

Switzerland heads for Brexit-like EU clash with €227bn at stake



Around 1.4 million citizens of EU countries live in Switzerland, with a population of over 8.6 million.

From tomorrow, Swiss medical-technology companies will no longer be allowed to export duty-free to the European Union as Bern and Brussels failed to agree to a long-anticipated political treaty that would cover trade between the two countries.

The goods-trading relationship at risk is worth \$278bn, with medical-technology companies being the latest casualty of a deteriorating relationship between Brussels and Switzerland as the latter faces increasing barriers to the single market. The showdown has been compared with Brexit.

“With Brexit, the EU has had to think harder about what it means to be in the single market and what rights and privileges come with that,” Nicolas Veron, a fellow at the Brussels-based think tank Bruegel, told Bloomberg earlier today.

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The former chief negotiator with the EU, Jacques de Watteville, said there was a “a hardening of tone in the air” while speaking at a panel discussion hosted by the

Jean Monnet Foundation for Europe earlier this month.

Individual deals

For years the two sides managed their trade through a range of loose individual deals but they have, so far, been unable to come to a new umbrella political treaty, as was the initial aim of the ongoing talks.

Switzerland will be downgraded to “third country” status, meaning they will need to have a representative within the bloc, meet the EU’s product-labeling specifications and deal with other red tape.

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Switzerland exports more to the EU than to China and the U.S. combined, according to figures from the Swiss Federal Customs Administration. The showdown could also hurt its electricity market, industrial companies or its banking sector.

The med-tech sector employs over 60,000 people, accounting for around 3 percent of Switzerland’s GDP.

Despite moves by the government to guarantee continued EU supplies to Switzerland, industry groups like Swiss Medtech estimates product-development costs could rise by 30 percent from hurdles to trade, it is reported.

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