

MEETING OF THE EEC/ECSC/SWITZERLAND JOINT COMMITTEES

The EEC/ECSC/Switzerland Joint Committees met in Brussels on 10 December 1984 for their regular bi-annual sessions. The delegations were led on the Community side by Mr Gianluigi GIOLA, Deputy Director-General for External Relations, and on the Swiss side by Mr Carlo JAGMETTI, Ambassador and Head of the Swiss Mission to the European Communities.

The meeting took note of developments since the previous Joint Committee meeting in June including the meeting of high officials of the Commission and of the EFTA states which took place in September. This meeting, whose task was to set in motion the implementation of the EC-EFTA Luxembourg Declaration, agreed to concentrate further discussion on three points of particular interest to both parties, namely technical barriers to trade, border formalities and the rules of origin. These guidelines were reaffirmed at the meeting of President Gaston E. Thorn, Vice-President Wilhelm Haferkamp and ministers of the EFTA countries which took place in Geneva in November in the margins of the EFTA Council.

Both sides drew attention to the close interrelationship between their respective economies. Switzerland is the Community's second largest trading partner after the United States accounting for some 6.6% of the EC's total external trade. The Community for its part accounts for 58% of Switzerland's external trade.

The Commission informed the Swiss delegation that it had just proposed to the Council that negotiations between the Community and Switzerland be opened with a view to concluding a framework agreement in science and technology. The Swiss delegation expressed its satisfaction at this development and hoped that the negotiations could begin in the near future.

On the question of the taxes which the Swiss authorities intend to apply to non-Swiss lorries and cars using Swiss roads and motorways, the Commission recalled its disappointment at the creation of new barriers to a freer movement of people and goods. While the Commission had noted the recent announcement by the Swiss authorities of more flexible implementation measures for the tax on lorries, it maintained its view that imposition of road taxes on non-resident vehicles was contrary to the spirit of the free trade agreement and the Luxembourg Declaration. The Swiss delegation, in reply, insisted that the taxes were non-discriminatory in nature and expressed its firm conviction that the formalities at the Swiss border would not be appreciably complicated by their application.

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 pragmatic 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 and following an agreement concluded in July 1984 between Euratom and Switzerland the two sides have agreed to cooperate in research into the handling of highly radio-active material.

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 18571 MECU in 1983 representing 49% of her total exports. Swiss imports from the Community increased over the same period from 7183 MECU to 23278 MECU representing 66% of her total imports.

In 1982, 36% of imports from Switzerland were machinery, transport equipment and other manufactured goods with chemicals accounting for a further 16%. Basic manufactures, notably textiles, mineral manufactures, non-ferrous metals and metal manufactures accounted for 17%. Community exports to Switzerland were made up of machinery, transport equipment and other manufactured goods (43%), chemicals (11%) and basic manufactures, mainly textiles, mineral manufactures, iron and steel, non-ferrous metals and metal manufactures (23%).

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

	1973	1975	1979	1981	1982	1983	1984 (3 months)
EC-Imports	4180	5751	12365	16366	17379	18571	5334
EX-Exports	7183	8344	17757	21737	23017	23278	6615
Balance	3003	2593	5392	5371	5638	4706	1281

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, US\$ 1.12 in 1981, US\$ 0.98 in 1982, US\$ 0.89 in 1983 and US\$ 0.83 in 1984.