

# SWISS FOREIGN POLICY 2012: CHALLENGES AND PERSPECTIVES

Swiss foreign policy has become more dynamic in the past decade. However, the latitude for a distinct foreign-policy profile has diminished in recent years. The country's EU policy has reached an impasse. If it is to preserve major national interests in an environment marked by economic crisis and growing multipolarity, Switzerland will have to identify priorities more clearly, take a more strategic approach, and improve coherence in its foreign policy. Further efforts to consolidate domestic support for the country's peace policy are also needed.



Newly elected foreign minister Didier Burkhalter speaks in the National Council, 19 December 2011.

During the tenure of Federal Councillor Micheline Calmy-Rey (2002–2011), Swiss foreign policy has acquired a remarkable dynamism. More than any foreign minister before her, Calmy-Rey has been an advocate of the principle that Switzerland can only preserve its interests by actively exerting influence and maintaining an international presence. Consequently, Swiss foreign policy has become more ambitious and more visible. It is true that this approach has occasionally given rise to domestic controversy, particularly since Swiss politics has been deeply divided over the country's international positioning during the past decade. Overall, however, Calmy-Rey has succeeded in securing support for the foreign policy she shaped among the general public, making a convincing case that it would be unhelpful for Switzerland to remain passively aloof in a globalised world.

In terms of substance, Calmy-Rey's foreign policy was marked by three shifts of emphasis. First, civilian peace support was expanded into a key area of Swiss foreign policy. Within a decade, the annual budget for these activities has doubled to over CHF75 million. In the process, Switzerland has pursued a distinctly autonomous policy of dialog and mediation, often maintaining its distance to the US and EU positions (cf. CSS Analyses No. 44 [↗](#) and 63 [↗](#)).

Second, the Federal Council decided in 2005, pursuant to a request by the Federal Department for Foreign Affairs (FDFA), to aim for an expansion of Switzerland's area of political influence beyond Europe. The declared objective was to respond to the global power shifts by forging strategic partnerships with the US, Japan, the BRICS states (Brazil, Russia, India, China,

and South Africa), and Turkey. Since then, the government has signed memoranda of understanding to this effect with all of these states except India. In addition, it has come up with economic strategies for a series of other high-potential non-Western markets, such as Indonesia or Mexico.

Third, during Calmy-Rey's term in office, European affairs were no longer as much of a priority as they once had been. The strategic question of how Switzerland should position itself vis-à-vis Europe, once at the forefront of foreign policy debates, was supplanted by operational issues of how to implement and consolidate the bilateral track with the EU. This shift of focus was to some extent due to the fact that the Federal Council had to defend sensitive bilateral treaties such as the Schengen Agreement or the free movement of persons in four national votes between 2005 and 2009. It was also, however, an expression of the widespread assumption that the decades-old "European question" had been resolved, at least for the time being (cf. CSS Analysis No. 37 [↗](#)).

Overall, compared to the 1990s, Switzerland has shifted back to exploiting niches and idiosyncratic approaches in its foreign policy in the past decade, similarly to the Cold War period. While there was a domestic majority for this approach, Switzerland has come under growing pressure from Western states to toe the line, especially in the last three years of the Calmy-Rey era. For instance, the EU has made clear that it is unwilling to continue the bilateral track

### New Swiss foreign minister Didier Burkhalter

- ! First member of the liberal party (*FDP.Die Liberalen*) to become foreign minister in 50 years.
- ! Born 17 April 1960, graduated in economics from the University of Neuchâtel, elected in 1991 to Neuchâtel communal council.
- ! Elected in 2003 to the National Council (*Nationalrat*); in 2007 to the Council of States (*Ständerat*); inter alia, member of the Security Policy Committee.
- ! Member of the Swiss delegation to the OSCE Parliamentary Assembly 2005–2009.
- ! Elected to the Federal Council in 2009; moved from the Department of Home Affairs to the FDFA at the end of 2011.

in its current form and that in the future, Switzerland – similarly to the member states of the European Economic Area (EEA) – will have to submit to supranational institutions with uniform legal arrangements if it wishes to continue to participate in the single European market. The leeway for autonomous policies on financial and tax matters has also diminished as Switzerland has been forced to make important concessions under international pressure, especially from neighbouring countries and the US. In its peace policy, finally, the Federal Council eventually submitted to pressure from Brussels and Washington to support Western sanctions against Iran that go beyond those imposed by the UN. This has obviously weakened Switzerland's role as a go-between in the dispute with Iran (cf. CSS Analyses No. 61 [↗](#) and 81 [↗](#)).

The international pressure on Switzerland is likely to increase further against the background of the European debt and currency crisis and the renaissance of power politics in a multipolar world. After all, Switzerland has weathered the crisis remarkably well so far, despite an overvalued currency. It is still reducing its debt burden while other states in Europe seem close to financial collapse. In this context, and as new foreign minister Didier Burkhalter has taken the helm from Calmy-Rey, it seems timely to take a closer look at the country's current foreign policy challenges. As will be argued in this brief, major issues for the government to address concern the future course vis-à-vis the EU, the setting of priorities and the allocation of resources within the network of diplomatic representations, the coherence and strategic outlook of Swiss foreign policy, and, to a lesser extent, the future of civilian peace promotion.

### European policy in crisis

Unblocking the logjam of European policy is both the most important and the most difficult task of Swiss diplomacy. After the “no” vote against the EEA in 1992, the EU made a twofold concession to Switzerland, intended as an interim solution. Under this arrangement, access to the single

European market was regulated in a sector-specific approach, and based on largely static treaties under international law. Today, Brussels is essentially questioning the second of these concessions, demanding an institutional superstructure for the bilateral treaties to facilitate accelerated adoption of new EU legislation and consistent interpretation, monitoring, and legal enforcement of the treaties.

Rather than treating Switzerland as a privileged third country, the EU more and more perceives it as a participant in the single European market who should be subjected to the same laws and conditions as EU and EEA member states. Keen to transform the bilateral track with Switzerland, the EU seems to envisage several options including not only an EEA solution, but possibly a sector-specific bilateral association for Switzerland with characteristics resembling the EEA format. What both of these models have in common is that Switzerland would be able to continue on an independent path in areas such as foreign trade, agricultural, and taxation policy (though its freedom of action in these fields is diminishing too, irrespective of whether they are covered by treaties with Brussels or not). The EU's demands also mean, however, that even as a non-member state, Switzerland would have to accept a further loss of sovereignty as the price of access to the single market.

The current situation is all the more difficult for the Federal Council because public esteem for the EU is at an all-time low in Switzerland today. At the same time, after years of official praise for the bilateral track, the general public is hardly familiar with, and prepared for, the difficulties in the relationship with the EU. The fact that the FDFA did not initiate a domestic debate on the EU's criticism of the bilateral track, which had been voiced since 2006, until the end of 2009 constitutes one of the biggest omissions in Calmy-Rey's foreign policy.

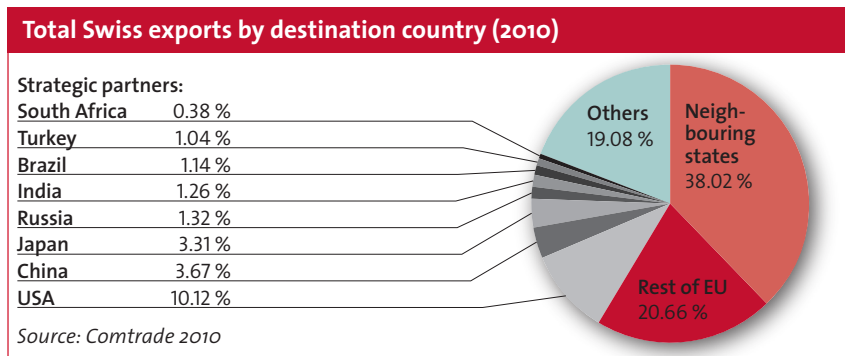
In the election year 2011, the Federal Council wisely played for time on European affairs. In the new legislature, it will not wish

to reach out for an immediate solution either, especially because it is not clear at this time how the EU will evolve in the context of the debt crisis. If the model of a two-speed Europe should eventually gain traction, for example, new forms of co-operation for Switzerland might become possible. Even then, however, access to the core European markets – which is indispensable for Switzerland – will require concessions in terms of sovereignty, which is why the domestic political debate must address this fundamental question.

Switzerland should approach the institutional questions with the EU in the context of an overarching strategy for Europe as a whole. This would require, first, defining in detail a comprehensive package solution in the framework of which Switzerland could agree to put its relations with the EU on a more dynamic basis. But on top of that, the Swiss government should also examine to what extent the current strategy of seeking selective economic-technical integration with the EU while largely maintaining political distance is still commensurate with Switzerland's interests.

Unlike other third states in Europe, Switzerland does not maintain structured political relations with the EU. There is no political dialog, nor does Switzerland sign up to any CFSP declarations. Expanding Switzerland's political presence in Brussels and enhancing solidarity with the EU might help the country gain more support for its own concerns and to maintain its global interests more effectively in cooperation with European partners. Political relations with Brussels would not undermine Swiss neutrality in any way. Neither would they preclude an independent peace policy, as the example of Norway shows. They might, however, at least to some extent, make up for Switzerland's shortcomings in terms of access to political networks in Europe.

To date, such comprehensive perspectives on Switzerland's role in Europe have not received much attention. This may change as the Federal Council has decided that the Swiss Integration Office, i.e., the government's centre of expertise for European policy matters, will no longer be jointly run by the Department of Economic Affairs and the FDFA but rather be fully integrated into the latter. While this – unexpected – decision has caused fears of a loss of influence of the Integration Office, it also offers an opportunity to finally go beyond economic and institutional considerations in shaping EU policy.



**Geographic refocus**

A renewed emphasis on Europe in Swiss foreign policy need not necessarily contradict the expansion of relations with emerging non-European states. However, despite all power shifts, the importance for Switzerland of the eight strategic partners identified by the Federal Council in 2005 should not be overestimated. Leaving aside the US (Switzerland’s second most important trade partner after Germany), the share of these states in Switzerland’s total exports was just 12 per cent in 2010, more than half of which, in turn, accrued from trade with China and Japan (see table). While this means that the share of these seven states has grown by 3.5 per cent since 2000, three quarters of this increase are directly due to increased exports to China. The EU-27, for their part, accounted for 60 per cent of Swiss exports (and 77 per cent of imports). A remarkable 38 per cent of exports and 55 per cent of imports came from trade with its neighbouring countries Germany, France, Italy, and Austria.

To be sure, the envisaged free trade agreements with economic powerhouses China, Russia, and Brazil would be economically attractive. But they might well be scuppered by Switzerland’s agricultural protectionism, as already happened in the case of the US. As for the annual consultations agreed with several strategic partners, they are no doubt very useful. The extent to which they will serve Switzerland in expanding its political influence remains questionable, however. Finally, as far as other extra-European markets are concerned, the current strategy of seeking free trade agreements (through EFTA or bilaterally) certainly makes sense. Yet, it remains open to which extent the FDFA’s diplomatic presence is really still required once such deals have been accomplished.

Against this background, the geographic configuration of the FDFA’s network of representations should be constantly reviewed.

There may be good reasons for the shift of financial and personnel resources from Western Europe and the US to Asia, Africa, and the Middle East, as outlined in the Foreign Policy Report for 2009 and other statements by the FDFA. However, the argument that the importance of the European capitals for Swiss foreign policy had diminished in view of EU centralisation in Brussels was not convincing even during the heyday of the bilateral track. It is all the less convincing today, when Switzerland must defend not just its EU policy in these capitals, but also its competitiveness as a financial hub and a location for business.

Switzerland today has a very dense global network of diplomatic representations. However, 86 per cent of these posts have three or less diplomatic staff. The effectiveness of the many mini missions (42 embassies have only one diplomat) remains questionable. As long as no expansion of diplomatic resources is in the offing, it is preferable to have a more stringent prioritisation in the network of representations than to dissipate those resources in the name of the traditional FDFA principle of universalism.

**Coherence and strategy**

For Switzerland, the importance of foreign policy will continue to increase in view of the progressive internationalisation that is affecting almost all areas of domestic policy and the increasing attempts to exert pressure from abroad. Given the deficits in political leadership that are inherent

in Switzerland’s political system (collegial decisionmaking among the seven Federal Councillors, who in principle are collectively responsible for the country’s foreign policy), special efforts are required to ensure coherent action in the international arena. Some measures have actually been undertaken to this end in the past years. For instance, there is clear progress in the realm of development policy, where in 2008 the Federal Council for the first time presented a consistent strategy for all actors involved. Overall, however, the shortcomings in coordination across (and within) departments still appear to be considerable. Calmy-Rey was definitely more comfortable with the role of a bridge-builder on the global stage than with the task, explicitly assigned to the FDFA, of coordinating foreign policy within the Federal Council. It is also true, however, that some of the departments have shown little interest in coordinating their international activities with the foreign ministry.

Collaboration on security policy is particularly underdeveloped within the Federal Council. The suspension of efforts to develop a civil-military peace promotion strategy, and the decision taken at the end of 2010 to abolish the FDFA’s seat on the Federal Council’s Security Committee (*Sicherheitsausschuss*), speak volumes in this regard. There is also a need for action concerning the so-called sectoral foreign policies. Formalised coordination between the FDFA and other departments in the form of a common agreement or strategy has only been achieved in a few areas such as health, education, or energy policy. Increased use of such coordination instruments would seem promising. It is also worth considering whether Political Affairs Division V, which was created to coordinate sectoral policies, or the Cellule Diplomatique, which was formed after the Libya Crisis to support the (annually rotating) Federal Presidency, should be strengthened as central points of contact for the various specialist departments when it comes to linking their international activities to overall Swiss foreign policy objectives.

**Shifts in Switzerland’s network of representations under Calmy-Rey**

- Switzerland today has 101 embassies (2002: 90), 13 missions/delegations (13) and 30 consulates-general (45).
- Number of embassies/consulates-general: Europe 37/10 (2002: 36/19), Americas 17/10 (15/11), Africa 22/1 (19/3), Australia/Oceania 2/1 (2/2).
- New embassies under Calmy-Rey: Cameroon\*, Haiti\*, Sudan\*, Dominican Republic\*, Kazakhstan, Angola, Azerbaijan\*, Kosovo\*, Nepal, Armenia\*, Qatar (2012).  
\* = former consulates-general

Source: FDFA

Another way of improving coherence might be to elaborate a new strategic report on foreign policy analogous to those published in 1993 and 2000. The comprehensive annual accounts published under Calmy-Rey's tenure since 2009 are commendable in terms of providing transparency on the FDFA's activities. However, as they are short on conceptual messages, they do not offer a common substantive focal point for either the FDFA or cross-departmental coordination. By covering themes and issues so comprehensively and in a descriptive manner, these reports have inadvertently even discouraged political debates about foreign policy to some extent. As for the five foreign-policy goals laid out in the federal constitution, they are too vague to make up for the lack of strategic guidelines that marks Swiss foreign policy today.

### Peace promotion: Consolidation

With regard to the policy of civilian peace promotion, a high degree of continuity can be expected. Domestically, these FDFA activities enjoy much legitimacy, as can be seen in the broad parliamentary support in the respective budgetary debates. At the international level, Switzerland has gained considerable clout with its bilateral peace policy and its contributions to resolving international problems in the framework of the UN. With its good offices, provided for instance in the Iran crisis or the Georgia conflict, Switzerland has also managed to improve its contacts with major powers such as the US and Russia during Calmy-Rey's tenure. At the same time, good relations with Muslim actors allowed Swiss diplomats to alleviate the negative fallout of the Minaret Initiative for Switzerland's image in Muslim countries.

However, recent years have shown that Swiss mediation efforts are most sustainable when they do not clash with the interests of Washington and Brussels. Successes have been registered in conflicts that are rather peripheral to geopolitics, such as those in Nepal or Sudan, or in cases where Switzerland acted in close coordination with the larger powers. In addition to the agreement between Armenia and Turkey, the compromise solution that allowed for the retraction of Georgia's blocking vote against Russia's WTO accession was one of the most visible successes of Swiss diplomacy. In the Middle East, however, the balance sheet was less clear: While Switzerland managed to make potentially substantial contributions to conflict resolu-

tion with the Geneva Initiative, the dialog with Hamas, or mediation in the Iranian crisis, it lacked the political clout to achieve sustainable mediation successes in this central region.

Should the economic upheavals in Switzerland's environment boost the importance of Swiss material interests even more, civilian peace promotion may well come under increasing pressure to prove its worth in the coming years. Against this background, it is particularly important that the FDFA continues to focus its peace efforts on a small number of regional and thematic priorities so as to enhance the chance of really making a difference. In this respect, the future perspectives outlined in the recent dispatch on a new framework budget for 2012–16 give reason for some doubts.

### Domestic and foreign policy

Due to Switzerland's political system, matters of domestic and foreign policy are even more closely interrelated here than in other countries. Decisions made in direct democratic processes may conflict with foreign-policy goals and activities. Also related to direct democracy, the diversity of domestic interests makes it difficult to prioritise in matters of foreign policy and leaves little scope for major policy shifts. Conversely, the increasing number and intensification of international regulatory processes puts Switzerland's complex domestic decisionmaking system under growing strain.

These framework conditions of Swiss foreign policy and the looming challenges outlined above indicate the manifold skills that the head of the FDFA must ideally bring to the job today: Didier Burkhalter will have to demonstrate leadership and at the same time act as a compromise-seeking coordinator, take a cosmopolitan outlook and still be able to build bridges domestically, be competent in EU matters and yet be familiar with global developments, be experienced in economic affairs and still be knowledgeable in a broad range of topics. It is an almost superhuman job profile. Unsurprisingly, Micheline Calmy-Rey has not mastered all of these job requirements equally well. Nor will her successor. But what can be said at the end of the Calmy-Rey era is that she has succeeded in giving new impulses to Swiss foreign policy, anchoring the principle of active international engagement in the bedrock of domestic politics. In doing so, she has provided a good basis for tackling the challenges that lie ahead.

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