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Overview of Bilateral Agreements II Switzerland - EU

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Cooperation in the fields of police, justice, asylum and migration (Schengen/Dublin)

An increasing number of crimes are committed by criminals who are specifically choosing to operate across national borders. This development presents new challenges for security measures tailored to individual countries, and calls for greater international cooperation. The individual countries also face a similar challenge in combating illegal immigration and coping with asylum migration.

The EU is Switzerland's most important partner in these areas. For some time the EU has been promoting determined and well-targeted cooperation for security and migration. Central to this cooperation is the Schengen/Dublin security and asylum system, in which Norway and Iceland, non-Member States of the EU, have also been participating since 1999. With a bilateral agreement to Schengen/Dublin, Switzerland will have access to the instruments for cooperation on security and asylum within the EU.

Schengen promotes free movement of persons traffic by essentially removing controls on persons at the internal borders of the EU. At the same time as reinforcing internal security, controls on external borders of the "Schengen area" are tightened and cross-border

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cooperation between police forces and judicial authorities within Schengen states is strengthened. Connection to the Schengen Information System (SIS), the pan-European electronic investigation file, is particularly important for Switzerland. This has proved to be an efficient means of fighting cross-border crime (such as illicit smuggling of migrants, and also the trafficking of persons, drugs and arms). Legal assistance is also regulated within the scope of Schengen cooperation. A special provision ensures that Swiss banking secrecy is protected with regard to direct taxes.

The Dublin cooperation lays the foundation for sharing the burden of managing asylum migration fairly, efficiently and equally. Only one EU state is ever responsible for conducting the procedures relating to an asylum case. The state responsible is determined by means of various criteria, this in turn ensures the right to an asylum hearing. The tendency towards countries trying to reduce the attraction they hold for asylum seekers in relation to other countries can be moderated. At the same time the burden is reduced from national asylum systems. Thanks to the electronic database, EURODAC, which stores fingerprints of asylum seekers, repeated applications can be easily identified and the applicant can be repatriated to the state responsible for the asylum proceedings. Asylum proceedings due to "asylum shopping" are inefficient and cost-intensive. With Dublin, their number can be reduced. According to unofficial estimates, currently around every fifth application in Switzerland is a second application. By participating in Dublin, the burden on the Swiss asylum system would be significantly reduced. At the same time, a participation in Dublin would help to prevent a further tightening of Swiss asylum law. By not participating in Dublin, the reverse would be true. Switzerland would be the sole second port of call for asylum applications in western Europe and it would need to be prepared for an increase in asylum applications.

Further information:

- Schengen: Bundesamt für Justiz (BJ) Tel. +41 (0) 31 322 41 43, E-Mail: info@bj.admin.ch, <http://www.bj.admin.ch/>
- Dublin: Bundesamt für Flüchtlinge (BFF) Tel. +41 (0)31 325 11 11, E-Mail: info@bff.admin.ch, <http://www.bff.admin.ch/>

[complete version]



Taxation of savings

The Federal Council has always shared the viewpoint of the EU, that income from savings should be taxed appropriately. It stresses that it is not in Switzerland's interest to attract businesses that are seeking to avoid the planned EU regulation for cross-border taxation of savings. For this reason, Switzerland has already declared that it will use its legal system to make its financial centre unattractive for these types of financial transactions. However, this is on condition that the EU introduces an efficient system for the taxation of all income from savings. Furthermore, this system should not just apply to Member States and their dependent or associated territories, but also to the relevant financial centres outside the EU.

Under the agreement negotiated with the EU, Switzerland undertakes to impose a withholding tax on all income from savings originating abroad, which will be effective for natural persons with tax residency in an EU Member State. This withholding tax increases progressively up to 35%. It can be replaced by a voluntary disclosure of the interest payment, on the express advice of the person receiving the interest, to the revenue authorities of the country of domicile for tax purposes. In addition, Switzerland undertakes to provide administrative assistance on request to the EU Member States in cases of tax fraud or similar serious offences.

There will be no automatic exchange of information between tax authorities. With the withholding tax model, Switzerland can be sure on the one hand that the EU directives for the taxation of savings cannot be avoided by using Switzerland. On the other hand, the Swiss legal system and banking secrecy remain protected.

The agreement also provides for the abolition of tax on payments of dividends, interest and licence fees between affiliated companies.

Further information:

- Eidgenössisches Finanzdepartement (EFD)
Tel. +41 (0)31 322 21 11, E-Mail: info@gs-efd.admin.ch, <http://www.efd.admin.ch/>

[complete version]



Fight against fraud

The agreement on combating fraud aims for more intensive cooperation against smuggling and other types of offences, in the areas of indirect taxes (customs duty,

value added tax, consumer tax), and subsidies as well as in public procurement. With this in mind, administrative and legal assistance will be organised more effectively and the exchange of information with administrative and legal authorities in the EU strengthened.

Stronger cooperation against criminal activity is as much a benefit for the EU as it is for Switzerland. The EU benefits by being able to conduct the fight against cigarette smuggling and other fraudulent activity more efficiently, thereby avoiding revenue losses. Switzerland benefits as its financial centre has no desire to be abused as a hub for fraudulent business activities.

Further information:

- Eidgenössisches Finanzdepartement (EFD)
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[complete version]



Processed agricultural products

The agreement on processed agricultural products satisfies one of Switzerland's main economic interests within the second series of bilateral negotiations: In future, companies within the Swiss food industry will be able to make duty-free exports of a wide range of products to the EU market. For Swiss agriculture, this improved competitiveness for the food processing industry means its market is assured and might possibly be expanded. And prices for the consumer will tend to fall as a result of stronger competition.

Processed agricultural products (e.g. chocolate, biscuits, soups, sauces, pasta, instant coffee) occupy a unique place between industry and agriculture, in so far as they consist partly of agricultural raw material and partly of an industrially manufactured product. Customs duties have already been abolished on the manufactured part of the product. On the agricultural part, the "raw material handicap" can be compensated by means of a price compensation mechanism. That means that competitive disadvantages due to large differences in the price of raw materials can be compensated by customs duties and export subsidies at the level of the price differences.

The bilateral agreement on processed agricultural products results in the following improvements:

1. Revision of the price compensation mechanism: As part of a simplified price compensation mechanism, the EU undertakes to completely abolish its customs duties on Swiss products and also to waive export subsidies. For its part, Switzerland will reduce its customs duties and export subsidies or, in certain cases, will likewise abolish them completely.
2. Extension and revision of scope of application: The range of products covered by the agreement has been extended.

Further information:

- Staatssekretariat für Wirtschaft (seco)
Tel. +41 (0)31 322 56 56, E-Mail:
info@seco.admin.ch,
<http://www.seco.admin.ch/>

[**complete version**]



Environment

The European Environment Agency (EEA; founded at the beginning of the 1990s) is responsible for gathering and analysing data on the state of the environment in European countries, as well as ensuring that this data is comparable. The EEA thus provides the scientific basis for a sound EU environmental policy. In view of the cross-border nature of environmental risks, the EEA has become a key instrument for cooperation on environmental policy between the European states.

Closer cooperation in environmental matters through Switzerland's membership of the European Environment Agency is the subject of an environmental agreement between Switzerland and the EU. Switzerland can thus increase its commitment to environmental protection at a European level. Until now, Switzerland has only participated informally in EEA activities, on the basis of selective participation in projects. Membership of the EEA means Switzerland will actively participate in organising projects and research at a European level, gain full access to the EEA's pan-European comparable environmental data and, for its part, will be able to submit comparable Swiss data as a basis for an effective environmental policy.

Further information:

- Bundesamt für Umwelt, Wald und Landschaft (BUWAL)

Tel. +41 (0)31 322 93 11, E-Mail:
info@buwal.admin.ch,
<http://www.buwal.admin.ch/>

[complete version]



Statistics

As the world we live in becomes more and more complex, statistical data becomes an increasingly indispensable basis of information for well-founded decisions. Statistics play a major part in providing a source of factual, reliable and relevant information in politics and the economy, as well as in our day-to-day life.

Eurostat, the Statistical Office of the European Union (EU) is responsible at a European level for gathering and publishing data supplied by the national statistical institutes. Eurostat is also responsible for the comparability and monitoring the comparability of national data on the basis of standard definitions and criteria for data collection.

The bilateral agreement on cooperation in the area of statistics regulates the progressive harmonisation of statistical data collection between Switzerland and the EU. Comparability of Swiss and European data in such important areas as trade relations, the employment market, social security, transport and the environment is thus guaranteed in the medium term. Switzerland also gains improved access to data published in the EU and gains prominence in Europe, in so far as greater quantities of Swiss data are published in statistics compiled by Eurostat.

Further information:

- Bundesamt für Statistik (BFS)
Tel. +41 (0)32 713 60 11, E-Mail:
<mailto:Webmaster@bfs.admin.ch>,
<http://www.bfs.admin.ch/>

[complete version]



MEDIA

One of the priorities within the EU audiovisual policy is the promotion of European films. The EU has set up the MEDIA promotion scheme to help European production

overcome various difficulties in the face of non-European competition. The EU terminated Switzerland's participation in this programme as third country after rejection of the EEA in 1992.

The aim of an agreement for Switzerland to participate in both MEDIA programmes currently running (MEDIA Plus and MEDIA Training programmes) highlights Swiss interest in the cooperation to promote European audiovisual productions. Participation gives Swiss television programmes and filmmakers equal rights of benefit from EU support measures.

The agreement grants full participation in the EU programmes – MEDIA Plus (promoting the creation and distribution of Community audiovisual works) and MEDIA Training programmes (training programmes for professionals in the EU audiovisual programme industry). Current Swiss legislation in the audiovisual field is already largely compatible with Europe, which satisfies a key requirement for participation in the MEDIA programmes. An amendment to Swiss legislation is necessary only in the matter relating to quotas for European productions, fixed at 50%.

Further information:

- Bundesamt für Kultur (BAK) Tel. +41 (0)31 322 92 66, E-Mail: info@bak.admin.ch, <http://www.bak.admin.ch/>

[complete version]



Education, occupational training, youth

The EU promotes the mobility of students, apprentices and young people within the framework of the Community programmes known as SOCRATES (general education), LEONARDO DA VINCI (occupational training) and YOUTH (extra-curricular work). These people can build their international experience at either an academic or a practical level through periods of residence abroad or cooperative projects under the education, vocational training and youth programmes. Not only does studying abroad enrich young people on a personal basis, it also improves their future prospects in the labour market.

Over thirty countries currently participate in these three EU programmes. At the moment Switzerland is only able to participate unofficially, i.e. within the scope of a "silent partnership". Switzerland would like to raise this

status, with participation to be legally established and thus guaranteed, which would grant equal rights to Swiss people participating in projects relating to the three programmes with regard to project initiatives and input to projects.

Swiss participation in the current programmes (2000-2006) was not possible for the EU for legal reasons. For this reason the EU Council of Ministers and the European Commission have declared their intention to allow Switzerland to participate in the future generation of programmes (from 2007).

In the meantime the current "silent partnership" will be developed and strengthened. Switzerland and the EU have agreed in writing that both partners shall have a high-level meeting once a year to set about strengthening cooperation as well as preparing for talks on full participation.

Further information:

- Bundesamt für Bildung und Wissenschaft (BBW)
Tel. +41 (0)31 322 96 91, E-Mail:
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<http://www.bbw.admin.ch/>

[complete version]



Pensions

In the absence of an agreement between Switzerland and the EU on double taxation, pensions of retired EU officials living in Switzerland are taxed twice: The EU imposes a tax at source on pensions paid to retired officials and Switzerland subjects these people to income tax on the residual amount. Within the scope of the Bilateral Negotiations II, Switzerland waives this tax. However this tax exemption is only granted if the EU also effectively taxes income from pensions at source. This arrangement only affects around 50 pensioners.

Further information:

- Eidgenössische Steuerverwaltung (ESTV) Tel. +41 (0)31 322 71 29, E-Mail: dba@estv.admin.ch,
<http://www.estv.admin.ch/>

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