

Aid to Ireland

Switzerland turns down Sweden's indirect appeal

By Tanguy Verhoosel | Wednesday 24 November 2010

The Chairman of the Governing Board of the Swiss National Bank (BNS), Philipp Hildebrand, rules out – for now at least – Berne's participation in the financial stability facility the Union has put in place to help eurozone countries cope with budget difficulties. This is a problem essentially for the EU members, he commented on 23 November, adding that Switzerland had already made a "significant contribution" to the activities of the International Monetary Fund (IMF), which is also involved in the rescue plans.

The day after the official announcement of eurozone and IMF support for Ireland and bilateral aid from Sweden and the United Kingdom, Swedish Finance Minister Anders Borg stated, on 22 November, that other countries not belonging to the eurozone could also provide financial support for Dublin. "I am thinking of Denmark, Norway or even Switzerland. It would be natural for these countries to raise the question of whether they can contribute to a bilateral programme," he said on Swedish radio.

Hildebrand politely turned down this indirect appeal from Stockholm, at a meeting in Brussels organised by the Conference of Swiss Cantonal Governments to discuss the challenges of Swiss monetary policy and exports in the context of globalisation.

The instability of the eurozone is an "important factor" that influences the performance of the Swiss franc (it has appreciated by around 15% since the start of the crisis) and the evolution of the Swiss economy as a whole, he acknowledged. Swiss exporters are penalised by the situation. Although they have considerably diversified their outlets (particularly in Asia) over the past decade, the EU "remains Switzerland's largest trading partner," said Hildebrand.

"It is in the Union's interests to make every effort to restore a deep-seated culture of economic and financial stability," he added, from which everyone would benefit. In this context, Hildebrand finds that the European financial stability facility is "a very important instrument for weathering the current crisis," while suggesting that it is insufficient.

In any case, Switzerland is apparently not considering investing in this mechanism for now. Due to the large share it holds in the IMF's capital, it is already participating to a significant level in the IMF support plan for Greece and its future aid for Ireland, noted the BNS official.

An unanswered question is whether this wait-and-see attitude will survive the results of the referendum on the automatic expulsion of foreigners convicted of crimes, to be held in Switzerland on 28 November. Indeed, Switzerland may have to take initiatives to regain prestige in the European arena.