

EU/Switzerland

Dialogue of the deaf

By Tanguy Verhoosel | Tuesday 14 December 2010

As expected (see *Europolitics*⁴¹⁰²), the EU's 27 foreign ministers adopted, on 14 December, conclusions on relations between the EU and the EFTA countries that are particularly hard on Switzerland. Berne wasted no time replying.

In their conclusions, the 27 ministers state that they are “very concerned” about certain canton-level taxation schemes that favour holding companies, thus provoking an “unacceptable distortion of competition”. The Union likens them to illegal state aid and calls for their “abolition”. The ministers also wish to redefine all their relations with Switzerland. The approach of bilateral sectoral agreements used until now has “obviously reached its limits,” they note. The conclusions also call for a thorough institutional reform: the agreements with Switzerland should be adapted more quickly to evolving EU legislation and case law, monitoring and dispute settlement mechanisms should be put in place, and so on.

The Swiss Integration Office, which reports to both the Federal Department of Foreign Affairs and the Federal Department of Economic Affairs, issued a press release that rejects the EU criticisms. “From the Swiss point of view, the existing bilateral agreements function well on the whole,” it states, adding that strengthening of their institutional framework – an aim also sought by Berne – “must take account of the sovereignty of both parties and the proper functioning of their respective institutions”.

Berne also maintains that it is being “constructive” on taxation: it has proposed “solutions” to the issue of canton-level taxation schemes, which were rejected “by at least one EU member state” – Italy.