

## Switzerland and the EU

*By Linn Taylor, Young European Leadership Delegate*

One of the sessions held at the International Energy Forum in St Gallen at the end of November touched upon the challenges of coming to an energy agreement between the EU and Switzerland. The issue is highly politicised, as the initial speaker Carl Baudenbacher remarked, and the main obstacle at the moment has little to do with energy at all.

Switzerland, with its central European location, is an important ally for the EU in terms of creating a single energy market. A common energy market would mean improved infrastructure and lead to technical agreements on how to trade electricity over the borders. This would in particular be beneficial for countries bordering Switzerland, for example Italy. The Swiss-EU energy agreement negotiations were at a well-advanced stage until they ground to a halt in January 2014 after the Swiss vote on 'Mass Immigration'. In short – Switzerland opposes the EU's demands on compliance with other institutional framework, e.g. the EFTA Surveillance Authority and the EFTA Court, and the EU chose to stall the negotiations after the Immigration vote.

A formal conclusion is still to be reached, but important ground has already been covered for the core aspects. Namely,

- The adaptation to future EU law
- The role of surveillance
- Interpretation of legislation, and
- The role and functioning of dispute settlement

When asked to what extent a bilateral electricity agreement could be regarded as a boilerplate for additional agreements in relation to the institutional framework in an interview held prior to the IEF14, Lautenberg (Senior Advisor, Steptoe) concluded that there are two main areas that need to be covered. Firstly, Lautenberg suggests Switzerland would want to liaise closely with the EU surveillance institution ACER which monitors the electricity. Secondly, there is seemingly a conflict between the EU regulation on State Aid and the fact that most Swiss electricity providers are state-owned and to some extent state-subsidised. The latter might however not be an issue as the European Commission does approve State aid measures at their discretion and in most EU member states electricity providers are at least to some extent state-owned due to historical reasons.

In summary, the outcome of the energy agreement negotiations between the EU and Switzerland is still uncertain which is due to a disagreement on the institutional framework rather than the actual energy agreements. Interestingly, Dirk Buschle stated that the "bilateralism in the energy sector has come to an end" in the closing speech of the Forum, something to keep in mind.