



European Policy & Open Markets

Bilaterals: *the foundation of our economic success*

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At a glance

- The bilateral agreements with the European Union (EU) have a positive effect on our prosperity.
- A new study by Ecoplan shows: Switzerland would have to expect significant losses in gross domestic product (GDP) if the bilateral agreements were to be discontinued.
- From economiesuisse's perspective, the GDP decline estimated in the study represents a conservative estimate. The economic benefits of the treaty package are likely to be higher.

The bilateral agreements with the European Union (EU) make a significant contribution to Switzerland's economic success. They reduce trade barriers, facilitate market access, improve cooperation and promote research collaboration. A stable relationship with our neighbors increases planning security, promotes investment and ensures unbureaucratic access to foreign workers. These positive effects on economic development have already been demonstrated in previous studies by Ecoplan (2015) and BAK Economics (2015, 2020), among others. An update of the Ecoplan study was recently published as part of the consultation process for the new bilateral agreement package between Switzerland and the EU.

The loss of the bilateral agreements means a loss of prosperity

The results confirm what previous model calculations have already shown: the bilateral agreements with the EU have a high economic benefit for Switzerland. If the Bilaterals I were to be discontinued and EU programs for research and innovation downgraded, Swiss economic output in terms of gross domestic product (GDP) would be 4.9 percent lower in 2045. Per capita, this corresponds to a decline of around 2,500 Swiss francs, also in 2045 and taking into account lower population growth due to lower net immigration.

New agreement package: continue to realize the benefits of the bilateral agreements in the future

The existing agreements are not dynamic today. As a result, erosion has been taking place for several years. The lack of updating is creating new barriers to trade. Market access is becoming more difficult and more expensive. Although the treaties are not disappearing, their benefits are constantly decreasing. The new package of agreements would prevent this and thus help to ensure that the benefits calculated by Ecoplan can actually be realized in the long term. In addition, new agreements should bring further improvements for Switzerland, for example in the areas of electricity and food safety. According to a new study, the electricity agreement alone would lead to lower electricity prices and a 0.5 percent increase in GDP in 2050.

Economic benefits likely to be higher than estimated

From economiesuisse's perspective, the GDP decline of 4.9 percent in 2045 without agreements is a conservative estimate. In fact, the economic benefits of the treaty package are likely to be higher for two reasons in particular.

- Firstly, the study only covers part of the treaty package. Other areas, such as the association with Schengen/Dublin or a further reduction of trade barriers in the food sector, were not included in the calculations.
- Secondly, the isolated effects for the individual agreements added together are greater than the overall effect shown. This means that, in our view, the systemic benefits are underestimated. The individual agreements influence each other positively. For example, the benefits of research cooperation are likely to be greater if, at the same time, stabilization in other areas ensures legal certainty and barrier-free market access and if unbureaucratic access to skilled workers from Europe is ensured.

Finally, it should be noted that the agreements trigger greater economic momentum, i.e. higher GDP growth. This effect is not a one-off in 2045, but grows over time. The agreements will already have a benefit in the years before 2045 and will continue to have a positive impact on economic output after 2045. The impact per capita, i.e. CHF 2,500 per person in 2045, is not a one-off effect. Even before then, prosperity would be lower every year without the treaty package, and the same applies to the period after 2045.



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