

Why the EU's system of flexible integration will likely accommodate Switzerland's special requests

*On 26 May, Switzerland pulled out of negotiations over a new partnership with the European Union. **Stefan Gänzle, Tobias Hofelich and Uwe Wunderlich** write that while the rhetoric on both sides is likely to become more heated in the coming months, there remains ample scope for a compromise.*

When Switzerland walked away from negotiations on a new partnership treaty with the European Union on 26 May, many observers felt a sense of déjà vu. Shortly after the UK became the first country ever to leave the club, another seems to be heading for a looser relationship.

But what exactly happened? Since 2014, the EU has tried to conclude a framework treaty with Switzerland, attempting to streamline the current patchwork of over 120 bilateral agreements that tie the Alpine republic to the single market and the EU. The core idea behind the framework treaty is not only the desire to reduce the administrative burden that comes with regularly updating the bilateral treaties, but also to ensure that Swiss authorities would automatically adopt relevant legislation from the EU – similar to the EEA (European Economic Area) agreement of which Norway, Iceland and Liechtenstein are part. The Swiss government, however, opposes three essential aspects of the proposal: state aid rules, EU citizens' ability to access the Swiss welfare system and protection of higher Swiss wages.

Swiss arguments for withdrawing from the negotiations sound all too familiar after more than a decade of mounting Euroscepticism across Europe. The danger of further disintegration, following Brexit, appears to loom large with terms such as Grexit or Frexit, and now 'Swexit', continuing to float around. Of course, there are differences between Brexit and a potential 'Swexit'. Switzerland is not a member of the EU. Nonetheless, it maintains a close relationship and is highly integrated with the bloc. This status quo is now under threat as many of the existing treaties will eventually go out of date, nor do they cover all updates and changes to the single market. With the EU indicating that it will not roll-over or update any of the existing agreements, *stepwise disintegration by default* seems to be on the cards.

Disintegration by default

The EU can be regarded as a system of differentiated integration that consists of several concentric circles around a core of the most deeply integrated states, such as the members of the Eurozone. Further afield, but still within the EU, are those states that enjoy a number of opt-outs from policy areas such as Economic and Monetary Union, followed by the aforementioned EEA states that are not in the EU, third countries with bilateral and association agreements and candidates for future membership.

As Brexit has illustrated, movement from an inner circle to an outer circle is just as possible as the reverse process, closer integration. That does not imply breaking ties completely but rather a redefinition of relationships and priorities. Post-Brexit Britain, for example, remains linked to the EU in various ways. Similarly, Switzerland might opt for a looser relationship with the bloc in the future. A possible scenario, given the current state of play, would be a piecemeal reduction of integration levels to something similar to the new British model, ensuring at least some form of free trade with the EU. After all, Switzerland is the EU's fourth largest trading partner and nearly all Swiss exports go to the EU.

However, due to Switzerland's central location, economic and political ties to the EU are much closer than those of the UK. Around 1.4 million EU citizens call Switzerland home while 400,000 Swiss citizens live in the EU. Hundreds of thousands cross the border daily commuting to work. This interdependence is generally seen as a major driver of regional integration, and it is key to addressing the second question of whether *disintegration by default* is likely to happen.

The benefits of a compromise

Both sides have much to lose. The consequences will become evident very soon as one bilateral deal, on the mutual recognition of medical technology, has already lapsed. However, as Brexit has shown, disintegration is driven by so much more than economic rationalities or general interdependencies. In the coming weeks and months, both sides are likely to flex their muscles in a move to strengthen their negotiating power.

In that regard, the Chair of the European Parliament's delegation to Switzerland, Andreas Schwab, expressed his disappointment with the decision of the Swiss government and suggested that there was little interest on the EU side in rolling over and updating the bilateral treaties dating back to the 1990s. In [his words](#), "Everyone here has understood that these times will not return. Now only Switzerland has to understand that." The EU is seemingly prepared to wait for the Swiss government to return to the negotiating table. Alas, such an attitude will leave room for hard-line rhetoric, thereby entrenching and widening the gap between both sides, making disintegration even more likely.

It is worthwhile to note that the disintegration option enjoys very little popular support in Switzerland. Several [opinion polls](#) suggest that 64 per cent of the population support the new draft treaty. This is an important difference to Brexit, which resulted from a popular referendum, whereas the Swiss decision was driven by the government. Thus, the Swiss government may consider recalibrating popular demand and evaluate the prospect of degrading bilateral relations with the EU and its own political calculations.

The EU, on the other side, would be remiss not to work towards reaching a compromise. After all, Switzerland is not seeking to move away from the EU, but merely to maintain the status quo. The EU has often demonstrated remarkable resilience and the ability to compromise. It is this unique characteristic that paved the way for European integration and has ensured peaceful relations among its members. Bullying Switzerland into returning to the negotiating table may undermine popular support for the EU and entrench the Euroscepticism in the current Swiss government.

Note: This article gives the views of the authors, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [European Council](#)
