereby both parties would foster the harmonious development of trade. In application of this, an agreement was negotiated in 1980 setting out conditions for trade in cheese, animal feed and fresh fruit. In an Annex to the 1972 Agreement specific rules were also agreed clearly defining how tariff reductions would be applied to the industrial element of transformed agricultural produce.

The rules of origin.

One of the annexes to the 1972 Agreement sets out the rules governing origin. They define which products will qualify for preferential treatment and ensure that goods do not enter the free trade zone through the country with the lowest external tariff. They encourage joint production between the Community and Switzerland of industrial products by providing a system of bilateral cumulation. This is closely in line with the economic thought behind the free trade agreement which was to promote economic integration within Western Europe. In this light, a simplification of the rules was introduced in 1983 for engineering products.

Beyond the Agreement

In the past decade, cooperation has gone well beyond the original scope of the agreements. In a pramatic way a totally new type of relationship between the Community and Switzerland has been established within which both sides can deal with any problem of mutual interest. Contacts at political level have also

intensified. In the recent past Commission President Gaston E. Thorn has visited Switzerland and Mr Kurt Furgler, Federal Counsellor and Head of the Federal Department for Public Economic Questions has visited the Commission. Frequent exchanges of visits at ministerial level, as well as the regular meetings of the Joint Committee set up by the Agreement, have consolidated the close relationship which exists between the Community and Switzerland and provided an impetus for further development.

Among the many areas of cooperation are :

#### **STEEL**

Switzerland has had formal links with the European Coal and Steel Community since 1956 when an agreement providing for consultations between the two parties was signed.

#### **WATCH PRODUCTS**

An agreement providing for regular consultations between the two partners was signed on 30 June 1967 and came into force on 1 January 1968. These consultations take place within the framework of a separate joint commission. A complementary agreement was signed on 22 July 1972 and came into force in January 1973. This agreement regulates notably the use of the term "Swiss made".

#### **ENVIRONMENT**

An agreement was signed in 1975 providing for regular exchanges of information on matters affecting the environment.

#### **SCIENCE AND TECHNOLOGY**

Switzerland is a regular participant in the Community's Cooperation in Scientific and Technical Research programme (COST). Among the many areas of cooperation are informatics, telecommunications, oceanography, metallurgy, environment and meteorology. Switzerland also participates in the Community's Joint European Torus (JET) project at Culham in the United Kingdom. This project is aimed at preparing the way for a prototype nuclear fusion reactor. The Community's data-transmission system EURONET was interconnected with the Swiss network in 1981. A recent development in Science and Technology cooperation is that Switzerland will participate in three Community research projects in the medical field.

#### **INSURANCE**

An agreement was initialled in 1982 by the Commission and the Swiss authorities providing for freedom of establishment for companies offering direct non-life insurance. A proposal for its conclusion was sent to the EC Council of Ministers in 1983.

#### **ECONOMIC AND MONETARY QUESTIONS**

Regular discussions take place between Commission and Swiss experts on monetary and economic questions.

#### **TRANSIT**

Various agreements have been negotiated over the years covering the problems involved in north-south transit through Switzerland. These agreements cover the simplification of customs formalities as well as the establishment of through rail tariffs for ECSC products.

### **TRANSPORT**

The Commission has on several occasions expressed its concern at the Swiss proposals, recently approved by a referendum, for a road tax on heavy vehicles and a general motorway tax which, in the Commission's view, are contrary to the spirit of the free trade agreement and will create additional barriers and formalities at the Swiss frontier. The Commission has placed particular emphasis on the need to avoid any potential discrimination in the implementation of these measures which are due to come into force in 1985.

### **Trade Structure and Development**

Over the ten years of the agreement trade has considerably expanded on both sides. Swiss exports to the Community increased from 4180 MECU in 1973 to 17379 MECU in 1982 representing 49% of her total exports. Swiss imports from the Community increased over the same period from 7183 MECU to 23017 MECU representing 66% of her total imports.

In 1982, 35% of imports from Switzerland were machinery, transport equipment and other manufactured goods with chemicals accounting for a further 15%. Basic manufactures, notably textiles, mineral manufactures, non-ferrous metals and metal manufactures accounted for 15%. Community exports to Switzerland were made up of machinery, transport equipment and other manufactured goods (40%), chemicals (10%) and basic manufactures, mainly textiles, mineral manufactures, iron and steel, non-ferrous metals and metal manufactures (26%).

### **Trade between Switzerland and the Community (Million Ecu)(\*)**

	1973	1975	1979	1980	1981	1982	1983 (10 months)
EC-Imports	4180	5751	12365	15419	16366	17379	15067
EX-Exports	7183	8344	17757	22276	21737	23017	19110
Balance	3003	2593	5392	6857	5371	5638	4043

Source EUROSTAT

(\*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.