



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

- 25.02.2019 Signing of the agreement on citizens' rights
- 11.02.2019 Signing of the trade agreement
- 25.01.2019 Signing of the insurance agreement and the overland transport agreement
- 17.12.2018 Signing of the air transport agreement
- 29.03.2017 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
- 23.06.2016 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 2018, the UK was Switzerland's sixth biggest export market (CHF 8.8 billion) and the eighth largest source of Switzerland's imports (approx. CHF 7.7 billion). The UK is Switzerland's sixth largest direct investor (as at 2016). Around 58,600 flights a year connect Switzerland and the UK; Germany is the only country with which Switzerland has more flight connections. 34,500 Swiss citizens live in the UK and 41,000 British citizens live in Switzerland.

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. In a vote on 15 January 2019, the House of Commons clearly rejected the withdrawal agreement. The Prime Minister Theresa May subsequently announced she would seek changes from the EU. The remaining 27 EU member states have so far ruled out renegotiating the terms of the agreement.

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 for negotiations with the EU on the conditions for an orderly withdrawal on 29 March 2019. In the spring of 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

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. After 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. 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. This would mean that 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. Nevertheless, this temporary further application of the bilateral agreements between Switzerland and the EU would depend on the timely conclusion of a withdrawal agreement between the EU and the UK.

The Federal Council is also preparing in close cooperation with the UK for the possibility that the withdrawal agreement might not be ratified (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.

New Switzerland-UK agreements

With that in mind, Switzerland has drawn up five new provisional agreements with the UK which will apply when the bilateral agreements between Switzerland and the EU no longer apply to 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.

An overland transport agreement, signed in Davos on 25 January 2019 by the President of the Swiss Confederation, Ueli Maurer, ensures that carriers will continue to be exempted from obtaining permits to transport freight 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. A new air transport agreement, signed in Zurich

on 17 December 2018 by Federal Councillor Doris Leuthard and UK Transport Minister Chris Grayling, will preserve the existing air traffic rights between Switzerland and the UK.

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

Lastly, on 25 February, Switzerland signed 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 ceases to apply.

Parliamentary approval is required for the new trade agreement and the agreement on the rights of citizens. If the UK leaves the EU without a withdrawal agreement on 29 March, the agreements will then become applicable on a provisional basis. The foreign affairs committees of the National Council and the Council of States were consulted in January and February 2019 in accordance with the Parliament Act and unanimously approved this course of action.

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 elapsed. 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 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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