

Foreign Policy Report 2000

Presence and Cooperation: Safeguarding Switzerland's interests in an integrating world

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CONTENTS

FOREWORD	III
1 INTRODUCTION	1
1.1 CONSIDERATIONS AND AIMS OF THE “REPORT ON SWITZERLAND’S FOREIGN POLICY IN THE 90S”.....	1
1.2 SUMMARY OF FOREIGN POLICY ACTIVITIES IN THE 90S	2
1.2.1 <i>Expansion of Switzerland’s scope for action in foreign affairs</i>	2
1.2.2 <i>Increased need for action in foreign policy</i>	3
1.2.3 <i>Endeavours to safeguard economic efficiency</i>	5
1.2.4 <i>Recognition of Switzerland’s increasing vulnerability</i>	5
1.3 THE PURPOSE OF THIS REPORT	6
2 INTERNATIONAL CHALLENGES	8
2.1 THE GLOBAL ARENA	8
2.1.1 <i>Structural changes</i>	8
2.1.2 <i>Global problems</i>	9
2.1.2.1 <i>Combating poverty</i>	9
2.1.2.2 <i>From the security of sovereign states to global human security</i>	10
2.1.2.3 <i>Protecting the environment in a sustainable manner</i>	11
2.1.2.4 <i>Migration</i>	11
2.1.3 <i>Leading players in international politics</i>	12
2.1.3.1 <i>Shifts in emphasis between states and regions</i>	12
2.1.3.2 <i>International organisations and informal international cooperation</i>	13
2.1.3.3 <i>Non-state players</i>	14
2.2 THE EUROPEAN ARENA.....	15
2.2.1 <i>The European Union</i>	15
2.2.2 <i>European security structures</i>	16
2.2.3 <i>Problem areas in Europe and on the borders of Europe</i>	17
2.3 INTERNATIONAL CHALLENGES OF THE FUTURE.....	18
2.3.1 <i>Peace</i>	19
2.3.2 <i>Prosperity and poverty</i>	19
2.3.3 <i>Life in the digital age</i>	20
2.3.4 <i>Conclusions</i>	20
3 GUIDELINES, OBJECTIVES, AND PRIORITIES OF SWISS FOREIGN POLICY IN THE DECADE AHEAD	21
3.1 GUIDELINES	21
3.1.1 <i>Visions and realities</i>	21
3.1.2 <i>General conditions, principles and decision processes</i>	22
3.1.2.1 <i>Legal framework</i>	22
3.1.2.2 <i>Domestic base</i>	23
3.1.2.3 <i>A policy of interests and neutrality</i>	24
3.1.2.4 <i>Coordination tasks</i>	26
3.2 OBJECTIVES AND PRIORITIES.....	28
3.2.1 <i>Peaceful coexistence of nations</i>	28
3.2.1.1 <i>Prevention of violent conflicts and reconstruction</i>	28
3.2.1.2 <i>Willingness to participate in dialogue and respect for cultural diversity</i>	30
3.2.2 <i>Respect for human rights and promotion of democracy</i>	31
3.2.2.1 <i>Switzerland’s humanitarian policy – a tradition with a future</i>	31
3.2.2.2 <i>Worldwide commitment to human rights, democracy and the rule of law</i>	32
3.2.3 <i>Safeguarding economic interests</i>	34
3.2.3.1 <i>Foreign policy support for Switzerland’s position as a centre of economic activity</i>	34
3.2.3.2 <i>Promotion of a stable world economic and financial system</i>	34
3.2.3.3 <i>Promotion of Switzerland’s position as a financial centre</i>	36
3.2.4 <i>Alleviation of need and poverty in the world</i>	37
3.2.5 <i>Preservation of natural resources</i>	39

3.3	INSTITUTIONAL INSTRUMENTS AS A MEANS OF IMPLEMENTING THE PRIORITIES.....	40
3.3.1	<i>Multilateral politics</i>	40
3.3.1.1	The increasing importance of multilateral cooperation.....	40
3.3.1.2	Accession to the UN	41
3.3.1.3	Maintaining Switzerland's position as an international meeting point	42
3.3.2	<i>Supranational politics: accession to the EU</i>	42
3.3.2.1	Developments in the EU and effects on Switzerland	42
3.3.2.2	The next steps for Switzerland.....	44
3.3.2.3	Significance of the EU for Switzerland's internal security	45
3.4	GEOGRAPHICAL PRIORITIES OF BILATERAL POLICY	46
3.4.1	<i>Maintaining bilateral relations in Europe and worldwide</i>	46
3.4.1.1	Universality of Swiss foreign relations	46
3.4.1.2	Establishment of "Presence Switzerland"	47
3.4.1.3	Switzerland's network of missions abroad	47
3.4.2	<i>South-eastern and eastern Europe</i>	48
3.4.3	<i>The Mediterranean area</i>	49
4	CONCLUDING REMARKS.....	50

ANNEXE

	A REVIEW OF SWISS FOREIGN POLICY IN THE 90S.....	1
1	SWITZERLAND'S STATUS AND REPUTATION IN WORLD AFFAIRS.....	1
2	SWISS FOREIGN POLICY ACTIVITIES IN THE 90S	3
2.1	PRESERVATION AND PROMOTION OF SECURITY AND PEACE	3
2.1.1	<i>Security policy</i>	3
2.1.2	<i>Arms control and disarmament policy</i>	5
2.1.3	<i>Promotion of peace</i>	6
2.1.4	<i>Good offices</i>	7
2.1.5	<i>Cooperation with eastern Europe</i>	8
2.1.6	<i>Humanitarian aid</i>	9
2.1.7	<i>Migration policy</i>	9
2.2	PROMOTION OF HUMAN RIGHTS, DEMOCRACY AND THE RULE OF LAW	11
2.2.1	<i>Good governance, the rule of law and democracy</i>	11
2.2.2	<i>Human rights policy</i>	11
2.2.3	<i>International humanitarian law</i>	12
2.3	PROMOTION OF PROSPERITY.....	13
2.3.1	<i>Switzerland as a centre of economic activity</i>	13
2.3.2	<i>European integration policy</i>	15
2.3.3	<i>The world economic system</i>	16
2.3.4	<i>The international financial system</i>	17
2.4	PROMOTION OF SOCIAL COHESION	18
2.5	PRESERVATION OF THE ENVIRONMENT	20
3	SPECIAL INSTRUMENTS OF SWISS FOREIGN POLICY	21
3.1	NEUTRALITY.....	21
3.2	GENEVA'S INTERNATIONAL STATUS	22
4	TASKS RELATING TO THE SAFEGUARDING OF INTERESTS AND SERVICES.....	23
	LIST OF ABBREVIATIONS.....	25

Foreword

The international developments of the last ten years and their consequences for Switzerland provide an opportunity for an account to be given of foreign policy in the 90s and for the establishment of priorities for the coming years. In this Report the Federal Council reiterates the comprehensive objectives which it defined in its Foreign Policy Report in 1993 and which were approved by the people and the cantons with the new Federal Constitution on 18 April 1999. However it wishes to consolidate and adjust some areas of activity in the field of foreign policy with regard to objectives and the use of resources.

*Many of the international trends which were emerging at the beginning of the 90s have been confirmed and strengthened in recent years. Following the end of the Cold War, the structure of world politics has become less transparent. The position of the **USA** as the only major power capable of acting at global level is crucial and is among the reasons why the **European Union** is endeavouring to enhance its foreign and security policy profile. Worldwide, new players will participate to a more significant extent than before in determining the course of world events in the coming decade. Yet it is not possible at present to discern which forms and structures this multipolar world will adopt.*

*The **globalisation** of our living conditions will continue. However the assumption that this process will automatically lead to a growing rapprochement between peoples and nations could prove to be mistaken. Instead globalisation is making the cultural, societal, economic and social diversity of the world more visible, the differences between peoples and regions more conspicuous. Tensions will be inevitable. The efforts of international development cooperation and intercultural understanding must therefore be strengthened in future.*

*New developments seem to place increasing restraints on the **scope for manoeuvre available to states**. The globalisation of economic activities, information technology and communication, scientific developments in the field of biology and the influence of the media are part of this, as is the growing significance of international organised crime.*

Not all of these developments require state intervention; but for some of them, more effective international cooperation and general conditions are imperative.

*The globalisation of different areas of life calls for the maintenance and consolidation of an international system capable of effective action. The **United Nations** are the only available universal framework for the discussion and resolution of global problems which includes all states. The growing need for the formation of regional communities of states should be viewed in the same context. From the standpoint of most European states the **European Union** constitutes the appropriate arena in which Europe can respond effectively to the developments described.*

*International risks and opportunities cannot fail to affect **Switzerland**. Our country has the strength and the vitality to respond independently to many economic, social and political challenges. However Switzerland is dependent on cooperation with other states, primarily its European neighbours and partners, to resolve the major questions of our time in an effective and sustainable way. Self-righteousness and absence can jeopardize important interests of our country. Switzerland's heavy dependence on foreign trade makes it vulnerable, which is why it must constantly bear in mind the question of the true cost of its non-participation in important institutions, above all its non-membership of the European Union.*

*Foreign policy is a **policy of interests**. Yet safeguarding interests cannot be the only guiding principle for the activity of foreign policy. In view of the global problems such as poverty, the increase in internal conflicts within states, environmental depredation and migration, foreign policy activity must also be an expression of the **responsibility** which Switzerland has to assume as part of the community of states. A policy of interests must also be based on ethical principles. Tensions can emerge between the safeguarding of interests and ethical principles, especially when economic interests have to be brought into line with the objective of playing a part in shaping a more just and peaceful world. These tensions become particularly evident in relation to the question of whether and in what manner economic relations are maintained with states in which human rights violations are the order of the day. This situation creates frictions in the short term. In the longer term, however, such tensions can be resolved, since there is no disagreement on the principle that sustainable economic development forms the basis of efforts to strengthen good governance, respect for human rights and the rule of law – the respect for these principles is in itself a precondition for a sustainable economic development.*

Similar considerations are valid for the discussions concerning Switzerland's position as a financial centre. A strong and competitive financial sector is an essential component of the Swiss national economy and one of the bases of our prosperity. Today, however, integrity is also regarded as one of the contributory factors which enhance the success of a financial centre. This objective is thus a prerequisite for a financial centre which will continue to enjoy success in the future. It cannot be excluded that, in connection with the worldwide endeavours to combat financial crime and the abuse of financial centres, our country will be placed in an even more exposed position in the years ahead. Switzerland can best defend its interests by attaching importance to the integrity of its financial sector and by continuing to support effective international cooperation in the fight against illegal and improper financial transactions.

The Federal Council is convinced that our country's interests will be defended effectively if foreign policy activities are orientated towards reinforcing Switzerland's independence by maintaining as much scope for action as possible. At the same time the Federal Council is aware of the international responsibility which is incumbent upon our country. It wishes to safeguard interests and responsibility by enhancing Switzerland's presence and through intensive cooperation on the international stage. In this way the Federal Council can optimise endeavours to realise the objectives of the Federal Constitution and the priorities of its foreign policy and thus contribute to peace, respect for human rights, prosperity, reducing poverty and preserving the environment.

Report

1 Introduction

1.1 Considerations and aims of the “Report on Switzerland’s Foreign Policy in the 90s”

The period from the end of the Second World War until 1989 was characterised by the confrontation between East and West, which for its part had a marked effect on relations between North and South. The international circumstances of the late 80s and early 90s were shaped by the following events:

- The Soviet Union and Yugoslavia collapsed; within a short time almost 20 new states emerged in eastern Europe.
- The USA became the only major power capable of acting at global level.
- The Warsaw Pact was disbanded, which led to a complete reorientation in international security policy.
- The European Union completed its Single Market and became the most important political force in the continent.
- Germany completed its process of reunification.
- South Africa rid itself of the apartheid regime.
- The ideologically-driven paralysis of the UN, particularly the UN Security Council, was to a large extent overcome.
- North-South cooperation was placed on a new footing through various international conferences.

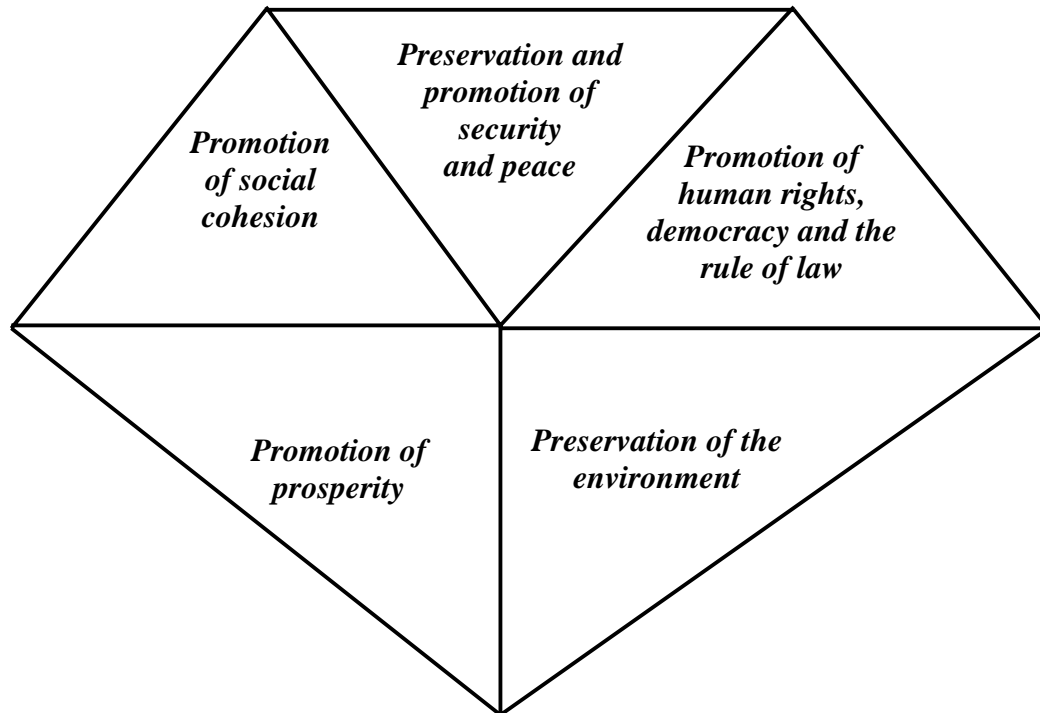
The “*White Paper on Switzerland’s Foreign Policy in the 90s*” of 29 November 1993 (Foreign Policy Report 93) described the radical changes taking place at that time and established the framework for Switzerland’s future policy. The *principal theme* of the Foreign Policy Report 93 was the awareness that today self-determination can only be safeguarded through extensive cooperation and codetermination at international level. Important decisions which concern our country are more and more frequently taken elsewhere and by others. Through international cooperation our country participates in shaping international conditions and strengthens Switzerland’s capacity to act, its position in the community of states and its identity.

The following considerations formed the basis of the Foreign Policy Report 93:

- Foreign policy is *part of overall policy*. It addresses all activities and developments which have a cross-border dimension and draws together externally-oriented activities with the aim of achieving optimum consistency between domestic and foreign policy, between various subsidiary areas and between the objectives, methods and instruments of foreign policy.
- Foreign policy is a *policy of interests*. Its object is to protect and to strengthen Switzerland’s political and economic standing in the world.
- Foreign policy is the *acceptance of responsibility*. The ethical principles of Swiss foreign policy find their expression in our country’s humanitarian tradition, in the commitment to safeguarding and promoting security, peace, solidarity and welfare in the world, as well as through participation in improving the international community’s ability to act.
- Foreign policy is ultimately based on *law as a means of protection for smaller states*. The latter have a particular interest in ensuring that international relations are conducted on the basis of, and within the context of, a generally recognised legal order. Commitment to international law is therefore an unchanging feature of Swiss foreign policy.

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Against the background described in the Foreign Policy Report 93, the Federal Council defined the following *five objectives* of Swiss foreign policy:



This approach is still entirely relevant today. The issues which Swiss foreign policy strives to address through the five foreign policy objectives will therefore remain valid for the decade ahead.

1.2 Summary of foreign policy activities in the 90s

The international developments of the 90s took place, perhaps not exclusively but predominantly, against the background of the historic upheavals of 1989. The collapse of communist rule, the unification of the two Germanys, the dissolution of the Soviet Union and the disintegration of the former Yugoslavia were the most striking events of the beginning of the last decade. The emergence of numerous new states in Europe, the formation of new security structures, the European Union's enlargement plans and the growing predominance of the USA in the spheres of foreign and security policy were the most important consequences.

1.2.1 Expansion of Switzerland's scope for action in foreign affairs

The ending of the Cold War undoubtedly increased Switzerland's scope for action in foreign affairs over the last ten years. Our country took advantage of this in the *field of security policy* in particular, with the following steps:

- Participation in international sanctions which the United Nations imposed under the collective security system.
- Involvement in the Partnership for Peace, which the Federal Council decided upon in 1996.
- Cooperation in peacekeeping operations within the framework of the UN or the OSCE.
- Reinforcement of cooperation with like-minded states in the field of human security.

With this wider scope for action an appropriate position was found for Switzerland in the reorganisation of the overall European security order. Through the measures mentioned above, the Federal Council had also anticipated the main conclusions of the Security Policy Report 2000 which seeks greater security through cooperation. The chairmanship of the OSCE, which Switzerland held in 1996, falls under the same heading. The Swiss OSCE chairmanship coincided with a period in which the organisation had to fulfil new operational tasks with the holding of elections in Bosnia, while expanding its membership significantly at the same time.

On the other hand, the ending of the East-West confrontation had no effect on Switzerland's *scope for action in integration policy*. Unlike our country Austria and Finland, for example, could hardly have joined the European Union during the Cold War era. Following the disappearance of the Iron Curtain this option was open to them, and was taken rapidly and with determination. The implications of the Cold War for foreign and security policy would not have prevented *Switzerland* from seeking a rapprochement with the European Union or EU membership. The origin of, and logic behind, the negotiations for the creation of a European Economic Area were not the upheavals of 1989 but the completion of the EU's Single Market. The latter reinforced the traditional endeavours of the EFTA states to adjust their cooperation with the European Union to the dynamics of the Single Market. In December 1992 the Swiss people and the cantons ruled out membership of the European Economic Area. It was not until 1998 that it proved possible to compensate in part for the consequences of this rejection through the conclusion of seven bilateral agreements with the EU.

1.2.2 Increased need for action in foreign policy

The rejection of communist rule by the *states of central and eastern Europe* and their steps towards political pluralism and the market economy, and the emergence of almost 20 new states in this region, required robust support from western Europe. From the outset Switzerland made substantial contributions to the transformation of these states. The "*aid for eastern Europe*" programme considerably increased the standing of our country in the states of central and eastern Europe. The expansion and consolidation of Swiss relations with central and eastern Europe are among the great *peace dividends* of the last decade in foreign affairs.

On the other hand, the strong presence of western Europe, and particularly of Switzerland, in the *Balkans* had, and still has, different connotations. The disintegration of the former Yugoslavia, accompanied by war and criminal activity, is the greatest burden which persists from the era of the major upheavals, and the Balkans became the most important security policy challenge for our country in the last ten years. Because of the proximity of the conflict and the crimes committed there against the innocent and minorities, and in consideration of the many people belonging to ethnic groups from former Yugoslavia living here, Switzerland committed itself from the very beginning to finding political solutions in the Balkans. Diplomatic efforts, activities in the field of peace policy, humanitarian aid, assistance to refugees to enable them to return, and reconstruction were just as much a part of this as substantial security policy endeavours and a strong commitment concerning the acceptance of refugees and exiles.

In no other area of the world did Switzerland concentrate the resources available to it and deploy them so extensively as in south-eastern Europe in the course of the 90s. At the end of the 90s the annual costs of this commitment were in the order of 200 million francs. The fact that our work is appreciated by the other states of western Europe is reflected in, for example, Switzerland's admission to the Stability Pact.

The growing number of internal conflicts around the world and the destabilisation of many countries in the South and the East called for a sharper profile in Swiss *peace policy* in recent years. Peace policy is a wide concept: it refers not only to the measures which directly promote peace as such, but also to the contribution of development cooperation to peace and security, to the achievements of security policy and to the promotion of sustainable development.

South-eastern Europe constituted a priority for this peace policy, followed by South Africa. The work for peace and security which Switzerland previously rendered under the term “*good offices*” have thus been transformed into a policy which pursues a more comprehensive approach in relation to its conception and implementation. It is only by doing so that our country can successfully assist the international community to deal with the growing number of conflicts and signs of disintegration in many countries. Switzerland may claim to have given significant impetus to the international community regarding peace policy in the widest sense, but particularly with respect to refugee policy and assisting refugees to return home.

The realisation of the principle “*helping people to help themselves*” is dependent upon reasonably stable underlying conditions. Switzerland’s *development policy* increasingly concentrated on improving underlying conditions in the past decade and on creating the institutional prerequisites for sustainable development. Its activities are geared towards promoting processes of learning and change for societies and people, so that, in the longer term, the latter can be enabled to occupy an appropriate place in society and politics on the basis of their own efforts. This comprehensive approach constitutes the main focus, also acknowledged internationally, of a development policy which takes partners in a developing country seriously, considers their needs and strives to achieve sustainable results.

The increased endeavours of Swiss *human rights policy* which led to the development of some significant international legal instruments in the course of the 90s should also be emphasised. Furthermore the national legal framework was clearly improved, and Swiss human rights policy has raised its profile considerably both bilaterally and multilaterally. Our country’s acknowledged role in the further development of *international humanitarian law* is a further expression of the conviction that lasting improvements in the humanitarian situation worldwide can only be attained through a stronger legal framework which is recognised by all.

Furthermore, Swiss *arms control and disarmament policy* has played a more prominent role. Switzerland endeavoured to secure the successful conclusion of the Convention on the Prohibition of Chemical Weapons (1993) and the Comprehensive Nuclear Test Ban Treaty (1996). Since then Switzerland has acceded to all the multilateral treaties open to it in the field of arms control and disarmament, and became a full member of the Geneva Disarmament Conference in 1996. In addition our country has successfully contributed, in close collaboration with like-minded states and non-governmental organisations, to the improvement of human security through the Convention on the Prohibition of Anti-Personnel Mines. Finally Switzerland has been able to considerably ease the tensions associated with Swiss exports of war materials through a change in the law.

The role of Swiss *environmental policy* is undisputed. Besides domestic endeavours, for instance in transport policy with the distance-related heavy vehicle tax, which are also appreciated and emulated abroad, our country played a leading role in the preparation of numerous international legal instruments in the environmental sphere (Climate Convention, Convention on the Protection of Biodiversity, Basle Convention and agreements in the chemicals field) and has had a substantial influence on the formulation of international environmental policy. In addition to this Switzerland worked to ensure that the

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environmental and social dimension was better taken into consideration in international legal instruments in the economic and financial policy sphere.

Cooperation with the *United Nations* continued on a systematic basis in the 90s. Today it has reached a level of intensity and significance which makes the unusual fact of our non-membership more obvious than ever. The longer this non-participation continues, the more difficult it becomes to understand in view of the universality of UN membership which was achieved in the 90s. The fact that Geneva barely forfeited any of its significance as the headquarters of numerous UN institutions in this period, despite the strong increase in worldwide competition, is due not only to active diplomacy but also to the considerable efforts of the federal government and the Canton of Geneva which contributed to Geneva's increased appeal as an international centre.

1.2.3 Endeavours to safeguard economic efficiency

In the 90s our country undertook considerable efforts to safeguard and consolidate *Switzerland's competitiveness as a centre of economic activity*. However, in view of the globalised world economy and the associated intensification of competition between such centres, the need for structural adjustments in Switzerland is hardly likely to diminish in future.

In the field of *European integration policy* an important set of treaties was successfully concluded at the end of 1998 comprising the seven bilateral agreements between Switzerland and the EU, which stabilise mutual relations in important sectors and strengthen the the Swiss economy.

Following the successful *conclusion of the GATT Uruguay Round* Switzerland transferred its membership of GATT to the newly-founded *World Trade Organisation* in 1995. Thus the formal safeguards for access to important markets for goods and services were considerably improved. The reform of the Swiss agricultural products market could also be integrated into an international regulatory framework. Moreover, the WTO can make a meaningful contribution to the integration of developing countries into the world trade system.

Switzerland's accession to the *Bretton Woods Institutions* in 1992 opened up new opportunities for our country to participate in the international endeavours to reinforce the stability of the international financial system, to reduce economic inequalities, to combat poverty and to relieve the burden of debt on developing countries.

With regard to *international financial relations* Switzerland has made considerable efforts in the past decade to *prevent the abuse of its position as a financial centre*. Particular attention should be drawn to the comprehensive Money Laundering Law which entered into force in 1998, and which is complemented by the agreement of the Swiss Bankers' Association regarding duty of care and by guidelines of the Federal Banking Commission. Besides this our country supported the worldwide endeavours to *combat money laundering* in the context of the "Financial Action Task Force on Money Laundering" and played a leading role in the creation of internationally recognised standards in this area. Furthermore Switzerland extended its international cooperation in relation to the freezing and return of "*funds of corrupt dictators*". Lastly Switzerland provided generous *legal assistance in criminal matters* to other states.

1.2.4 Recognition of Switzerland's increasing vulnerability

Switzerland had the good fortune to maintain civil relations with virtually every state in the world at the end of the twentieth century. Despite occasional differences of opinion the relationship with neighbouring states in particular is excellent. However this positive

assessment is marred by the disputes over Switzerland's conduct during the Second World War and its immediate aftermath. The whole affair was by no means limited to the sphere of foreign policy, but great demands were placed on the latter. Addressing a problem which was not an issue between governments, as is usual in the diplomatic sphere, but which featured a large number of players with great influence over both the media and government circles, proved to be a particularly difficult factor in this connection.

Some *lessons and insights* can already be drawn from this turbulent period, which strained our relationship with the USA in particular:

- Even friendly relations with a state over many years do not prevent the latter from pursuing a robust policy in defence of its own interests and from subordinating traditionally good relations with another state to domestic interests.
- Switzerland's reputation is partially founded on outdated clichés whose fragility becomes noticeable when serious differences arise, and it does not prevent other states from attempting to assert their own interests against Switzerland with vigour or even by applying pressure if necessary.

In the course of the debates over the conduct of the banks during and after the Second World War *Switzerland's role as a financial centre*, both past and present, increasingly became the subject of critical attention from abroad. Recently the pressure on Switzerland from abroad, particularly from other important financial centres, to modify the banking secrecy rules even further and to relax the regulations on the international exchange of information in the tax sphere intensified. Cases in which breaches of the duty of care were exposed (money laundering, funds of corrupt dictators) give these competitors of Switzerland's financial sector additional grounds for questioning Swiss efforts to combat the abuse of its financial system. Progressive national legislation, in line with international standards, and our country's willingness to participate actively in international forums to resolve such problems can only partially deflect this criticism.

A further cross-border development which requires global or at least regional solutions is the increase in *organised crime* over the past decade. Especially, in the field of internal security, our country has to rely on intensified national efforts and on improved international cooperation because of its absence from the European Union.

1.3 The purpose of this Report

Since the beginning of the 90s the international environment has changed significantly. The Federal Council is of the opinion that the Foreign Policy Report of 1993 is now outdated in some respects and, in its response to a motion by National Councillor Hans Zbinden in 1999, has therefore stated, among other things:

"...(The Federal Council is) willing to submit a Foreign Policy Report to the Federal Chambers in 2000 which will examine the strategies and means of achieving the foreign policy objectives under the changed circumstances in the foreign policy sphere. In concrete terms the Report shall:

- *give an account of the experiences gained in realising the foreign policy objectives which guided the Federal Council's activities in the nineties;*
- *analyse the central issues in worldwide international developments in recent years and explain the nature of the action which will require to be taken in the future in the context of Swiss foreign policy;*
- *give detailed conceptual consideration to the different areas of activity in the field of foreign policy with regard to objectives and the use of resources."*

Besides this Report, which describes the *guidelines, objectives, and priorities of Swiss foreign policy in the decade ahead*, the Federal Council will continue to draw up and present to Parliament special reports on individual topics in the future as required. In addition to regular information updates from the Federal Council on its governmental activities (government business reports, annual objectives, legislative programmes), the usual annual reports (foreign trade reports, reports on activities in the Council of Europe etc) and the periodic outline credits for development cooperation and cooperation with eastern Europe, the need to address individual foreign policy issues in greater detail will continue in the future.

Over the past decade this approach has proved to be successful. Thus, following the “*White Paper on Switzerland’s Foreign Policy in the 90s*” of 1993 setting out the framework, Parliament received the “*North-South Model*” of 1994, the “*Interim Report on Switzerland’s European Integration Policy*” of 1995, the “*Disarmament Report*” of 1996, the “*Report on Switzerland’s Relations with the United Nations*” of 1998, the “*Integration Report*” of 1999, the “*Report on the Humanitarian Dimension in Swiss Foreign Policy*” of 1999, the “*Security Policy Report 2000*”, the “*Report on Switzerland’s Human Rights Policy*” of 2000 and the “*Report on Switzerland’s Arms Control and Disarmament Policy 2000*”. In addition to these there are a number of submissions and reports in which foreign policy issues are also addressed.

Foreign policy has a decisive influence on Switzerland’s security, both internal and external. Occasionally foreign policy itself is an instrument of security policy in the widest sense, since the extent of international cooperation has a major influence on the effectiveness of security policy instruments in achieving their goal. There is therefore a close correlation between this Report and the Federal Council’s Security Policy Report of 7 June 1999.

Switzerland’s foreign policy needs to be constantly examined in terms of substantive issues and priorities in Parliament, in the cantons and in the public arena, so that the Federal Council can rely on domestic support for the implementation of its policies. In presenting this Report, entitled “*Foreign Policy Report 2000 – Presence and cooperation: Safeguarding Switzerland’s interests in an integrating world*” the Federal Council wishes to make a contribution to encouraging such a dialogue. This willingness to enter into dialogue represents a constant factor in Swiss policy; for example the present Report takes account of essential results of the National Research Programme 42, “*Bases and Possibilities for Swiss Foreign Policy*”, which was commissioned by the Federal Council in 1995 and covered a total of 58 research projects.

Swiss foreign policy is to a large extent determined by the developments in the international arena, to which our country must find appropriate responses. The content and structure of the Report reflects this fundamental insight:

- *Section 2* describes the global and European environment.
- *Section 3* sets out the Federal Council’s foreign policy guidelines, objectives and priorities for the next decade.
- In the *Annexe* the status and reputation of our country is described, and the priorities and most important activities undertaken by Swiss foreign policy in the 90s are reported in detail.

2 International challenges

2.1 The global arena

2.1.1 Structural changes

The *globalisation of living conditions* continues apace, and the compression of space and time increasingly influences all state and private action. Today also, new scientific and technological achievements, particularly the veritable revolution in the fields of biotechnology and gene technology, communications and information, determine worldwide structural change.

The efforts which were observed all over the world in the 90s to deregulate previously protected markets, particularly in the infrastructure field, the increasing privatisation of state industries, the liberalisation of movements of capital, and a veritable wave of mergers which led to the formation of gigantic enterprises characterise the process of globalisation in the economic sphere. Competition has increased worldwide. In order to survive in this globalised market, enterprises are constantly forced to adapt and streamline their structures. As a result of the acceleration of the globalisation process, existing patterns of thought and mechanisms for adaptation are seriously stretched.

Globalisation can raise living standards in industrialised countries as well as in developing countries and thus contribute to reducing existing or growing inequalities. However, before advantage can be taken of these possibilities it is necessary that certain *basic international conditions* of an economic, political, ecological and social nature are in place:

- Recognition of internationally valid rules of conduct for the economy and science.
- Improvement in the stability of the international financial system.
- Assertion of the principles of “*good governance*”, in particular efforts to strengthen human rights, the rule of law and democracy.
- Creation of and compliance with international environmental standards.
- Compliance with fundamental social and employment norms.

Such basic conditions lower the costs and risks of the international division of labour and help to alleviate poverty and inequalities, social unrest, extremist tendencies and environmental destruction.

Globalisation and technology do not only influence economic activity. They also help to disseminate universally accepted values, in particular *human rights*, and to safeguard them more effectively. Deeper knowledge of the significance of these universal values also leads to fruitful international dialogue on the abuse of such values and thus to greater peace and stability in the world. It is no longer possible to cut whole nations off from the international community for any length of time or to allow them to live in degrading conditions.

The ending of the bipolar world order together with the globalisation of the circumstances in which we live have allowed the *diversity of cultures and civilisations* among states and peoples to become much more evident all over the world. Issues of identity have become more significant, with both positive and negative consequences. The disappearance of ideological boundaries has triggered a cultural reorientation in many states in eastern Europe and in the southern hemisphere and has given fresh impetus to national or regional cultures. However, in places where increased self-confidence or newly acquired nationhood turned into extreme nationalism or nurtured religious fundamentalism, conflicts arose. Despite the supposed cultural levelling brought about by the Internet and other worldwide means of communication, the need for understanding between the various civilisations, creeds and ethnic groups has tended to increase.

It is not only economic or cultural activities which are shaped by the process of globalisation. The *problems for the internal security* of states are also becoming more global in nature: terrorism, organised crime and criminal sabotage of critical infrastructures, as well as the production of and trade in drugs, are threats which increasingly disturb the international community. The social and economic effects of the funds originating from such activities which enable criminal gangs to pursue corruption and fraud on a large scale are also sources of concern.

Besides the will to join together in ever larger economic areas - which may be noted in the context of the enlargement of the EU, for instance - an opposite tendency can also be discerned, namely a re-evaluation of the small, the manageable, the regional. In Europe itself a *tendency towards regionalisation within states and across borders* has been observed for some time. In the regional context economic, social and cultural points of reference can be created which establish a new coherence in a world where it is all but impossible to keep track of events, and in which decisions are frequently taken in distant committees far from the ordinary citizen. This “*think globally – act locally*” approach is adopted not only by commercial enterprises or non-governmental organisations. The community of states is increasingly embracing this attitude. Thus global programmes, for example in the environmental or social sphere, are increasingly given concrete form through regionally-based implementation activities.

2.1.2 Global problems

The changes described, largely brought about by social, economic and scientific forces, have not left international politics untouched. Four global challenges are of prime concern:

2.1.2.1 Combating poverty

The *assessment of international endeavours to resolve global poverty problems* in the course of the last ten years is not entirely satisfactory:

- Although the proportion of poor people in developing and transition countries has decreased slightly as a percentage of the world's population, at the same time more people than ever, that is just under one third of the world's population (two billion people), have to manage on less than 2 US dollars per day according to World Bank figures.
- Malnutrition claims around 9 million victims every year. The spread of AIDS, particularly in sub-Saharan Africa, is alarming. Added to this is the high number of deaths which occur annually from diseases such as malaria and tuberculosis. Epidemics remain a serious threat to the social and economic development of many countries.
- In many developing countries poverty is a cause as well as an effect of sometimes prolonged violent conflicts and poor governance. The climate of uncertainty and violence deprives whole generations of their opportunities to lead a dignified existence.

It is women in particular who are affected by the consequences of poverty and under-development. As a rule women receive a poorer education, fewer jobs are available to them, they have limited access to the new technologies and to loans from private institutions, and it is frequently they who suffer most from conflicts. Moreover women often fall victim to criminal dealings (eg the trade in women, prostitution).

Contrasting with this sobering picture are *successes* which are the result of international cooperation. Life expectancy is increasing, child mortality is decreasing and the adult literacy rate is rising. Moreover, some developing countries, particularly in Asia, have managed to gain a foothold in the global economy.

In general it may be observed that the situation of the developing countries is becoming increasingly complex: while many states, above all in Africa, have major problems to contend with, other countries can point to economic and social progress. A range of distinct strategies must therefore be formulated and implemented in future which take this initial position more fully into account.

At global level, the past decade was characterised by the search for appropriate political strategies to *combat poverty, inequalities of all kinds and environmental depredation*¹. The international community has become increasingly aware that a series of topics which are high on the political agenda, for example climate change, population growth, migration, the spread of weapons of mass destruction, the international trade in drugs, human lives and arms or other activities of organised crime have a global dimension. They can therefore no longer be addressed effectively through purely national measures.

Today the *realisation of sustainable development* is one of the greatest worldwide challenges faced by industrialised, rapidly-developing and developing countries in equal measure, although in different ways. A development is deemed to be sustainable if it guarantees that the needs of people alive today can be met without reducing the possibilities open to future generations to cater for their own future needs. Key factors for a sustainable development strategy are economic efficiency, protection of the environment and social solidarity.

2.1.2.2 From the security of sovereign states to global human security

The face of war has changed fundamentally over the past decades. Soldiers of regular armies meet less and less frequently on the battlefield. Today the internal condition of states, their *stability*, has become an international challenge. In the societies of the South failed political and development models, growing poverty and the battle over scarce resources led to competition between rival groups over wealth and power. The continent of Africa in particular was a victim of these developments.

Many internal conflicts within states are characterised by the fact that individual parties aim to drive out or murder members of other national or ethnic groups. Anyone who believed that humanity had learned a lesson from the past "*century of extremes*" soon thought better of it in view of the conflicts in south-eastern Europe (Bosnia-Herzegovina, Croatia, Kosovo), in Africa (Angola, Somalia, Rwanda, Sudan, Sierra Leone), or in Asia (East Timor), where various groups tried to drive out or annihilate entire ethnic groups. A further cause for concern is the *growing privatisation of warfare*. It is not only in Africa that many warmongers finance their activities from the proceeds of natural resources or other criminal activities such as the drugs and arms trade; often rebel movements, criminal gangs or even some companies have an interest in the continuation of such conflicts because of the profits associated with them. The civil wars in Angola or in Sierra Leone would have taken an entirely different turn without the diamond mines. The same may be said of the civil war in Columbia without the proceeds from the drugs trade.

For these reasons the promotion of security and peace constitutes a *central element of structural policy at global level*. A new understanding of security is emerging, namely the "*concept of global human security*". This concept includes not only "*freedom from fear*" (security agenda) but also "*freedom from need*" (development agenda) and a "*sustainable*

¹ World Summit for Children 1990 in New York, Earth Summit 1992 in Rio, World Conference on Human Rights 1993 in Vienna, International Conference on Population and Development 1994 in Cairo, World Summit for Social Development 1995 in Copenhagen, World Conference on Women 1995 in Beijing, World Food Summit 1996 in Rome, Conference on Human Settlements 1996 in Istanbul; these global conferences are as a rule amplified by follow-up conferences on the same topic every five years, e.g. the conference in 2000 in Geneva in relation to the Summit for Social Development.

future” (environmental agenda). It is based on the assumption that industrialised and developing countries have vital interests in common and consequently form a “*community with a shared security and fate*”².

Human security can only be improved if the principles of “*good governance*” are asserted. For some time now, respect for *human rights* in particular is no longer assured through the legislation of individual states alone. They have become universally recognised and legally enforceable norms which regulate the conduct of the community of states and that of private individuals.

2.1.2.3 Protecting the environment in a sustainable manner

The Earth Summit in Rio de Janeiro in 1992 constituted a turning point in international environmental and development policy; endeavours in the environmental sphere are increasingly becoming a central focus of state activity. The conference underlined the need for sustainable development as a precondition for securing the future of our planet.

In Rio a comprehensive action plan, known as *Agenda 21*, was adopted. It forms the basis of a worldwide partnership and aims to bring the objectives of a high-quality environment and an efficient economy for all into line with each other. Agenda 21 outlines the need for action at global, regional and national level; in addition the Earth Summit encouraged the establishment and further elaboration of principles, norms and legal instruments in the environmental sphere.

A certain amount has been achieved already: to date well over 100 multilateral agreements in the environmental sphere have been concluded, which have resulted in some successes in fields such as the protection of the ozone layer or the control of hazardous waste and genetically modified organisms.

Yet the challenges which the international community faces concerning the sustainable use of natural resources have increased rather than decreased in the last decade: each year one per cent of the world’s forests is lost. One fifth of the world’s population continues to consume over 60 per cent of global energy production. In the next 50 years the global population is set to increase from the current level of 6 billion to 9 billion, which will lead to an even greater demand for natural resources. A majority of these new arrivals will not, even in the foreseeable future, have any choice but to live and work in an environmentally friendly way.

A number of different studies warn of approaching climatic changes. Governments worldwide will be forced to confront environmental problems such as rising sea level, increased desertification, etc.

2.1.2.4 Migration

The enormous divergence in population growth between North and South is of the utmost significance for the migration problem. Most countries of the North are confronted with a rapidly ageing population and with low or even negative population growth rates, while the South has to contend with the problem of a rapidly growing population. In many cases these people face - besides conflicts and natural disasters - an increase in poverty which can hardly be resolved at individual level. Poverty-related factors are therefore of prime significance as causes of emigration: lack of opportunities to earn a living, inadequate sources of food or clean drinking water, poor health care provision and an absence of educational opportunities play an important role in individual decisions to emigrate. To these may be added

² cf. also the “*Millennium Declaration*” by UN Secretary-General Kofi Annan of 3.4.00
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environmental depredation, shortage of resources, bad governance and abuse of human rights as well as political, religious and ethnic tensions.

From the western European point of view, *eastern Europe and the southern Mediterranean area* are the regions with the greatest migration potential at present. Migrants mostly seek better living conditions in the country in which sizeable groups of people of the same origin have already settled because of past colonial links or earlier labour market policies, for example Moroccans in Spain, Algerians in France, Tunisians and Albanians in Italy, and nationals of the former Yugoslavia and Turkey in Germany or in Switzerland. However crises and conflicts in other regions of the world can rapidly alter this picture.

As a result of increased migration, virtually all western European states have tightened up their *asylum legislation* in recent years. The EU is currently creating a unified asylum and migration zone in Europe. In the coming years it will play a decisive role in the harmonisation of these fields.

The migration problems cannot be dealt with either by tightening up asylum legislation or by facilitating access to labour markets. It is only by reducing the causes which trigger migration that an easing of immigration pressures on the industrialised countries can be assured in the long term. It has also been recognised that unlimited or uncontrolled immigration can lead to major domestic tensions.

Besides the problems concerning the integration of people from other cultures, one cannot overlook the fact that most European states are also faced with growing problems concerning old age pensions because of the ageing of their populations. According to expert opinion, at least 20 million people seeking work would have to settle in western Europe in the next 20 years to guarantee the financing of pensions for those retiring from working life during this period. Even economic and scientific³ development is dependent on a certain immigration: some economic sectors, for example agriculture, the construction industry or tourism, rely to a large extent on the input of migrant workers. The sums which migrants frequently send back to their home countries constitute a positive contribution to development, as does the transfer of knowledge by those who return home.

2.1.3 Leading players in international politics

2.1.3.1 Shifts in emphasis between states and regions

Ten years ago a world order which was heavily influenced by the “*balance of terror*” backed up by the threat of nuclear war came to an end. Affiliation to one of the two ideological blocks had determined the stance of many states in the world until that time. Today there is only one superpower left, the *USA*, which occupies a pre-eminent position in economic, political, technological and military terms. The *USA* is at present the only military power capable of deploying its resources worldwide. Furthermore, American domestic politics influence the global agenda in a way which is quite unmatched.

Besides the *USA* a number of states or groups of states exert increasing influence as major regional powers. Thus it is often said that the bipolar world order, determined by the *USA* and the Soviet Union, has given way to a *multipolar world order*. This order is determined by regional poles which have formed in connection with various themes:

- First among these is the *European Union* which has become the most important partner and sometimes even a competitor of the *USA*, and not only in terms of world economic relations. The *EU* has also raised its profile in foreign and security policy.

³ In Switzerland itself, the traditionally high proportion of foreign nationals in academic life contributes greatly to Switzerland's outstanding reputation as a centre of research and to enhancing innovation.

- The disbanding of the Soviet Union has aggravated the previously existing internal crises of an economic, social and political nature. Despite its economic weakness and need for social reorientation, *Russia* remains a major power particularly in the field of security policy.
- At the beginning of the 90s *Asia* was set to emulate Europe's economic success; many commentators were already speaking of the coming "*Pacific century*". However the Asian crisis at the end of the 90s set many states in the region back by several years. *Japan* has also had to contend with structural problems in recent years. *China's* influence in the world has increased, not least because of its economic liberalisation endeavours and the economic dynamism and appeal which this has triggered. Moreover, China strongly increased its military capability in the past decade. *India* seems, due to its size, its technical possibilities, its large population and its growing competitiveness, to be in a position to become a regionally influential power in the foreseeable future.
- *Brazil, South Africa and Egypt* have similar potential. However *many states in Asia and Africa* will have internal problems to contend with in the coming decade also. Despite regional differences it may be observed that underdevelopment, sluggish economic growth and weak state structures characterise the position of most states in the world. This is also true of some countries in *Latin America*. At the beginning of the 90s promising efforts to achieve greater democracy and a market economy were being undertaken in this continent. However in the last few years the states of Latin America, above all those whose territory includes the Andes, have been confronted with serious problems particularly of a social nature.

Today it is not possible to foresee in any detail how the structures of a multipolar community of states will develop over the next decade. However it can be stated with certainty that international and global challenges are beyond the problem-solving capacity of individual states. They require international regulation. The tendency for the sphere of action to shift from the national to the international arena has increased markedly in the 90s. This will continue, partly in response to the process of globalisation.

States, particularly the *major powers*, will continue to exert an important influence in world politics. The latter will still be prepared to assert their interests unilaterally should the need arise.

However states are no longer the only decision-makers in global politics, a situation which has existed for some time now. The modern world is shaped by various players: *states, international organisations, informal groups of states, non-state players and social forces*.

2.1.3.2 International organisations and informal international cooperation

The *dynamism and reorientation of international organisations* and the *growing significance of regional forms of cooperation* have extensive repercussions for international cooperation between states.

Of the 190 states in the community of nations, 189 are members of the *United Nations*. Only Switzerland (besides the exceptional cases of the Holy See and Taiwan) is absent. The *World Trade Organisation* (WTO) already includes 137 states and is conducting accession negotiations with a further 30 countries, including influential countries such as China, Russia and Saudi Arabia. In the *Bretton Woods Institutions* over 180 states are members of the International Monetary Fund and the World Bank.

At the same time *regional forms of cooperation* have been reinforced. Examples are:

- The EU's enlargement negotiations with applicant states, numbering 12 at present⁴.
- NATO's "Partnership for Peace" with 27 partner states, including all the former Warsaw Pact states.
- The activities of the OSCE, which has greatly increased its operational capacities as well as its overall membership.
- The work of the Council of Europe, which now monitors compliance with its principles (good governance, respect for human rights) in virtually all European states.
- The growing importance of the International Organisation of the Francophonie.
- The negotiation and conclusion of free trade agreements by the EFTA states with European and non-European partner countries.
- The increasing influence of organisations such as NAFTA and Mercosur on the American continent and parallel endeavours in Asia (ASEAN, APEC, ASEM) and in Africa (OAU and SADC).

Moreover, in the 90s an increased *tendency towards the formation of informal groupings of states* could be observed. The group of seven leading industrial nations (USA, Japan, Canada, Germany, France, Great Britain and Italy) was enlarged to become a group of eight (G 8) with the inclusion of Russia. A new group of states and institutions, known as the group of 20 (G 20), has been formed with the aim of maintaining the stability of the international financial system. It consists of the G 8 states, other selected industrialised countries and important transition countries as well as representation from the EU and the Bretton Woods Institutions. With the creation of the "Financial Stability Forum" in 1999 a further informal grouping involving similar countries and the participation of multilateral financial institutions was established. Like-minded states increasingly work together within informal structures, for example in the fields of human security or the environment.

The activities of the International Committee of the Red Cross (ICRC) are especially important. This organisation is not only the guardian of international humanitarian law but plays a decisive role in many humanitarian actions.

2.1.3.3 Non-state players

Among the influential *non-state players* are the *commercial enterprises*, above all those which are active at global level. Their significance as employers, investors, partners in industrial relations and vehicles of technical and social developments cannot be overestimated. In contrast with many other non-state players their cross-border activity is increasingly subject to rules of conduct laid down for them by the community of states, for instance the "guiding principles for the conduct of multinational enterprises" of the OECD or the "declaration on fundamental rights and principles at work" of the ILO.

In many domains *non-governmental organisations* have matured into players of global stature. Besides their commitment at local level non-governmental organisations attempt in particular to establish international frameworks in the spheres of the environment, North-South relations, social norms, human security and human rights. For some time it has been evident that these players – particularly through the use of new information technologies – are evolving into a real "global civil society". This civil society embraces countless associations, citizens' initiatives and other movements which seldom pursue the same goal. Amnesty International, the World Wide Fund for Nature, Greenpeace and others have become real multinational enterprises, employing thousands of people and exerting an influence worldwide. Other non-governmental organisations are active at local level and address problems whose effects are felt on a more limited scale.

⁴ Turkey has already been accepted as a 13th applicant for membership. However formal accession negotiations with this country will only begin when certain political preconditions are fulfilled.

The influence of the *media* on the formation of national and international opinion has further intensified. In the modern information age the weight of the media cannot be underestimated, and frequently determines the agenda of political activities.

There has been a massive rise in the significance of *organised crime* at international level. Criminal groups often have ample sources of cash at their disposal, particularly from the proceeds of the trade in drugs, arms and human beings, from protection rackets or the illegal exploitation of natural resources. Capital flows of dubious origin have greatly increased worldwide.

Furthermore, the activities of *rebel and freedom movements* are of considerable significance in world politics. Even before the age of globalisation religious communities have been important, sometimes internationally active players.

2.2 The European arena

2.2.1 The European Union

The evolution of the EU over the last decade was described in the Federal Council's Integration Report 1999. The following remarks are therefore limited to the principal lines of development.

The EU has taken advantage of the increased scope for action which arose through the ending of the Cold War. In the past decade it has completed its Single Market, introduced a common currency, strengthened its foreign and security policy and is currently defining its defence policy framework. With the introduction of the *euro* the EU has demonstrated its intention to assume responsibility and to take decisive action on the world stage in an important economic area. As a community of common interests and values it has become the decisive political factor in Europe, exerting a strong attraction upon the states of central, eastern and southern Europe. In recent years the EU has become a global player and has shown that it intends to continue along this route in the future also.

Austria, Finland and Sweden, partners of Switzerland for decades in European policy matters, joined the Union in 1995. At present it is conducting *accession negotiations* with 12 states in central, eastern and southern Europe. In the past decade the Union has vigorously supported the necessary political and economic reforms in these states and has thereby made a significant contribution to Europe's security and stability.

The planned enlargement presents the European Union with major challenges. The accession of new states will alter its face and at the same time alter Europe. For the Union, the move towards enlargement entails the risk of reducing its power to determine the shape of politics and the economy. The EU is therefore in the process of reforming its institutional structures. The ongoing Intergovernmental Conference must decide on some issues of principle, that is to say:

- The number of commission members.
- Establishing the areas in which majority decisions are possible (dispensing with the principle of unanimity).
- Weighting of the votes of member states with regard to majority decisions.
- Greater flexibility in future policies.

The resolution of these issues will be decisive for the nature of the balance between small, medium-sized and large member states, the role the individual EU organs will play and the institutional framework in which the worldwide relations between the EU and the other major powers such as the USA, Russia, Japan or China and important regions such as the Mediterranean, southern Latin America, Asia and Africa will be shaped.

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Whether these reforms will be sufficient to equip the greatly enlarged Union to conduct a domestic European policy as well as a foreign, security and defence policy is an open question. It forms the backdrop to the debates which are currently taking place on the creation of a “*Federal State of Europe*”, on a “*Europe of variable geometry*” and on increased democratic support for EU institutions. This debate has gained in importance due to the recent negative result in the Danish referendum on the introduction of the single currency. The Danish decision has shown that new steps towards integration do not always meet with a popular response, and that at least in some member states deep-rooted opposition to the further transfer of powers to supranational organs still exists.

2.2.2 European security structures

Developments in the field of security

With the ending of the Cold War the conventional threats associated with power politics have clearly decreased. The arms race has been checked through various agreements and unilateral actions of some nuclear powers. Other dangers and risks are now coming to the fore. The security policy endeavours of modern European societies are increasingly directed towards *dealing with internal tensions and conflicts within states*, which have a destabilising effect not only at regional level but can also threaten peace in Europe, and further towards combating *organised crime and terrorism* and reducing the *vulnerability of technological systems*.

Against this backdrop the European security order is undergoing a process of fundamental change, which the Federal Council described in its Security Policy Report 2000. To recall the key points:

- Enlargement of NATO.
- Creation of the Partnership for Peace.
- Willingness on the part of the EU to undertake peacekeeping tasks.
- Expansion and enhancement of the OSCE.
- Commitment of the Council of Europe (“*security through democracy*”).

NATO intervened repeatedly and decisively in the clashes in the Balkans. Without its commitment and without the stationing of troops, the establishment of peace in Bosnia-Herzegovina would have been barely conceivable. By deploying its forces against the Federal Republic of Yugoslavia it created the prerequisites for the extensive international presence in Kosovo.

Threats to internal security through organised crime

Cross-border organised crime has become increasingly significant as a result of globalisation, through the new possibilities offered by information technology and telecommunications and through the opening up of the East and the Balkan crisis. A worrying fact is that an increase in the professionalism, level of organisation and unscrupulousness of the offenders has become evident. The insinuation of international crime into normal business life through money laundering, corruption and other practices of economic crime threatens not just the stability of eastern Europe and other transition countries but also that of the highly-developed and internationally integrated economies, and represents one of the greatest challenges of the modern world.

With the Amsterdam Treaty, in force since 1 May 1999, the European Union is striving to consolidate a European area of freedom, security and justice. Through this Treaty important policy areas such as immigration, asylum and visas have been brought within the competence of the EU. At the same time greater police cooperation as well as international

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mutual assistance in criminal matters and administrative assistance have improved the instruments for combating organised crime. Thus a further layer has been added to some existing forms of European and worldwide cooperation, which restricts the opportunities for non-members of the EU, above all Switzerland, to participate.

2.2.3 Problem areas in Europe and on the borders of Europe

South-eastern Europe

No other European region has dominated the foreign policy agenda of the continent to such an extent and presented such a challenge to European security as the Balkans. Since 1995 the international community has assumed the role of maintaining law and order in Bosnia-Herzegovina, and since 1999 in Kosovo also. It combines military presence with the restoration of political, judicial and administrative structures.

The objective pursued by the EU and NATO of bringing the states of south-eastern Europe gradually into line with the Euro-Atlantic structures is a long-term endeavour which will require extensive resources and efforts for many years to come, and which only has prospects of success if all the measures are incorporated into a comprehensive regional framework. The *Stability Pact for South-Eastern Europe* attempts to move closer to this objective through an integrated approach.

No illusions exist concerning the difficulties which have to be overcome in this context. Peace in the Balkans can only be achieved on the following conditions:

- Serbia must embrace democracy and political stability following the transfer of power in October 2000.
- The position of Kosovo and Montenegro has to be clarified.
- The successor states to Yugoslavia must tackle the urgent economic and political reforms.
- The refugees and exiles should be able to return.
- Organised crime must be combated successfully.

The stabilisation of south-eastern Europe will remain one of the great challenges and tests for Europe in the decade ahead.

Successor states to the Soviet Union

The break-up of the Soviet Union was the most significant event of the last decade. Unlike south-eastern Europe, the successor states to the Soviet Union were able to go their separate ways peacefully. They have all become members of the OSCE and many of them aspire to membership of the Council of Europe. Besides the Baltic states Russia, Ukraine and Georgia have already been able to take this step; Armenia and Azerbaijan are working towards it.

Yet internal conflicts have broken out in some states. Some conflicts continue to smoulder, for example in the Caucasus. The greatest challenge for all the states of the former Soviet Union is to surmount the serious economic crisis. In particular the privatisation of state-owned enterprises, reform of the social welfare system and problems in the environment and energy fields place considerable demands on all the successor states to the Soviet Union, but especially on *Russia* and *Ukraine*. A particular difficulty which should also be mentioned is the increasing influence of organised crime, which threatens stability and reforms in some successor states to the Soviet Union.

In the Soviet Union, the *states of central Asia* took on the role of suppliers of certain raw materials. They are placed at a disadvantage by arbitrary borders which do not take account of existing economic structures and ethnic points of view, and which result in an unequal

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division of development potential and natural resources. Added to this are problems relating to the consolidation of independent states, particularly weak democratic structures.

The Mediterranean area

The overall economic and social conditions of this region (Middle East, Maghreb and Turkey) are determined by major differences in development status and economic performance, by strong population growth and by tensions between the demands of modern methods of government and social change. Furthermore, in some states there are serious problems concerning lack of respect for basic rights and human rights. In the Middle East many countries are in a latent state of war, which leads to great tension or even to outbreaks of violence from time to time.

In many countries Islam is a key issue, both in its relationship to the state as well as to society. Religious fundamentalism has its roots not only in the inadequate conditions which prevail in some countries of the region; it is also the expression of a move away from classical models of society and politics in the western European mould and a means of recalling “*traditional values*”. When fundamentalist movements use terrorist methods to achieve their aims they become a grave threat to societies which cherish freedom.

An enormous economic gulf exists between the northern and southern shores of the Mediterranean, and relations between North and South are dominated by different interests. The South seeks access to the prosperity of the North, markets for its agricultural products and open labour markets for its rapidly growing population. The North is interested above all in peace in the Middle East, stabilisation of Turkey’s strategic position, political stability and economic development in the southern Mediterranean, and in reducing immigration pressures. The promotion of political, economic and social developments which reinforce “*good governance*” and thus help to reduce the potential for conflict and the causes of migration is therefore of the utmost importance, from the point of view of the North. The European Union took an important step along this route with the decision, taken in 1999, to grant Turkey the status of an official applicant for membership.

2.3 International challenges of the future

No country determines its foreign policy agenda in isolation. Foreign policy consists largely, but not exclusively, in reacting to international developments or participating in shaping the course of events in a planned fashion. Often such developments are not foreseeable, and the art of foreign policy is thus to act rapidly, efficiently and in the interests of the country.

Some of the substantial foreign policy issues and problems which Switzerland must deal with in the coming decade have formed part of the spheres of activity of Swiss foreign affairs for years. Thus the global and European developments described will also feature strongly in the years ahead. Many of the priorities which Switzerland has established in the conduct of its foreign policy recently will continue to be of importance. Swiss foreign policy is characterised by continuity and predictability.

However it is clear that several global questions and challenges, some of them new, will place increasing demands on states and peoples in the 21st century. Changes and developments are becoming apparent which will be of enormous long-term and sometimes revolutionary significance for the ways in which people live and for the coexistence of states⁵. However it would be a mistake to view these issues as a matter for foreign policy alone.

⁵ cf. also the “*Millennium Declaration*” by UN Secretary-General Kofi Annan of 3.4.00
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2.3.1 Peace

Creation of a world community living in peace

- *Everyone should be able to live without fear.* The prevention of violent conflicts between states, and particularly those within individual states, is of paramount importance. Economic and social conditions must be shaped in such a way that they prevent violence. The effectiveness of peace promotion campaigns must be increased, and sanctions policies must be more flexible. International law plays an influential role in this context. The regulatory framework of international law must be strengthened.
- Methods of tackling *modern forms of threat* must become more efficient. This includes measures against organised crime, the production of and trade in drugs, money laundering, and also terrorism.
- The spread of weapons of mass destruction must be contained.

Securing basic needs for all

The challenges can be summarised as follows:

- Demographic development, feeding a rapidly growing population, provision of clean water supplies, combating epidemic diseases.
- Sustainability in human interaction with the environment.

The question of how far some of these challenges could be overcome through *advances in biotechnology and gene technology* will give rise to controversy. The manipulation of genes could potentially solve the problem of hunger for millions of people, but it also creates unimaginable and sinister possibilities for intervention into every form of life, including human life. Accordingly biotechnology must, to a greater degree than other sciences, consider the political and social consequences associated with each new advance, and if necessary develop appropriate solutions. Such an approach can only be carried through worldwide by means of international cooperation and through the assumption of responsibility by all states.

2.3.2 Prosperity and poverty

These objectives include:

- Creating the conditions for socially and ecologically sustainable economic growth and for employment.
 - Liberalising foreign trade in goods and services.
 - Promoting investment.
 - Liberalising the movement of capital.
- Stability of the international financial system.
- Combating poverty and inequalities.
- Promoting the integration of transition countries and developing countries into the world economy.

Sustainable development, combating poverty and the promotion of economic prosperity are not possible in the developing countries without “*good governance*” and the acceptance of responsibility by those concerned; behind the watchword “*empowering people*” lies the requirement for people to be given a greater say in the shaping of their surroundings.

The need to ensure well-ordered development calls for an improvement in the international framework for global action, whether in the economic, financial or social sphere. However the sustainable promotion of prosperity is also conditional upon the creation of good

underlying conditions for the industries of the future. It is not only a question of “new” industries, but also of radical changes within traditional industrial sectors.

The search for global solutions will inevitably heighten awareness of *cultural differences* as well. Thus the assertion of the universal validity of certain basic values, particularly human rights, is increasing in significance. Consequently globalisation also requires an intensified dialogue between civilisations.

2.3.3 Life in the digital age

The rapid development of the digital age and the all-pervasive presence of digital technology in life and society will call for special regulations, for example in the fields of data protection, personal privacy and intellectual property. The social repercussions for schools, the economy and society are inestimable also.

The issue of how a “*digital two-tier society*” can be prevented, separating the “*connected*” from the “*others*”, is of particular importance nationally and worldwide. Countries and populations which do not enjoy the necessary preconditions of a political, social and economic nature run the risk of losing out in relation to worldwide structural change. It will therefore be necessary to develop global strategies which help to prevent new inequalities.

2.3.4 Conclusions

These topics will demand Switzerland’s attention also. It too will be required to reach political decisions and undertake social adjustments as a result. In so far as these challenges are of significance for foreign policy, the latter certainly cannot claim to have ready answers to every question. But one essential observation surely emerges: *these global issues far exceed the capacity of an individual state to respond and find solutions*. If Switzerland wishes to make any contribution to the realisation of global responses, it will only be able to do so in close collaboration with other states. The fact that these “*other states*” are, in Switzerland’s case, primarily the states of Europe is clear on the basis of common values, traditions, convictions and interests.

3 Guidelines, objectives, and priorities of Swiss foreign policy in the decade ahead

The Federal Council wishes to set out the guidelines, objectives and priorities of its foreign policy, as follows:

- The *guidelines* describe the legal framework deriving from the new Federal Constitution which was approved by the people and the cantons on 18 April 1999. They address the question of grounding foreign policy in domestic policy, examine the conflict between safeguarding interests, the status of neutrality and Switzerland's international responsibility, and describe working procedures in foreign policy.
- The foreign policy *objectives* outlined in the new Federal Constitution constitute the guiding principle for the Federal Council in establishing priorities. *Thematic priorities* give concrete form to the substance of these objectives, *institutional instruments* serve to implement these priorities and finally *greater concentration of geographical priorities in bilateral foreign policy* results in an efficient use of resources.

3.1 Guidelines

3.1.1 Visions and realities

A country which ascribes visionary objectives to its foreign policy needs charisma, drive and the means to convert them into reality. The objectives which the new Federal Constitution sets out for Swiss foreign policy display visionary character. The Confederation is entrusted with defending a world of peace, freedom and justice. Increased wellbeing for all peoples, overcoming need and poverty and preserving the environment are challenges whose implementation requires visionary energy. And is the image of a free, democratic, independent and peaceful Switzerland, which stands before the world in solidarity and openness, not also a vision?

However those who cherish visions must also be prepared to pursue them steadfastly. If Switzerland has a vision of a world community in which states and societies live together in prosperity, security, peace and justice, it must have the will to join the United Nations which works towards these goals. Equally, if our country cherishes the vision of a united Europe in which states work towards peace and prosperity, then we must be resolute in addressing the question of joining the EU.

It is not always possible to draw a clear distinction between visions and objectives. The more abstract the objectives, the more strongly their visionary character emerges. The five foreign policy objectives which the Federal Council defined in its Foreign Policy Report of 1993 are so comprehensive and all-embracing that they point to a visionary dimension. In this respect it is characteristic that they are in accordance with the foreign policy objectives of our European partners, and indeed even with the principles of the United Nations.

Against the background of the international developments of the 90s and the challenges of the future the Federal Council wishes to:

- Examine the general conditions, principles and decision processes of Swiss foreign policy.
- Determine the priorities of Swiss foreign policy and the means of achieving them over the next decade.

3.1.2 General conditions, principles and decision processes

3.1.2.1 Legal framework

On 1 January 2000 the new Swiss Federal Constitution came into force, reflecting the outcome of an intensive intellectual debate on the objectives, principles and instruments of Swiss foreign policy. In place of the previous wording, taken from the Confederation Pact of 1815, “*preservation of the outward independence of the fatherland, maintenance of internal peace and order*”, the new Article setting out the Confederation’s purpose states: “*The Swiss Confederation shall protect the liberty and the rights of the people, and shall ensure the independence and security of the country*”⁶.

In the knowledge that interdependencies and the interface between developments in foreign and domestic policy shape all fundamental decisions of the modern state, the Federal Constitution instructs our country to pursue the following objectives in foreign policy:

- To strengthen liberty and democracy, independence and peace in solidarity and openness towards the world⁷, conscious of common achievements and responsibility towards future generations⁸.
- To protect the liberty and the rights of the people and ensure the independence and security of the country⁹.
- To promote the common welfare, the sustainable development, the inner cohesion and the cultural diversity of the country¹⁰.
- To strive to secure the long-term preservation of natural resources, and to promote a just and peaceful international order¹¹.

Article 54 paragraph 2 of the Federal Constitution sets out the following objectives for foreign policy:

“The Confederation shall strive to preserve the independence of Switzerland and its welfare; it shall, in particular, contribute to alleviate need and poverty in the world, and to promote respect for human rights, democracy, the peaceful coexistence of nations and the preservation of natural resources.”

Concerning foreign trade policy, Article 101 of the Federal Constitution emphasises:

“The Confederation shall safeguard abroad the interests of the Swiss economy.”

Lastly the Federal Constitution contains the following norms relating to organisation and competence which are of significance for Swiss foreign policy:

- In accordance with Article 180 of the Federal Constitution the Federal Council “*shall determine the goals and the means of its government policy. It shall plan and coordinate the activities of the state.*”
- Our Federal Constitution assigns to the *Federal Assembly* important opportunities for shaping foreign policy¹². In the past decade, *cooperation with the Swiss Parliament* on foreign policy issues has already been considerably expanded. In particular, the experiences gained concerning parliamentary support for the negotiation process in the

⁶ Art. 2 para. 1 FC

⁷ FC, Preamble

⁸ FC, Preamble

⁹ Art. 2 para. 1 FC

¹⁰ Art. 2 para. 2 FC

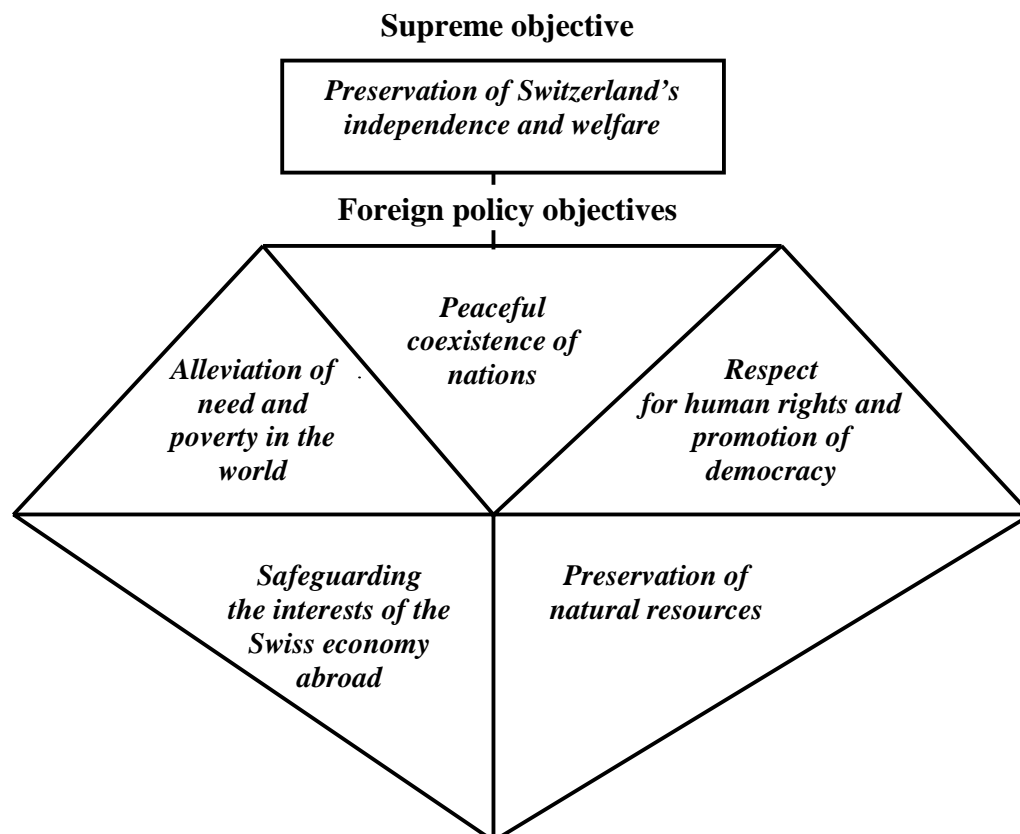
¹¹ Art. 2 para. 4 FC

¹² Art. 166 and 173 1 a. FC

seven bilateral treaties with the EU have contributed to a clear enhancement of parliamentary influence in foreign policy.

- The *cantons* are also increasingly involved in foreign policy decision-making, which is reflected in the Federal Constitution¹³. Moreover, the relevant constitutional provisions have been given concrete expression through the “*Federal Law on the Participation of the Cantons in the Foreign Policy of the Confederation*” of 22 December 1999.

With the introduction of the new Federal Constitution, Switzerland’s five foreign policy objectives have been reformulated and can be presented as follows:



3.1.2.2 Domestic base

In the Swiss constitutional system, which is based on a wide participation of the people and the cantons in politics, foreign policy must also be of concern to everyone. The public has a right to be informed about all the important foreign policy processes. The Federal Council therefore has the task of conducting its foreign policy in constant *dialogue* with the Swiss public and the numerous domestic players.

Domestic and foreign policy are inextricably linked. Domestic policy decisions are influenced to a considerable degree by international developments. The growing role which international developments and – in response to them – international cooperation and international agreements play restricts the room for manoeuvre at national level.

Foreign policy is also *the continuation of domestic policy in the external sphere*: by promoting peace in Kosovo, Switzerland it is also attempting to reduce the potential for migration to our country; with its policy of active development cooperation in southern

¹³ Art. 54 – 56 FC

Africa, our country is also aiming to place recipient societies in a position where, in the long term, they can become partners in the world market and thus interesting markets for the Swiss economy. The list could go on: crises and problems beyond Swiss borders cannot be kept permanently at bay, they have direct consequences for our jobs, for immigration, in short for the security and prosperity of Switzerland. Therefore Swiss foreign policy also aims to influence decisions abroad in such a way that domestic scope for action is not unduly limited. Foreign and domestic policy cannot be separated; frequently they are simply two sides of the same coin.

Without continuing domestic support Swiss foreign policy would lack democratic legitimacy and control as well as feedback from the political, economic and social forces of our country. *Broad domestic support* is a prerequisite for implementing the Federal Council's intended policy of gradually opening up our country and assuming greater responsibility in world politics.

As a result of the activities in the last decade and the public debates on individual issues of substance, Swiss foreign policy can count on the comprehension of the citizens. Ultimately it is the people who decide in Switzerland – and, depending on the issue in question, together with the cantons - on all important questions of foreign policy.

Decisions in foreign policy require a knowledge and understanding of international connections and their effects on domestic policy topics. Through a targeted *campaign for better information and education* the Federal Council wishes to promote awareness of Switzerland's opportunities to take action and the factors which limit this. The intended intensification of public information campaigns is based on the fact that information constitutes a market in which even the Federal Council's foreign policy must hold its own, with new forms of communication. For this reason, in the coming decade, the Federal Council will pursue a coherent and co-ordinated information policy on the basis of a foreign policy information concept which places the individual foreign policy objectives and measures within its full context. Furthermore the Federal Council wishes to stress the special importance of *information for young people* and, with this aim in view, it is planning to increase, together with the cantons, cooperation with educational establishments of all levels.

Further intensification of the close cooperation which already exists with the realm of science will be of particular importance. As part of the National Research Programme "*Bases and Possibilities for Swiss Foreign Policy*" (NFP 42), which was commissioned in 1995 and covers a total of 58 research projects¹⁴, the exchange of ideas with the academic world has been intensified considerably. This exchange is also helpful in subjecting the Federal Council's projects to external examination, in assimilating new scientific findings and in formulating improvements for the future from the external evaluation of the work carried out.

Yet the Federal Council cannot assume sole responsibility for a better understanding of issues of substance in foreign policy. This also requires the efforts of Parliament, the cantons, the political parties and other politically and socially influential forces in our country.

3.1.2.3 A policy of interests and neutrality

Swiss foreign policy aims to safeguard Switzerland's interests. At the same time it is an expression of the responsibility which our country has to assume as part of the community of states. Seen in this light, the twin concepts of *safeguarding interests and responsibility* give

¹⁴ The publication of a comprehensive scientific synthesis of the research results is scheduled for the second half of 2001. The results of NFP 42 were published in August 2000.

expression to the ethical basis of a *sustainable, future-oriented policy*. This ethic is one of a balance of rights and obligations between equal partners and partner countries, which requires that conflicts of interest are settled according to the rules of legitimate claims, and not those of the power relationships between partners and claimants.

Swiss foreign policy must be based on a programmed approach if it wishes to be more than the sum of bilateral relations between sovereign states. Foreign policy as a programmatic whole has, in turn, clear connections with many areas of domestic policy.

The international developments described are so closely interconnected, have such rapid effects regardless of state borders and are so demanding that they can only be addressed through cooperation between states, international organisations and private and public players in foreign policy. Moreover, the process of globalisation requires *fresh ways of thinking and working*: in future, even more so than before, integrated responses to complex problems will be necessary. Such responses will have to take account of the diversity of the players involved and of the nature of the problems.

Intensified global competition compels Switzerland to continually enhance its appeal as a centre of economic activity as well as the productivity of Swiss enterprises. As part of this process, liberalisation and the deregulation of markets are sometimes indispensable economic necessities. At the same time ecological and social goals must be included, for instance through new models of safeguarding essential supplies and social security, as well as through market economy incentives to pursue commercial activities while taking into account available resources and the environment.

In this context the Federal Council will bear in mind that our country's influence in foreign affairs is heavily dependent on its economic importance. Defending economic interests abroad remains one of the core elements of Swiss foreign policy. For a country which has to concentrate largely on the manufacture of high-value products and services owing to its lack of natural resources, good political and economic relations with every state are the precondition for safeguarding its interests effectively. The *universality of foreign policy* does not exclude the setting of priorities, especially not in the economic sphere. In any event this is a necessity due to limited financial and human resources.

By remaining politically absent, the *risk* that our country's future will be *determined by economic and political decisions taken abroad* is heightened. Increasingly, important questions can only be resolved at international or regional level; *multilateral politics* have become, politically and economically, the predominant arena for action.

In view of the quickening pace of technological, economic and political changes in the world, the Federal Council is convinced that an active foreign policy which shapes events will be to the political and economic advantage of our country. The intention of this forward-looking policy is not only to react to international challenges but to play an active part in shaping overall conditions worldwide.

The new international conditions have particular repercussions for Switzerland's security policy and are therefore also of major significance for the *formulation of Switzerland's policy of neutrality*: as the Federal Council last explained in its Security Policy Report 2000, the two traditional pillars of Swiss security policy, *independent self-defence and neutrality*, have become much less important for the preservation of security in Europe in the last decade. Switzerland cannot guarantee its security through its own efforts alone; it is dependent on cooperation with others to achieve this. "*Security through cooperation*" is therefore the principal theme of the new Swiss security policy. Against this background the Federal Council will continue to pursue the strategy already expounded in the Neutrality Report 1993 and confirmed in the Security Policy Report 2000: the *retention of neutrality*

Unofficial English translation

coupled with consistent utilisation of the available scope for action are appropriate ways of making a useful contribution to security and peace in the world.

Our country's neutral status does not prevent it from further intensifying international cooperation in the security policy sphere nor from supporting non-military sanctions which the UN or the relevant group of states such as the OSCE or the EU impose against an offender. Swiss support for military measures while preserving our country's neutrality will, in the future also, only be authorised if these measures are in line with the prevailing and generally recognised international law.

3.1.2.4 Coordination tasks

A consistent and coherent foreign policy is an essential precondition for safeguarding Switzerland's international interests to optimum effect. While preserving the responsibilities of the individual Federal Departments, the Federal Department of Foreign Affairs (DFA) coordinates Switzerland's foreign policy activities. The Federal Council has assigned the DFA the following coordinating role:

- The DFA shall ensure "*in cooperation with the other Departments the coherence of Switzerland's foreign policy*" (Organisation Ordinance of the DFA of 29 March 2000)¹⁵.
- "*It shall coordinate the foreign policy activities of the Departments and Offices and, to this end, shall work closely with all the administrative bodies concerned*" (Organisation Ordinance of the DFA of 29 March 2000)¹⁶.

The implementation of Swiss foreign policy presents considerable challenges in terms of its coherence. The Federal Council is attempting to improve the relevant procedures in such a way that inconsistencies between individual specialist areas are reduced, so that the credibility of its foreign policy at home and abroad is maintained. Conflicting objectives are a normal concomitant of political decisions. Therefore the Federal Council wishes increasingly to formulate *quantifiable goals*. The resolution of a substantive foreign policy issue must be in line with the constitutional norms in question. *Comprehensive multidimensional strategies* which constitute a framework of reference for the various players together with transparency in decision-making processes are appropriate instruments of a coherent foreign policy.

Of particular importance is the coordination of the various policy areas in the context of foreign relations in the event of serious violations of peace and security or infringements of fundamental principles by individual countries with which Switzerland cooperates. In such cases the Federal Council conducts an in-depth review of relations with a country and decides on the basis of clear criteria to break off partially or completely cooperation with it (known as "*political conditionality*").

The criteria are, in particular:

- Grave violations of peace and security (war, inciting conduct likely to lead to war, state intimidation).
- Serious infringements of human rights, especially grave discrimination against minorities.
- Absence of efforts to achieve good governance; this includes deliberate and consistent prevention of measures aimed at reform.
- Interruption or reversal of processes of democratisation.
- Lack of willingness on the part of a state to accept the return of its own nationals.

¹⁵ SR 172.211.1 (Art. 1 para. 2 b)

¹⁶ SR 172.211.1 (Art. 2 a)

The application of political conditionality is not automatic. It is rather a question of keeping the aim of a particular measure in mind and, depending on the situation in each case and in accordance with the principle of proportionality, selecting the best possible option to safeguard Swiss interests. In order to improve cooperation which is under threat, the emphasis should be placed on positive measures. The Federal Council takes the view that targeted measures in the partner country can help to rectify the specific circumstances criticised by Switzerland in cooperation with the government or groups which play a part in civil society.

Partial or complete breaking off of cooperation with a country can however – as the most extreme measure – prove to be unavoidable to maintain the credibility of foreign policy objectives. The criteria described also apply to the establishment or intensification of foreign relations.

3.2 Objectives and priorities

The Swiss Federal Constitution of 18 April 1999 led to a reformulation of the foreign policy objectives which are now included in Article 54 paragraph 2 and Article 101. These five objectives are:

- Peaceful coexistence of nations;
- Respect for human rights and promotion of democracy;
- Safeguarding economic interests;
- Alleviation of need and poverty in the world;
- Preservation of natural resources.

These five objectives are described below and given concrete form by means of priorities.

3.2.1 Peaceful coexistence of nations

Priorities: *The Federal Council will make a substantial and clearly visible contribution to the **prevention of violent conflicts**. Its geographical priorities will be in south-eastern and eastern Europe and in the Mediterranean region. This does not rule out selective commitments in states in which Switzerland has particular strengths. The thematic priorities include the furtherance of democracy and the rule of law, the promotion of dialogue in the event of conflicts and reconstruction efforts. Instruments associated with migration policy such as assisting immigrants to return home can support this foreign policy endeavour.*

*The Federal Council will enhance Switzerland's **willingness to participate in dialogue and respect for cultural diversity** nationally and internationally through intercultural dialogue and through the Swiss Solidarity Foundation.*

3.2.1.1 Prevention of violent conflicts and reconstruction

Underlying Switzerland's endeavours in the field of peace policy is the realisation that conflicts often go hand-in-hand with social and political change: provided that they are carried out non-violently, they can have a positive effect on such change. Many violent conflicts of recent times are directly related to the level of prosperity, social imbalances and speed of development in a particular country. The objective of Swiss peace policy is therefore to exert an influence, within the global and regional framework, on circumstances which facilitate the non-violent resolution of existing problems. In the case of acute conflicts, the forces which work for a non-violent settlement of disputes are supported. Finally long-term endeavours in the social and institutional sphere as well as in the field of infrastructure are intended to facilitate reconstruction work and thus the settling of conflicts.

The Federal Council will therefore continue to optimise mediation activities designed for short-term application and conflict prevention resources designed for long-term effect, and to coordinate their deployment more efficiently:

- Regarding *civilian peace promotion* the instruments available will be extended to provide a lasting contribution to conflict resolution bilaterally and multilaterally. Election observers and election experts, human rights observers, civilian police and other civilian peace specialists will be brought together in a "*corps of experts for civilian peace promotion missions*".
- Switzerland's *development cooperation and cooperation with eastern Europe* as well as its *humanitarian aid programmes* will strengthen their long-term activities designed to prevent violent conflicts, and will also participate in reconstruction work.

Unofficial English translation

- In the context of *military peace promotion* the Federal Council will aim to ensure that our country can participate in those peace support operations which are conducted on the basis of a UN or OSCE mandate. In the case of armed operations, the purpose of the arms should be to enable the troops to defend themselves and to fulfil their mission. Participation in military peace enforcement actions is excluded. In this connection the Federal Council will also investigate whether, and with which resources, Switzerland might be able to make a useful contribution in future missions of the EU within the framework of the "*Petersberg Tasks*" (humanitarian tasks and rescue operations, peacekeeping tasks and combat missions to overcome crises).
- The Federal Council will continue, and where possible further extend, the existing intensive cooperation with like-minded states in the field of human security.

Geographically the peace policy endeavours concentrate on *south-eastern and eastern Europe* and the *Mediterranean region*. Specific commitments in selected states where Switzerland has particular strengths are not ruled out. In south-eastern Europe Switzerland will work mainly with international organisations, but in addition to this will continue to be active bilaterally. In other crisis areas *bilateral cooperation* or cooperation in association with like-minded states is clearly the principal focus. The Federal Council will direct bilateral endeavours particularly towards those countries and regions in which Switzerland has a well-developed network of relations, knowledge of local circumstances, and broad acceptance based on many years of development cooperation in some cases.

Regarding its thematic priorities the Federal Council will concentrate Swiss endeavours firstly on confidence-building mediation operations. Secondly it will undertake measures to promote peace within the framework of development policy cooperation, particularly in the following areas:

- Promotion of local peace endeavours, reconstruction and reintegration.
- Strengthening of civil society and of dialogue between state and civil society.
- Support for impartial forms of mediation.
- Promotion of mutual understanding and transparency in conflict situations.

Furthermore the Federal Council will devote particular attention to measures to enhance *human security*, particularly operations to remove mines and to halt the spread of small arms. Finally the efforts to *reinforce international humanitarian law* will continue.

Integrating the measures described with the activities of Swiss *migration policy* will be of particular importance. The Federal Council assumes that the *immigration pressures on Switzerland* will continue in the coming years. Nonetheless, Switzerland will continue to be dependent on a foreign workforce in the future. Furthermore the issue of immigration not only for economic but also for demographic reasons will have to be examined. Added to this are humanitarian considerations and respect for international law, especially the principle of international law which states that, where asylum-seekers who have been refused entry are repatriated to their country of origin, a secure and dignified existence must be guaranteed there ("non-refoulement"). The Federal Council wishes to place greater reliance on a comprehensive migration policy. This also entails better integration of foreign nationals in Switzerland.

In the field of foreign policy the national migration policy can be supported by combating the causes of migration, and can thus make a useful contribution to the promotion of peace in the world. Based on the positive experiences gained through the programme to assist refugees to return home to Bosnia-Herzegovina and Kosovo, similar programmes will be examined for other countries. In addition the Federal Council will conclude treaties for the return of refugees wherever possible. Switzerland's opportunities to persuade the countries of origin

of migrants to cooperate over the return of their own nationals are limited; the coordinated employment of instruments of foreign policy can be of some assistance here. The Federal Council therefore intends in future to incorporate clauses providing for the return of migrants to their countries of origin in all cooperation agreements with other states where this is appropriate (cf. Section 3.1.2.4 “*political conditionality*”).

The problem of migration cannot be resolved at the level of the individual state. If any easing of the causes and conditions which lead to migration is to be achieved, international cooperation is imperative. Within the European framework, therefore, the Federal Council is interested in participating in the formulation of standardised EU policies on migration. However the relevant possibilities depend on the EU’s interest in more intensive cooperation.

3.2.1.2 Willingness to participate in dialogue and respect for cultural diversity

Strengthening dialogue between cultures and civilisations

The traditional objective of external cultural policy is to portray the diversity and vibrancy of Swiss cultural activities abroad. The Federal Council’s endeavours to strengthen *Swiss cultural life abroad* are supported by numerous Swiss cultural institutions. In the coming years Swiss cultural policy is to be reinforced externally, to invigorate intercultural exchange.

In a globalised world, cultural issues play an increasingly prominent role. Respect for cultural diversity and understanding for other cultures and civilisations gain in importance. Culture is not simply an expression of the creativity of individuals and of nations; cultural inspirations and experiences also create common ground which fosters mutual understanding. Accordingly Switzerland’s foreign policy will increasingly encourage dialogue between different cultures. Understanding can only be fostered through a broad discussion on mutual cultural and religious values. The Federal Council intends to become more active in this field. By doing so it will help to further the discussions taking place within various international organisations on mutual tolerance, abstaining from violence as a means of asserting cultural concerns, and mutual understanding.

Switzerland can bring its own experiences to bear in this field and can support states and societies threatened by conflict in their efforts to live with their differences in such a way that violent clashes do not arise.

Realisation of the Swiss Solidarity Foundation

The Federal Council wishes to realise the project for a *Swiss Solidarity Foundation* as soon as possible. The Foundation forms part of its plan to utilise 1,300 tonnes of National Bank gold reserves for new purposes. Of these, 500 tonnes of gold are to be reserved for the aims of the Foundation. The relevant work will necessitate amendments to the Constitution and consequently a referendum.

The aims of the Foundation will include both domestic and foreign policy elements and will above all pursue the objectives of *combating poverty, preventing violence and building up functional social structures*. A particular priority will be the forward-looking nature of the Foundation. Improving the circumstances in which future generations will live is therefore central to the relevant endeavours. Besides the national objectives, the Federal Council also wishes to establish a visible emblem of our country’s international responsibility through the Swiss Solidarity Foundation.

3.2.2 Respect for human rights and promotion of democracy

Priorities: *The Federal Council will pursue an independent and distinctive Swiss humanitarian policy in continuation of the foreign policy tradition of our country. It will increase its efforts to achieve **respect for and promotion of human rights, democracy and the rule of law** through appropriate measures. The Federal Council will conduct its human rights policy in accordance with the principles of the universality and indivisibility of human rights.*

3.2.2.1 Switzerland's humanitarian policy – a tradition with a future

Humanitarian dimensions can be found in all spheres of Swiss foreign policy, especially in development, human rights, security, foreign trade, migration and environmental policy. These humanitarian dimensions aim to facilitate the protection of life and human dignity before, during and after crises and conflicts and to provide an effective and sustainable response based on solidarity to existing and potential crises and conflicts.

As described in Section 2, the threats confronting the peoples of the modern world have not diminished in the last decade. The numerous clashes which are part of the daily lives of many people are characterised by more and more efficient weapons, for example scatter bombs, which make the civilian population the main target. Added to this is the increase in intra-state conflicts, in which the most brutal methods of oppression and even extermination are used.

Another significant issue is the evident increase in natural disasters caused by the over-exploitation of natural resources, which affect underprivileged sections of society most severely.

These developments call for far greater respect for the most fundamental humanitarian rules. The significance of humanitarian commitment is increasing and the search for generally valid humanitarian principles, also applicable to internal conflicts within states, remains a urgent requirement.

Our country's worldwide humanitarian commitment forms part of our foreign policy traditions. Switzerland has established visible touchstones of this commitment as the origin and home of the ICRC and the Red Cross and Red Crescent Movement through active support for international and Swiss humanitarian organisations and for Geneva, *the* world centre of humanitarian authority. Numerous programmes and projects are supported through the Swiss Disaster Relief Unit and Switzerland's humanitarian assistance. Many Swiss aid agencies are also active in humanitarian projects. These and similar activities represent an internationally recognised touchstone of Switzerland's humanitarian solidarity.

Switzerland's humanitarian policy will be a priority for foreign policy in the future also; with its assistance the Federal Council wishes to give expression to a practical and visible solidarity. For this reason it will particularly promote the two core areas of humanitarian foreign policy, namely:

- Humanitarian operations by Switzerland, especially humanitarian aid.
- International humanitarian law, especially its secure establishment and development worldwide.

The Federal Council will increase the efficiency of, and funding for, *humanitarian aid*. It will make measures to benefit refugees and exiles one of its priorities (emergency humanitarian aid to prevent mass movements of refugees and reconstruction assistance for the reintegration of refugees and exiles).

Unofficial English translation

The Federal Council will continue to work to strengthen and extend *international humanitarian law*. Its endeavours in this field will focus primarily on enforcing prevailing international humanitarian law more effectively. With this aim in view the Federal Council will work closely with like-minded states, particularly within the framework of the International Criminal Court, and will strengthen its support of the ICRC and other humanitarian organisations of a public or private nature wherever possible.

Switzerland's humanitarian foreign policy will retain the inherent features of the relevant endeavours in the future, that is to say: *independence, impartiality and credibility*. In addition, humanitarian aid is not subject to any political conditions in a particular emergency situation.

3.2.2.2 Worldwide commitment to human rights, democracy and the rule of law

Improving good governance

Poor economic and social policy, lack of respect for human rights, undemocratic conditions and weak state structures are among the principal obstacles to sustainable development, peace and international stability. It is only in a state which guarantees favourable political, economic and social circumstances that people can realise their potential and that private initiative can become the vital motor for development.

In international cooperation, above all in the dialogue between North and South, issues relating to the status of the rule of law, democracy and human rights ("*good governance*") have now come to play a key role. The Federal Council wishes to intensify its previous efforts and thus to contribute to the promotion of individual opportunities for personal development, human rights and democracy in Switzerland's partner countries.

Thematic priorities are support for reforms in relation to legal systems and the organisation of state, government and administration. To these may be added measures to strengthen democratic structures and processes; they include, for instance, the conduct of elections, support for organisations active in civil society or promotion of media diversity and transparency. Measures to tackle the rampant corruption in many countries are also important.

These concerns should, on the one hand, be introduced and asserted *at multilateral level*. On the other, "*good governance*" should also be sought via *bilateral cooperation*. Switzerland has, for instance, a great deal of experience and knowledge concerning decentralisation which can be usefully brought to bear.

In this context it is important to note that efforts to support "*good governance*" must take account of the particular needs and legal traditions of the country concerned. Equally, it must be made clear that the construction and promotion of circumstances and norms based on the rule of law constitute long-term tasks which depend on the support of civil society in a country.

Respect for human rights as a principle for action in foreign policy

Human rights are the ethical and normative expression of fundamental, universally valid moral concepts. The globalised world requires this binding framework which regulates the coexistence of states, peoples and individuals. However some alarming difficulties still exist relating to the enforcement of human rights.

This gulf between legal framework and enforcement is widened by two further sources of conflict:

- Firstly there are the constant attempts to make the enforcement of human rights dependent upon development priorities, cultural diversity, or the principle of non-interference in internal affairs which is not applicable in the field of human rights.
- Secondly human rights policy itself is frequently an object of national conflicts of interest, for example in the granting of export risk guarantees.

Furthermore the international human rights arena is in a constant state of flux, which requires that the international community continually produce new and appropriate instruments of human rights policy. The *elaboration and enforcement of legal instruments* is of particular importance. Examples of this trend are the consolidation of the European Court of Human Rights, the ad hoc UN Tribunals in Rwanda and the former Yugoslavia, and the statute for a permanent International Criminal Court which was adopted in Rome on 17 July 1998. Over and above this the Pinochet case, for example, demonstrates that the issue of the legality of actions of government members is increasingly judged by universally valid criteria.

The legal basis and adequacy of the instruments and means to be deployed require constant international discussion and acceptance. This becomes particularly evident concerning the *use of force to compel respect for human rights*. One example is the NATO intervention in the Kosovo crisis, which came about as a result of drastic human rights violations and breaches of international humanitarian law. Other examples concern international sanctions policy (economic embargoes, freezing of assets, refusal to issue visas) which also raise sensitive questions.

Human rights constitute an important juridical and ethical basis of Swiss foreign policy. Traditionally our country pursues the objective of improving the human rights situation for as many individuals as possible. In this the Federal Council takes a *broad concept of human rights* as its starting point, which embraces economic, social and cultural rights as well as civil and political rights. At international level the importance of human rights in the widest sense has increased in all aspects of relations, both between states as well as between states and individuals and directly between individuals.

Our country has actively promoted the international developments described and will continue to work for the consolidation of human rights and for their universal acceptance and enforcement. To achieve this aim Switzerland has many different instruments at its disposal, which were described in detail in the *“Report on Switzerland’s human rights policy”* of 16 February 2000. The implementation of a coherent Swiss human rights policy requires more intensive coordination of all endeavours and a close partnership with civil society and the economy.

3.2.3 Safeguarding economic interests

Priorities: *The Federal Council will secure the best possible domestic **conditions** for the Swiss economy, and thus the preconditions for its success at international level. Thematic priorities are export promotion for SMEs, support through foreign policy for Switzerland's position as a centre of research and education, and multilateral and bilateral commitment to good general conditions worldwide. The promotion of Switzerland's position as an efficient and competitive financial centre and the safeguarding of its interests abroad are of particular importance.*

3.2.3.1 Foreign policy support for Switzerland's position as a centre of economic activity

Switzerland must continue to rank among the most attractive centres of economic activity. With this aim in view the Federal Council wishes to further consolidate the network of bilateral free trade, investment protection and double taxation agreements as well as to create even better preconditions for Switzerland's dynamic *small and medium-sized enterprises (SME) sector*, in order to keep pace with worldwide competition. The new *Export Promotion Law* has led to a reorientation of Swiss policy in the SME sector: export promotion resources are to be concentrated on around 20 priority countries whose markets are especially important or offer good future prospects for Swiss enterprises. In a first step, priority is given to the neighbouring countries as well as Great Britain, the USA, Japan, China, Brazil and India. The Federal Council will naturally continue to endeavour to guarantee appropriate export promotion services in all countries with Swiss foreign missions. Cross-border tourism should also be further promoted.

In *central Europe* the Federal Council wishes to concentrate on pursuing export and investment promotion in the coming years as well as initiating a programme to promote local financial markets.

In the field of *economic development* the newly-created instruments for long-term partnerships between Swiss companies and those in developing and transition countries should be especially interesting (e.g. *SDFC* and *SOFI*).

The strengths of the Swiss economy lie in high-quality products and services, which presuppose a high level of education, research and technology. The future competitiveness of Swiss enterprises will therefore depend to a critical extent on public measures to support these strengths. Domestic and foreign policy face particular challenges in this field if Switzerland is not to lose its close links with its most important economic partners. The competitiveness and attractiveness of Switzerland as a research centre are decisive factors. Education, research and technology are also characterised by intensive international cooperation. Foreign policy support for domestic endeavours is therefore extremely important. Besides strengthening cooperation with the EU, particularly in the spheres of training, research, infrastructure, telecommunications, transport and energy, it is necessary to maintain Switzerland's excellent reputation beyond Europe as well. The Federal Council therefore plans to appoint more scientific counsellors at Swiss missions abroad to strengthen the international networks of relations in the field of research.

3.2.3.2 Promotion of a stable world economic and financial system

In the *worldwide context* the Federal Council will participate in efforts to reinforce the general national and international conditions which help to prevent a return to protectionism. It therefore vigorously supports the relevant activities of the World Trade Organisation.

Moreover the Federal Council will continue its policy of concluding free trade agreements, particularly with non-European countries as well.

In the recent past the world economy has experienced a great drive towards liberalisation, not only in the trade in goods and services but also in the movement of capital in particular. In consequence the integration of the world economy has increased. Economic negotiations conducted by the international community can, therefore, no longer centre exclusively on the issue of “*free access to markets*”, but must pursue the broader objective of protecting the extended and intensified economic relations from distortions. To achieve this the international community must build up national and international regulatory frameworks and institutions which guarantee markets that operate smoothly over the long term. Unleashing market forces with the assistance of liberalisation measures is one thing; integrating them into the political order in a rational way is another.

Over and above its extremely dense network of foreign trade relations Switzerland, more than any other country, is interested in markets which operate smoothly. These form part of the good local conditions on which our country is equally dependent in the host countries in which its numerous and sometimes prominent international enterprises are active.

Of prime importance are measures in connection with national economic law which must however be coordinated with each other at international level, for example in relation to “*good governance*”, “*corporate governance*”, competition and environmental policy. For the industrialised countries, the relevant coordination task has for a number of years fallen to the OECD. However the efforts must be extended geographically and intensified in some areas. The World Trade Organisation, the International Monetary Fund and the World Bank, as well as the International Labour Organisation, will also face greater challenges in the future. Switzerland actively supports and promotes the efforts of international economic organisations in this field. Its model of smoothly-operating markets also includes, in particular, the principles of social and ecological sustainability.

Because Switzerland is dependent on a stable and open international financial system, it also has great interest in continuing to play an active part in shaping the policies of the *international financial institutions*. In 1999 the Federal Council expounded the principles underlying its position on the *reform of the international financial system*¹⁷. As a member of the Bretton Woods Institutions it wishes to pursue the following Swiss objectives:

- Switzerland supports the IMF in the promotion of a stable and smoothly-functioning international financial and monetary system, works for the efficient and effective deployment of the Fund’s resources and attaches great importance to the consistent application of economic conditionality in the allocation of loans.
- It endeavours to integrate the private sector more fully into the mechanisms for dealing with crises, stresses the social and environmental sustainability of economic development and favours a more direct orientation of the programmes of the IMF and the World Bank towards combating poverty.
- It advocates the efficient division of labour between the international economic organisations while improving coordination at the same time, and supports greater public transparency.

Overall the Federal Council wishes to work towards ensuring that the leading international organisations in the spheres of the world economy and finance take development, environmental and social policy concerns more fully into account. These efforts are based on the conviction that only a world economic and financial system which takes the interests of

¹⁷ cf. Report of the Federal Council of 4.10.99: “The International Financial System and the Position of Switzerland”

the large and the small, of the poor and the rich, into consideration can have a sound and lasting existence and foster sustainable development.

3.2.3.3 Promotion of Switzerland's position as a financial centre

The promotion and protection of Switzerland's position as an internationally efficient and competitive financial centre will, due to its importance for the Swiss national economy, continue to be a priority for the Federal Council in the years ahead. The Federal Council proceeds from the assumption that Switzerland's financial sector will have to be prepared for tougher worldwide competition. Added to this are the challenges brought about by technological progress as well as the process of globalisation and structural change in the financial services sector. The opening up of new areas of business (eg. "e-commerce") is also likely to heighten the demands placed on international cooperation and to call for new solutions. The Federal Council therefore wishes to provide the necessary *general conditions* for the maintenance of a strong financial sector in the future.

The criticism of Switzerland's position as a financial centre which is repeatedly expressed abroad is unlikely to subside in the future, and could on occasion lead to political pressure. There are various reasons for this:

- Competition for market share in view of the leading position of the Swiss banks in asset management around the world.
- Anxiety that the tax base could decrease substantially due to the high mobility of capital.
- Increased calls for financial centres to demonstrate integrity, and in particular for consistent action against money laundering and illegal tax violations as well as refusal to accept funds from corrupt dictators.

The high mobility of capital will require even greater endeavours in future to ensure that illegal funds are turned away, namely in connection with organised crime. Switzerland has made considerable efforts in this field during the last years. Preserving the integrity of the financial sector is a necessity for the Federal Council, and not only for ethical reasons. It has also become an important contributory factor in ensuring the success of a financial centre at international level.

However the problem of combating illegal funds and organised crime affects not only Switzerland but all international financial centres. Responses to these developments of a cross-border nature cannot be found in isolation, but only through cooperation with other states. Thus preventing the influx of illegal funds will require measures at national level as well as increased international cooperation to combat financial crime in all its forms. For example it is only through resolute enforcement of the Money Laundering Law, through rigorous prosecution of offences, through strict compliance with duty of care obligations by the financial institutions and by exhausting all international legal assistance provisions that it will be possible to reduce the influx of illegal and consequently unwelcome funds - which is difficult to control - and to gain international support for the measures taken by Switzerland in recent years. At international level Switzerland will continue to work to ensure that any assessment of the efforts of different countries to combat financial crime conforms with the principle of equal treatment and is in line with objective criteria.

With regard to the planned harmonisation of taxation of interest in the EU, the Federal Council shares the view that capital yields should be taxed appropriately. It considers that it cannot be in Switzerland's interest to attract transactions which are geared towards circumventing any EU regulations. Provided that the EU reaches concrete agreement on common regulations for comprehensive taxation of interest, Switzerland would be prepared to seek ways of making transactions to circumvent such regulations as unattractive as

possible while safeguarding its banking secrecy rules. This search for solutions must be set in the context of the overall relations between Switzerland and the EU.

Banking secrecy is the obligation which banks, their representatives and staff undertake not to disclose to others information regarding affairs of their customers, which has come to their attention in the course of exercising their profession. It thus ensures in the financial sector the right of individuals to the preservation of their privacy. This function of bank secrecy will remain non-negotiable in the future. It should be pointed out, however, that already under present law the right to the protection of privacy in banking affairs is not unlimited. It can be lifted in cases where bank secrecy is abused for criminal reasons.

3.2.4 Alleviation of need and poverty in the world

Priorities: *The Federal Council will make the fight against poverty a central element of its development cooperation activities. In doing so it will set the following priorities: promotion of income and employment, "good governance", promotion of the private sector, sustainable use of natural resources, integration into world trade, debt relief, social balance, preventing and overcoming crises.*

Extension of development cooperation and aid for eastern Europe

The central element of Switzerland's development cooperation activities will, now and in the future, be the *fight against poverty*. Thus Switzerland's endeavours are entirely in line with the international endeavours of other industrialised countries and are in keeping with the model which the OECD states adopted in 1996 for North-South cooperation in the first decade of the new century¹⁸.

However it will only be possible to implement the objectives of Swiss development policy more fully, both bilaterally and multilaterally, through *increased financial support*. The Federal Council is therefore endeavouring to achieve the goal of providing public development cooperation funding amounting to 0.4 per cent of Swiss GNP within the next decade.

Cooperation with the countries of eastern Europe will continue. The various crises in south-eastern Europe have demonstrated the continued justification for the high Swiss commitment.

In the coming decade, development cooperation and cooperation with eastern Europe will concentrate on the following *thematic priorities*: promotion of income and employment, "good governance", promotion of the private sector, sustainable use of natural resources, integration into world trade, social balance, debt relief and preventing and overcoming crises. In the multilateral arena Switzerland will therefore support the leading international organisations in these priority areas in particular, as well as in relation to the social and environmental sustainability of programmes.

In this connection the Federal Council will be guided by the following principles:

- The needs and potentials of partners and of the population in question must be a central feature of any successful development cooperation programme. They must take responsibility for their own development. This presupposes that partners are chosen with a view to existing needs and problems. Depending on the objective, Switzerland will work with state players or partners who are active in civil society.

¹⁸ cf. OECD: "Shaping the 21st Century": The Contribution of Development Co-operation, Paris 1996
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- Development prospects are usually closely linked to access to economic resources, to educational facilities and to political codetermination. A central concern for Switzerland is to enable disadvantaged groups to defend their interests and rights in political, social and economic processes. This is particularly true in the case of women and support for women's groups.
- The use of economic instruments must be based on the willingness of partner countries to undertake reforms, and on measures to ensure lasting economic growth and an effective reduction of poverty.

The Federal Council will group the present multilateral and bilateral activities together more efficiently in terms of thematic and geographical emphasis to further enhance their effectiveness. Smaller operations will be reviewed and scaled back.

The *geographical priorities* of the next decade in *bilateral development cooperation* will principally be sub-Saharan Africa; in Latin America the Andes countries and Central America; and in Asia the Indian sub-continent and the Mekong region. Regarding *cooperation with eastern Europe* the priorities will be: south-eastern Europe, Russia, Ukraine and – in gradual progression - the partner countries of the Swiss voting group in the Bretton Woods Institutions¹⁹. Where advisable due to current events and needs, *special programmes* will continue to be undertaken.

Regarding *economic cooperation* priorities will, as before, be established according to the type of instrument to be employed: depending on the level of development debt relief measures, balance of payments and budget assistance, project finance and measures to promote trade and investment may be used. In addition our country will continue to do all it can to secure, first and foremost, a reduction in the debt of highly-indebted developing and transition countries which are willing to undertake reforms.

The *strengthening of multilateral policy in the field of development* will be of special significance. The Federal Council will devote particular attention to the coordination of multilateral and bilateral development cooperation, because it is convinced that the international community's development objectives of creating "*a better world for all*" by 2015 can only be attained if international cooperation is further reinforced. The Federal Council will therefore lend particular support, in the multilateral framework, to the following measures:

- The international organisations should each concentrate on the spheres of activity in which they have particular strengths, to guarantee the efficient deployment of resources.
- Exchange of experiences and cooperation between the leading organisations, and between these organisations and bilateral donors, must be intensified.
- The particular needs of individual developing countries must be taken into account more fully.
- The representation of the developing countries in the management committees of the leading organisations should be adequately strengthened.

¹⁹ The Swiss voting group includes the following states of central Asia: Azerbaijan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

3.2.5 Preservation of natural resources

Priority: *In its international environmental policy the Federal Council will work for the further development and enforcement of legal instruments which create a strong international environmental system. Its most pressing concerns are to consolidate existing treaties, especially in the climate, biological diversity and chemicals fields, as well as to create international rules on the protection of forests and water.*

Commitment to a sustainable international environmental policy

Environmental policy is a fundamental pillar of any strategy for sustainable development. In order to resolve global environmental problems, the development of international strategies and measures will continue to be essential. At the same time the Federal Council will increase its participation in regional attempts to realise environmental policy objectives, owing to the difficulties in achieving global consensus.

The global environmental problems concern, in particular, the effects of climate change, the loss of biological diversity and the handling of toxic substances. The growing water crisis in numerous countries of the world will also constitute a serious problem both for the environment and for security and peace in the affected regions in the future. It is estimated that one third of the world's population lives in countries with falling water reserves.

In the next decade our country – like other industrialised countries experiencing high consumption of resources – will have to continue its efforts to seek more sustainable patterns of consumption. Prime considerations will be to consolidate the conventions in the climate, biological diversity and chemicals fields, in particular the ratification of the Kyoto Protocol and the Protocol on Biological Safety, and to take account of environmental interests in the international trade rules of the WTO.

The follow-up to the Rio Conference, to be held ten years after the Earth Summit in 2002, will present opportunities for setting the course to further protect the natural world. At the Conference the Federal Council will work to ensure that the international environmental instruments are implemented in a consistent manner. Besides this it is striving to consolidate the international regulatory mechanism for sustainable exploitation of forests and water.

These endeavours are in our own interests. It is not sufficient to occupy a leading position at national level in comparison with other countries. Clearly, environmental problems do not respect national boundaries. On the grounds of international competitiveness too, our country has an interest in ensuring that internationally accepted environmental standards and rules on liability are agreed which establish the same general conditions for all.

3.3 Institutional instruments as a means of implementing the priorities

3.3.1 Multilateral politics

Priorities: *In future the Federal Council will assign a key role to Switzerland's multilateral activities. With this aim in view it will strive to achieve accession to the UN during the current parliamentary term. Moreover the Federal Council will further strengthen Switzerland's position as an international meeting point, a traditional instrument of its multilateral policy.*

3.3.1.1 The increasing importance of multilateral cooperation

Switzerland pursues its interests and priorities in the context of its bilateral relations as well as in multilateral forums and institutions. In both spheres there are rules, mechanisms and traditions of cooperation. In the wake of growing globalisation it is *multilateral politics* which has developed especially strongly; in the face of cross-border problems a dense network of international organisations of the most varied orientations has emerged at global, regional and local level in which states strive to find solutions to global and regional issues. Thanks to their considerable financial and also intellectual resources, international organisations have a decisive influence on the resolution of global problems; as a rule it is they which are used as a platform for discussion by the community of states and in which proposals for solutions are outlined and implemented.

Thus, besides traditional bilateral relations, a further and very dynamic arena, namely *multilateral politics*, has developed rapidly. Effective action to safeguard interests in this arena must take account of its special features and characteristics. This includes:

- Experiences concerning the interaction of the structures and organs of international organisations, and experiences regarding the composition and areas of competence of these organisations.
- Knowledge of the formal and informal processes as well as the countries and groups of countries which have a decisive influence in the decision-making process; this also results in a need for greater coordination of bilateral and multilateral activities to safeguard interests.
- Consolidating relations with coalition partners with which one can arrive at decisions capable of acceptance by the majority based on similar or complementary interests.

Multilateral politics must also take account of the fact that international organisations primarily offer a platform for the pursuit of interests. Countries seldom manage to secure acceptance of their own concerns in their entirety. Multilateral politics is therefore critically dependent on the formation of coalitions, the ability to compromise and a willingness to undertake concrete commitments. In this it differs from bilateral relations, in which the structure of the participating countries and objective power relationships are decisive factors. Moreover, multilateral politics is much more public and increasingly draws civil society into its field of activities as well.

In future it will be necessary to devote greater attention to the safeguarding of interests at multilateral level and to embed these more effectively into the operational structures of Swiss foreign policy. This enhancement in the status of multilateral politics in Switzerland can and must take place within those forums in which Switzerland is a member, for example the Council of Europe, where Switzerland will continue to be particularly active, or the International Organisation of the Francophonie. Where Switzerland has succeeded in achieving representation in the management organs of international organisations, for

instance the Bretton Woods Institutions or some special organs of the UN, it can participate in determining and shaping their activity. By influencing organisational policy according to Swiss concerns a much greater effect can be achieved than through bilateral channels only.

However it will only be possible to safeguard national interests in a lasting way at multilateral level if Switzerland is represented on an equal footing in the leading forum of multilateral politics, namely the principal organs of the UN.

3.3.1.2 Accession to the UN

The *role of the UN* in the world has strengthened over the last decade. Moreover it has been able to improve international cooperation within the framework of world conferences on particular themes through regular follow-up conferences to examine the results achieved. Yet the UN continues to reflect the varying interests and unequal weighting of its member states and groups of states.

Non-membership of the UN deprives Switzerland of an important instrument for the safeguarding of its interests. It is a party to most of the UN Conventions, participates with full rights in all the specialised agencies of the UN and in the most important UN programmes, and supports both the UN system and the World Bank group to the extent of almost 500 million francs annually, nevertheless Switzerland has not so far taken the final step towards membership of the principal organs of the UN.

That must change. The Federal Council has therefore declared that our country's accession to the UN is the foreign policy objective for the current parliamentary term. The Federal Council is supported in this aim by the popular initiative "*for Swiss accession to the UN*" submitted on 6 March 2000. Parliament too is moving in the same direction: with the referral of a motion by National Councillor Remo Gysin the Federal Council was commissioned to begin the preparations for joining the UN.

Only a UN member can use the forum systematically to present its values and pursue its interests. Until now this has only been possible on an occasional basis for Switzerland because of the limited right to speak at the General Assembly of the UN.

- Working within the UN will create increased *opportunities for contact regarding foreign affairs* for Switzerland; it is precisely in mediation activities and good offices that the UN has become the chief player in the community of states.
- Joining the UN will strengthen Switzerland's *image*; as a UN member Switzerland's profile as a state committed to solidarity and humanitarianism can be conveyed more convincingly.
- Particular attention will be paid to the *further development of international law*. The UN plays a leading role in this field. Under its auspices more than 150 treaties have been concluded. This legislative function of the UN is in accordance with one of Switzerland's most fundamental interests. As a country with moderate influence Switzerland can only assert the pre-eminence of the law in association with like-minded partners.
- Through the UN network our country will be able to organise its efforts to achieve more *appointments of Swiss nationals* in international organisations more efficiently than previously.
- Switzerland will continue to play an active part in the *operational activities of the UN*. These are wide-ranging and include human rights, the environment, security and peace as well as development cooperation and humanitarian aid. The UN, as the only organisation which encompasses the entire world, occupies a position which is paramount in these fields.

- The UN plays a central role in the *creation of general international conditions*; such conditions are of benefit to the globally-orientated Swiss economy.
- Finally, by joining the UN Switzerland will be in a better position to represent the *interests of Geneva as an international centre* by serving on UN committees.

Within the framework of the priorities which are presented in this report, as a member of the UN Switzerland would become active in particular in the following areas: peace and security policy, human rights, development cooperation, humanitarian aid and environmental policy. It would be able to vote on issues and elect persons at the General Assembly and, when necessary, at the other principal organs of the Organisation, thus permitting its foreign policy concerns to be heard, and as a result gain wider room for manoeuvre in foreign policy matters. Switzerland would use this greater scope for participation mainly to strengthen international public law, in particular its humanitarian dimension. Swiss membership of the UN would require Switzerland to show a clear political profile. This applies especially to the human rights and to the wider humanitarian context.

3.3.1.3 Maintaining Switzerland's position as an international meeting point

The Federal Council will continue to pay the fullest attention to the maintenance of Switzerland's position as an international meeting point and the reinforcement of Geneva's competitiveness as an international centre. On the one hand the relevant efforts will focus first and foremost on enhancing the various Swiss meeting points, for example the World Economic Forum in Davos. On the other hand endeavours will continue to offer the best conditions in comparison with international standards for the establishment of international organisations and non-governmental organisations. New legal provisions are currently being drawn up for this purpose.

However the Federal Council does not intend to participate in cost-intensive international competition to achieve the most favourable conditions possible for the establishment of international organisations. On the other hand it will prioritise the pragmatic improvement of relations between the organisations based in Switzerland and links with civil society in the coming decade.

3.3.2 Supranational politics: accession to the EU

Priority: *Accession to the EU is the Federal Council's objective. It will therefore make preparations to join the EU so that it will be able to take a decision in the next parliamentary term at the latest on the commencement of accession negotiations. With this aim in view it will examine the effects of accession to the EU on some central policy areas, including federalism, popular rights, financial regulation and economic and monetary policy in particular. In addition the Federal Council will extend and modernise the existing network of treaties between Switzerland and the EU.*

Besides the heightened significance of worldwide multilateral politics, regional forms of cooperation have increased in importance. The most intensive form which such cooperation takes is the European Union, in which the member states have delegated substantial national policy areas to supranational decision-making organs, but in return participate fully in all politically significant decisions.

3.3.2.1 Developments in the EU and effects on Switzerland

EU membership remains the objective of the Federal Council, because in the longer term our country's interests can be better protected within rather than outside the EU. The European developments of the 90s have confirmed the legitimacy of this objective and make accession

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to the Union appear more important than ever before. The concept of unification, which in the post-war years led to reconciliation between the former wartime enemies in Europe, remains the most important political force in Europe, as the EU's accession negotiations with numerous European states demonstrate.

As a matter of principle the significance of the EU for our country increases the further the Union consolidates and expands and the more efficiently it asserts its interests against third states. The EU's political agenda in the medium term, and thus the opportunities for Switzerland to regulate mutual interests in future bilateral negotiations, will be determined on the basis of the Union's priorities. These centre on the process of enlargement and also include the strengthening of the institutions and the tightening up of the decision-making process. In the context of the foreign and economic policy pursued by the EU Switzerland, with its own particular set of interests, is not a priority. But if the EU has concrete concerns regarding our country - as is the case in, for instance, the fields of legal assistance concerning the movement of goods or taxation of interest - it will make vigorous attempts to assert these as part of a policy of protecting its own interests.

In the last decade the EU has moved away from purely economic issues. Today it deals with so many fields of such great diversity that it is no exaggeration to describe its policy overall as a "*European domestic policy in the making*". Our country cannot escape the decisions and attitudes of the EU. Irrespective of Switzerland's wishes, it is also affected in most cases. Purely to safeguard its interests alone, our country will have to assimilate "*autonomously*" many of the developments which have already taken place in the EU. This is especially true of the laws relating to the Single Market, but also the fields of internal security and foreign and security policy. Examples which might be mentioned are important infrastructure and regulatory projects in the telecommunications, rail, post and energy sectors, as well as measures to construct a unified asylum zone or sanctions against states which are in flagrant breach of international law.

The disadvantages which ensue for our country through the ever-closer cooperation of the EU member states can be only partially eliminated through the "*autonomous assimilation*" approach, which allows us no rights of participation. For it by no means guarantees that the EU will reciprocate; as long as Switzerland does not join the EU, treaties will be necessary to achieve this.

EU membership can and should not be discussed from economic standpoints alone. It is more than the sum of economic advantages and disadvantages. Only by participating in the EU's decision-making process can our country pursue its foreign policy objectives more effectively than before. None of the great questions of the future which Europe as well as Switzerland are currently pondering can be resolved in isolation. The EU's position in Europe today is so strong and so all-embracing that a country such as Switzerland, with its dependence on the Union, runs the risk that it will increasingly be subject to external influence if it continues to stand alone, and ultimately could be blackmailed. Viewed in this way, accession to the European Union signifies new opportunities and dynamism, greater influence, greater participation in shaping events and thus enhanced sovereignty.

As was explained in the Integration Report 1999, a further attempt by Switzerland to negotiate an improved *EEA treaty* with the EU would therefore, in the Federal Council's view, be of little use and involve few additional benefits. The substance of some existing treaties, such as the treaty on free movement of persons, already brings Switzerland very closely in line with the body of EEA legislation. Although the EEA creates conditions similar to those of the Single Market for the participating non-EU member states, crucial hurdles such as border controls remain. Furthermore non-EU member states can never attain equal rights of codetermination in the EEA owing to its special institutional structure.

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Besides this the European Economic Area treaty does not give the EU's partner countries the opportunity to participate in decisions on the major questions affecting the future of Europe.

3.3.2.2 The next steps for Switzerland

The next steps along the path towards Swiss membership of the EU consist in preparing for negotiations, reactivating the application for accession and commencing accession negotiations. The exact timetable for such negotiations has yet to be determined. In the parliamentary debate on our country's position in Europe which took place on the occasion of the debate on the popular initiative "*Yes to Europe!*", the Federal Council formulated the following conditions for the commencement of EU accession negotiations:

- Firstly, initial experiences must have been gained concerning the implementation of the seven bilateral agreements.
- Secondly it is necessary to examine the effects of EU membership on the fields of federalism, popular rights, government organisation, financial regulation, economic and monetary policy, foreign nationals and migration policy, agriculture and foreign and security policy. The Federal Council intends to undertake the necessary review during the current parliamentary term. It reserves the right to submit relevant proposals for reform if necessary. With regard to the accession process the Federal Council then wishes to initiate the necessary preliminary work to facilitate Switzerland's full integration into the EU through appropriate measures. The Integration Report 1999 refers to various hurdles which still exist in some policy areas. The Federal Council will endeavour to minimise the costs of economic adjustment, to utilise the scope which still exists for extending and modernising the network of Swiss-EU treaties, and – where necessary – to further strengthen the Euro-compatibility of Swiss law and Swiss policy in the near future. At the same time it is necessary to clarify the advantages which will ensue for Switzerland as an EU member state and the policies which our country could realise more effectively as a member of the Union.
- Thirdly and finally, broad domestic support must exist for the Federal Council's integration policy.

These three conditions lead the Federal Council to conclude that EU accession negotiations will in all probability not commence during the current parliamentary term. The Federal Council will play its part in ensuring that our country will be ready, in due course, to take the decision to join the European Union in full knowledge of all the consequences. Broadly-based domestic preparations should enable the Federal Council to take a decision on the commencement of accession negotiations with the EU during the next parliamentary term at the latest.

This approach certainly does not mean that everything will come to a standstill in our relations with the EU. With regard to extending and modernising the network of treaties, as previously mentioned, two areas in particular should be considered:

- Firstly, when Switzerland and the EU concluded the seven bilateral agreements they agreed to seek additional arrangements in selected areas²⁰.
- Secondly, both sides have further wishes concerning a reinforcement of cooperation. An important area of concern to Switzerland is internal security: combating organised crime and efficient cooperation in the fields of asylum and police work require, in addition to treaty-based arrangements with neighbouring states, direct cooperation secured by treaty

²⁰ The principal issues are increased cooperation in the fields of statistics, media, youth, education and the environment, the general liberalisation of services, improved market access for processed agricultural products and regulating the taxation of pensions of former EU employees with residence in Switzerland.

with the main player, namely the EU. For its part, the European Union has signalled its interest in negotiations to combat fraud in the movement of goods, and to harmonise the taxation of capital yields (interest).

3.3.2.3 Significance of the EU for Switzerland's internal security

Because of its prominent financial sector, federalist prosecution system, limited police resources and absence from important European institutions, Switzerland is among the states which are particularly exposed to the threat of organised crime. Until now third states outside the EU have been largely excluded from the construction of a European area of security, freedom and justice, which significantly weakens the position of our country in this important area. Above all our non-participation in the "*Schengen information system*", effective throughout Europe, is proving to be increasingly problematic. Thus Switzerland runs the risk of becoming a focal point for illegal migration, organised crime and international terrorism. For these reasons foreign policy priority in the field of internal security consists in the consolidation and intensification of security cooperation with neighbouring states and with the European Union, and in the wider European sphere and in surrounding areas.

Switzerland's rapprochement with the emerging European *area of freedom, security and justice* is the chief foreign policy objective in the field of internal security. Central areas of concern are comprehensive participation on the part of Switzerland in the Schengen instruments, in particular access to the Schengen information system, as well as in the Dublin Convention on Asylum Applications and, in association with this, involvement in the recently established "*Eurodac*" fingerprinting system.

However it will only be possible to undertake negotiations on these topics and on others with reasonable prospects of success if balanced mutual interests exist.

3.4 Geographical priorities of bilateral policy

Priorities: *The Federal Council will establish geographical priorities more frequently in its bilateral foreign policy, while maintaining a universal approach. These include south-eastern Europe and the Mediterranean area in particular, without excluding the possibility of setting further priorities through individual policy areas.*

3.4.1 Maintaining bilateral relations in Europe and worldwide

3.4.1.1 Universality of Swiss foreign relations

Switzerland attaches great importance to the maintenance of relations with virtually every state in the world. The *universality of Swiss foreign policy* is a traditional principle which is not called into question. However, with a view to pursuing a more deliberate policy regarding Swiss interests and in the light of the resources available, the Federal Council will have to concentrate on priorities in the geographical sphere in the future. It is not possible for Switzerland to observe and attend to all the problem areas in the world with the same degree of intensity. On the other hand the concentration on priority countries and regions does not mean that relations with all other countries will be neglected or disregarded as a result.

Relations with European states

Dialogue and the underpinning of relations through treaties with the *15 EU member states*, our most important partners, is of prime importance. Despite occasional differences of opinion relations are excellent, particularly with the neighbouring states of Germany, France, Italy and Austria. The Federal Council wishes to continue in particular to consolidate police cooperation with the *neighbouring states*. Since two thirds of all cases of cross-border police cooperation involve these states, a well-developed network of bilateral treaties is of the utmost importance. However the treaties concluded in the last few years relate to different levels. The Federal Council is therefore endeavouring to coordinate the treaties with each other as effectively as possible. Moreover the *security partnership of the Alpine countries* should also be intensified. This process was initiated at the informal meeting of Ministers for Home Affairs of Germany, France, Austria, Italy, Liechtenstein and Switzerland at the Bürgenstock in 1999 and given concrete form in Constance in 2000.

Particular attention is paid to regular bilateral dialogue with the European institutions in Brussels. Finally cooperation with the *applicants for EU membership*, numbering 13 at present, is being strengthened. This intensification of relations with potential future EU member states also includes Turkey, with which our country has established a more active dialogue following a phase of stagnation in relations.

Relations with countries outside Europe

Outside Europe the Federal Council wishes to set the following geographical priorities for bilateral policy:

- *Relations with the major powers*

It attaches great importance to dialogue and cooperation with the *USA*. The economic, political and military status of this superpower in the world is unique (cf. Section 2.1.3.1). The intensity of the economic, political, scientific and cultural relations between the two countries makes the fostering of good relations with the USA a priority for the Federal Council. Beside this the Federal Council is seeking to further foster relations with the other *G 8 states* and with *China* at high level also.

- ***Relations in the context of the thematic priorities***

Besides south-eastern Europe and the Mediterranean area, *peace policy endeavours* will concentrate particularly on those countries with which a priority development cooperation programme exists or where Switzerland is already engaged in mediation activities.

In the field of bilateral *foreign trade policy* our country will concentrate its efforts above all on those states with which we enjoy thriving economic relations or where a potential for further consolidation of economic interests can be identified.

In the context of international *research and education policy*, efforts will focus on measures geared to particular needs to foster and consolidate bilateral scientific cooperation in selected priority countries, while taking account of rapidly changing international circumstances.

The geographical priorities of *development cooperation, cooperation with eastern Europe and humanitarian aid* are determined by law. On the one hand there are the preconditions in the partner countries, for example inclusion in the group of poorer developing countries, development efforts and the type of government in the country, as well as a certain political stability. But on the other there are also requirements of a practical nature such as willingness to enter into dialogue, the setting of thematic priorities, efficiency and resources.

3.4.1.2 Establishment of “Presence Switzerland”

National public relations are increasingly becoming a specific field of foreign policy. The Federal Council has therefore decided to restructure the previous activities (“*Coordination Commission for the Presence of Switzerland Abroad*”, *CoCo*) and to increase the funds for this significantly. It has become evident that *CoCo*, a tried and tested instrument over many years, no longer meets today’s requirements. Increased competition throughout the world in the way in which states present themselves has confirmed the Federal Council in its resolve to take this measure.

Through the newly founded organisation “*Presence Switzerland*”, Switzerland’s communication abroad is to be improved. The aim of *Presence Switzerland* is to project a contemporary, positive and attractive image of our country. The organisation will also assist in developing, in cooperation with other bodies, an early warning system for potential image problems so that opportunities and risks for Switzerland’s standing abroad can be identified at an early stage.

Presence Switzerland should, in particular, convey the following Swiss values abroad: *diversity, humanitarian tradition, proximity to the people, awareness of quality and innovation*. With this aim in mind the organisation will develop a modern information platform, known as *SwissInfo*, and campaign programmes for selected target countries. The USA was chosen as the first *priority country* because there is a need to make up ground as a result of the heated debates over Switzerland’s role in the Second World War. Further countries will follow.

3.4.1.3 Switzerland’s network of missions abroad

The cultivation of bilateral relations depends on a *broad network of relations*. The Federal Council has therefore made considerable efforts in the past decade to strengthen Switzerland’s presence locally. In the last ten years it has progressively opened embassies or

consulates general where Swiss interests have justified such cost-intensive measures²¹. As well as these the coordination offices for Swiss development cooperation, cooperation with eastern Europe and humanitarian aid, the branch offices of Pro Helvetia and the missions to the international organisations also form an integral part of the network of relations.

Due to limited financial resources, funding for new missions must as a rule be secured through rationalisation measures. Consequently 18 missions with transferable staff were closed and replaced by honorary consulates with part-time honorary consuls in the last ten years.

In the coming years the Federal Council will pay special attention to representation requirements in *eastern Europe and the Mediterranean area*, because it is convinced that our country will face particular challenges in these two regions.

3.4.2 South-eastern and eastern Europe

South-eastern Europe

By joining the Stability Pact for South-Eastern Europe Switzerland has gained the opportunity to bring its experiences from years of bilateral project work to bear in the international community. In the coming years the major part of the technical and financial assistance earmarked for eastern Europe as part of the aid programme will be deployed in the Balkans.

Thematic priorities will centre primarily on the fields of protecting minorities and human rights, decentralisation, reform of police and justice systems, assistance for the establishment of independent media, reconstruction of infrastructure, promotion of private enterprise, setting up workable credit systems and lastly the promotion of modern health care systems. In addition to this Switzerland will continue to participate in Stability Pact projects involving several countries.

The *special programme for Kosovo* will be continued. It will concentrate on the efforts to assist refugees to return home and to build up political, economic and social conditions which help to reduce migration. To this end the Federal Council will – if the political conditions allow – also support Montenegro and Serbia with special programmes in order to contribute to stabilising the region in the long term. Furthermore it will continue its cooperation with Serbian civil society to foster the process of democratisation in that country.

Furthermore the states of south-eastern Europe constitute a priority for cooperation in the field of *internal security*. In this further sphere of interest, security cooperation should be strengthened through the conclusion of bilateral agreements for the return of refugees, through the stationing of liaison officers where possible and through support for the reinforcement of police and justice systems.

Eastern Europe

The Federal Council will continue to support *Russia* in its endeavours to pursue the necessary political, economic and social reforms and those relating to the rule of law. The support includes, in particular, measures in the fields of human rights, nuclear safety and the environment. Over and above this Switzerland is interested in close cooperation in the fields of law enforcement and criminal prosecution, because it is precisely from this country that

²¹ Kuwait, Riga, Tirana, Kiev, Tashkent, Shanghai, Skopje, St Petersburg, Bratislava, Sarajevo, Liaison Office in Pristina. In 2001 Swiss missions will be opened in Ljubljana and Tiflis.

the perpetrators of organised crime constitute a potential threat and - in particular - often misuse Switzerland's position as a financial centre for their dealings.

For *Ukraine*, programmes similar to those which are being undertaken with Russia are planned. This is based on the conviction that this country will play a significant role in the stabilisation of eastern Europe in the future.

The members of the Swiss voting group in the IMF and the World Bank will continue to be priority countries for our cooperation programmes; the latter will be progressively extended, beginning with the *Kyrgyz Republic* and *Tajikistan* in particular. These partner countries enable Switzerland to occupy a seat on the executive committees of these two global financial institutions and thus to exert an influence on financial and development policy decisions. At present cooperation with these countries focuses on the fields of health, the rule of law and human rights, promotion of SMEs, agriculture and forestry.

3.4.3 The Mediterranean area

The developments in the southern and eastern Mediterranean area demand the undivided attention of Swiss foreign and security policy. Switzerland has every reason to be more aware of the significance of this region, which forms part of its own wider surroundings, in future. It has a strategic interest in political stability, economic development and social cohesion in these states. The region can only be stabilised in the long term by improving economic prospects and through social adjustments in the southern Mediterranean, which will also have repercussions for the security situation and immigration from the southern Mediterranean area.

Our country has some strengths which the Federal Council wishes to use to greater advantage in the coming years. Traditionally Switzerland maintains good relations with most states in the region at both bilateral and multilateral level and is active economically in the southern Mediterranean area. In view of the important challenges which the unresolved issues of this region present for our country, Switzerland must certainly become more active at local level and coordinate its regional policy more efficiently. In addition the Federal Council intends to take action in the *field of internal security* also by intensifying the exchange of information and by concluding agreements for the return of refugees in this region.

The Federal Council is in the process of implementing a strategy for the Mediterranean area which will place our country in a position to promote Swiss interests more effectively, including the coordination of bilateral and multilateral measures and instruments. This should also enable it to compensate for non-participation in the EU's "Barcelona Process".

4 Concluding remarks

The foreign policy of every country requires a conceptual framework. It must be geared towards long-term objectives and at the same time it must set operational priorities if it wishes to safeguard interests effectively. On the other hand, however, international developments are typically unpredictable and unforeseeable. Swiss foreign policy also has to deal with this tension between the need for a conceptual framework and clear objectives on the one hand and the unpredictability of developments in foreign affairs on the other.

Tensions between conceptual demands and the realities of foreign affairs occur in many areas of foreign policy. For example it tries to shape foreign relations according to the principle of universality; yet at the same time it cannot avoid setting priorities in geographical terms as well, out of consideration for Switzerland's interests and resources. Such tensions are not only a characteristic of Swiss foreign policy. Throughout the world there is a need to control global developments; and yet the possibilities open to foreign policy and international diplomacy, judged against this requirement, seem limited and inadequate. There are often narrow limits to the *feasibility* in foreign policy.

Nowhere does this come so clearly to the fore as in peace policy. Those who wish to prevent the outbreak of latent conflicts or mediate in conflict situations require a great deal of perseverance, appropriate resources and almost always close cooperation with other states. The failure of many years of effort has to be accepted as a distinct possibility. Today Switzerland makes substantial contributions worldwide to the promotion and securing of peace. If, for several decades, the policy of good offices entailed waiting until a third party approached Switzerland with a request to become involved, it has long since given way to a policy of active commitment to peace. However, those who expect rapid and dazzling successes as a result of such efforts underestimate the complex and often structural causes of conflict situations. Despite this the Federal Council intends to pursue and consolidate its commitment to peace and respect for human rights in the coming decade. The *values which inspire* Swiss foreign policy must become more visible.

The conclusion that the effectiveness and impact of foreign policy is more than ever dependent on the ability of a state to safeguard its interests in the multilateral or, in relation to Europe, the supranational context, has already been stated in the Foreign Policy Report of 1993. Today these findings are as topical as they were then. Membership of the UN, as well as accession to the EU which will be sought in the next decade, do not constitute ends in themselves for foreign policy; they should be viewed against the background of safeguarding national interests in a comprehensive manner and increasing the effectiveness of foreign policy activity.

Annexe

A review of Swiss foreign policy in the 90s

1 Switzerland's status and reputation in world affairs

The *status of a country* in the modern world is determined to an increasingly limited degree by the size of its armed forces or its territory. Important factors for the influence, status and reputation of a state in today's world are:

- Economic productivity.
- Social dynamics which enable it to respond rapidly and in an appropriate manner to changes in the international arena.
- The integrating force of the social model which facilitates the reduction of internal tensions.
- Democratic stability.
- The quality of the education system, in particular mastery of modern technologies and the correct use of knowledge.
- Cultural impact (known as "*soft power*").

In terms of some economic indicators such as competitiveness²², expenditure on research and development²³ and Internet users²⁴, Switzerland occupies a leading position; concerning cross-border direct investments the Swiss economy also ranks among the leaders. However some shadows have been cast over this positive picture: regarding economic growth Switzerland does not feature among the top countries, and with respect to public sector current receipts, tax receipts and public sector net debt our country has dropped back from the leading position which it originally occupied in the last decade.

From the point of view of *economic importance* Switzerland ranks among the top 20 states in the world family of 190 nations; in other words it can be said to be a medium-sized power. In some economic sectors, for example financial services or direct investments, our country can match some of the leaders, in Europe as well as worldwide.

If a country's *influence in the sphere of foreign affairs* is gauged by its ability to exert an influence over developments in the world via multilateral cooperation, it must be observed that Switzerland occupies a more modest position than is appropriate for its economic weight. *Our country's influence in the sphere of foreign affairs has undoubtedly diminished over the past decades.* Traditional bilateral cooperation can no longer compensate for this lack of influence. Accordingly what is required is increased participation in the multilateral and supranational sphere, particularly within the UN and the EU.

For many years our country has enjoyed a high *reputation* abroad, although one which is marked by many clichés: mountains, chocolate and watches have characterised the image of Switzerland as much as political stability, prosperity and harmonious labour relations. However other national characteristics are increasingly coming under the public spotlight: the exceptional significance of the financial sector in relation to the size of our country and the Swiss banking secrecy rules, or the majority vote against a further opening up of the

²² According to "The World Competitiveness Yearbook 2000": 5th among 47 countries.

²³ According to "The World Competitiveness Yearbook 2000": per capita expenditure: 1st among 47 countries; as a percentage of GNP: 4th among 47 countries.

²⁴ According to the Computer Industry Almanac: USA: 29% of the total population, EU: 9%, Switzerland: 19%.

country in the EEA referendum and the Blue Helmets referendum, encounter criticism abroad. On the other hand the Swiss constitutional structures of direct democracy and federalism, the reliability of the legal system and the efficiency of state services as well as the innovative strength of our cultural diversity are continually admired.

The sometimes vehement disputes over *Switzerland's role in the Second World War* have harmed our country's reputation. The different interests were reconciled through the *settlement* between the major Swiss banks, lawyers and Jewish organisations and with the Joint Declaration by the US government and the Federal Council in 1999. The far-reaching measures which our country has taken in connection with these difficulties (appointment of the Independent Commission of Experts Switzerland-Second World War and the publication of various reports, announcement of the Swiss Solidarity Foundation etc) have also been commended abroad. The in-depth analysis of Switzerland's past has contributed both nationally and internationally to an easing of tension in this area.

And yet great efforts were required on Switzerland's part to settle the turbulent relations with the USA. The whole problem demonstrated once again that foreign policy nowadays is no longer simply a matter for governments. The most diverse players with a high degree of influence in politics and the international media have to be taken into account. This dispute clearly showed that even friendly relations over many years do not prevent a state from pursuing domestic interests with great vigour. As a result of these events the Federal Council has recognised that Switzerland is rather vulnerable internationally and that this vulnerability has increased in the last few years.

A country's image is not formed from one day to the next. Instead it tends to reflect its values, its history, the experiences which foreigners make in the country in question, the way it is portrayed in the media and so on. It would be a mistake to believe that a country's reputation can be improved in a lasting way simply through publicity campaigns. The impression of egoism can only be refuted through a policy of solidarity based on ethical principles, the impression of isolation can only be countered through openness and the acceptance of responsibility. Accordingly the policy which a state implements in concrete terms is most important. Today, however, this policy must also be communicated and presented externally. The Federal Council has therefore decided to set up a new organisation, known as "*Presence Switzerland*", in order to become more active in this field.

2 Swiss foreign policy activities in the 90s

The description which follows of the individual policies and operations conducted by Swiss foreign policy in the 90s is structured in terms of Switzerland's five foreign policy objectives, as defined in the Foreign Policy Report of 1993 (cf. Section 1.1).

2.1 Preservation and promotion of security and peace

Objective: *"Foreign policy helps to strengthen security in the broadest sense, through an active, preventative policy in favour of peace, through consolidation of the international legal order and through participation in the realisation of collective security."* (Foreign Policy Report 93)

2.1.1 Security policy

Switzerland is a member of neither the UN nor the EU. This is one of the reasons why our country makes full use of its participation in the OSCE and the Partnership for Peace (PfP) as well as its membership of the Euro-Atlantic Partnership Council (EAPC) and the Council of Europe for its numerous endeavours in the fields of conflict prevention and reconstruction following conflicts.

Participation in NATO's Partnership for Peace (1996) and the Euro-Atlantic Partnership Council (1997) were milestones in the development of Swiss security policy. Switzerland benefits from involvement in the regular exchanges of views on security policy between Foreign and Defence Ministers within the Euro-Atlantic Partnership Council. In the Partnership for Peace and the EAPC, our country determines the nature and extent of its own participation.

Examples: In 1999 Switzerland took part in around 250 PfP activities and made 25 offers of assistance, particularly in the fields of strengthening international humanitarian law, civilian-military cooperation, disaster relief and modern information technology. In addition our country participated in PfP programmes to assist in the stabilisation of the armed forces of Albania and Macedonia.

Switzerland places three centres in Geneva at the disposal of the international community: the Geneva Centre for Security Policy which focuses on security policy training, the International Centre for Humanitarian Demining and the Geneva Centre for the Democratic Control of Armed Forces.

The selective use of PfP instruments enables the Swiss Army to take part in international peacekeeping operations or to support humanitarian operations under a UN or OSCE mandate.

Examples: During the Kosovo crisis Switzerland placed military helicopters at the disposal of the UN High Commission for Refugees (UNHCR) for three months. Furthermore, in October 1999 the Federal Council decided that Switzerland would participate in a NATO-led PfP operation under a UN mandate ("*Kosovo Force*", *KFOR*) and made a Swiss logistics unit available to KFOR.

Our country continues to play an active part in the OSCE, which is one of the most important organisations concerning peaceful settlement of conflicts and which plays a leading role as regards early warning, conflict prevention and the normalisation of post-conflict situations. In recent years the OSCE has considerably expanded its operational capacities. In 1996 Switzerland assumed the chairmanship of the OSCE. At that time the OSCE was facing major challenges, above all in Bosnia-Herzegovina and Chechnya. In the

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Dayton Agreement the OSCE was entrusted with a major mandate, namely the holding of elections. The decision of the Swiss chairmanship to actually proceed to hold these in September 1996 was not easy, but on reflection proved to be correct.

Examples: From 1996 to 2000 Switzerland placed a logistics unit of approximately 50 persons (yellow berets) at the disposal of the OSCE mission in Bosnia-Herzegovina. 40 Swiss nationals were involved in the "*Kosovo Verification Mission*" (KVM) from December 1998 to March 1999. In 2000 Switzerland dispatched around 40 civilian experts on OSCE missions, as well as election observers, to various countries in south-eastern Europe and central Asia. In addition to this, OSCE missions in Chechnya, Croatia and Ukraine are or were headed by Swiss nationals: since 1997 a Swiss national has been director of the OSCE Office for Democratic Institutions and Human Rights in Warsaw. At the end of 1999 a Swiss was appointed as the personal representative of the chairman-in-office of the OSCE for missions in the Caucasus.

In the sphere of *internal security* the intensifying activities of the European Union are, above all, of major significance for our country. It has developed, in several stages (free movement of persons, Schengen Agreement, Dublin Convention on Asylum Applications, Europol, Amsterdam Treaty) an area of freedom, security and justice which is intended to protect the inhabitants of the Union from the effects of organised crime and unwelcome migration. Thus since the mid-90s Switzerland has been surrounded by a common European security area in which it does not participate. This has noticeable effects, which can range from additional asylum requests from persons whose asylum applications were refused in the EU, through disadvantages for the tourism sector due to EU visa policy, to impeding practical cooperation between police forces.

Because it is of vital interest to Switzerland to coordinate its internal security arrangements with the endeavours of the EU in order to avoid becoming an island of insecurity, since the beginning of the 90s it has signalled its interest in increased cooperation with neighbouring states and the EU. As yet the EU has not come to a decision on cooperation with our country in the area in question.

The Federal Council therefore found itself compelled to take action to reinforce our country's internal security by means of closer cooperation with Switzerland's neighbours. As an initial step, treaties on mutual legal assistance, cooperation between police and justice authorities and the return of foreign nationals to their own countries have been concluded with the neighbouring states of Germany, France, Italy, Austria and Liechtenstein. These agreements not only facilitate the continuation and strengthening of cooperation with neighbours which has evolved with the passage of time; they constitute – as at least a partial substitute for non-participation in the European security system – an intensification of cooperation in the field of internal security which is in the interests of both parties.

Example: The bilateral agreements with the neighbouring states concern – to a different extent in each case – the following areas: direct cooperation between the relevant authorities, assistance in major events relating to security policy, disasters and serious accidents, transmission of information through automated procedures, direct service of judicial and official documents, and supervised transfer, cross-border pursuit and observation of offenders.

In addition the introduction of the "*Efficiency Proposal*" (Art. 340bis of the Penal Code), which under certain conditions extends the jurisdiction of the federal state to include offences in the fields of organised crime and economic crime, achieved a centralisation of resources which will ensure that complex cross-border cases of organised crime can be tackled more efficiently in future.

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Furthermore the implementation of the bilateral agreements on cooperation between police and justice authorities with neighbouring states facilitates, among other things, comprehensive cooperation and a more rapid exchange of information.

On the other hand Switzerland did not manage to settle its relations with the EU in the field of internal security by means of a treaty. Switzerland's non-participation in the gradually consolidating European security area is detrimental to everyday police work. Thus it is not possible to undertake a wide-ranging analysis of crime, nor can our country participate in the EU-wide exchange of information. At any rate Switzerland is among the third countries with which Europol wishes, as a high priority, to conclude a cooperation agreement. In the asylum sphere too, it is only through cooperation with the EU that our country will be in a position to achieve stability with regard to immigration in the long term.

2.1.2 Arms control and disarmament policy

Switzerland has acceded to all the multilateral treaties open to it in the field of arms control and disarmament today. Moreover, our country participates in all the informal multilateral agreements which promote the non-proliferation of weapons of mass destruction.

Thanks to the ending of the East-West confrontation, major successes have been achieved in the conventional negotiating forums: in the field of *nuclear weapons* the negotiations on the Comprehensive Nuclear Test Ban Treaty were concluded. In the field of *chemical weapons* a particularly important step was taken. Through the Convention on the Prohibition of Chemical Weapons an entire class of weapons of mass destruction is comprehensively banned, with provision being made for inspections.

Example: With its internationally acknowledged expertise in chemicals and its traditional reputation for independence and reliability, Switzerland can play an important role in combating the proliferation of chemical weapons. The worldwide activities of the AC Laboratory in Spiez, for example, testify to this. Moreover, our country played a decisive role in setting up the Inspectorate of the Organisation for the Prohibition of Chemical Weapons (OPCW) Over 100 international inspectors were trained in Switzerland, with active support being given by the Swiss chemicals industry.

Not least because of the progress in biotechnology, *biological weapons* are considered to be a particularly unpredictable threat today. In Geneva an additional protocol is currently being negotiated on the strengthening of the Biological Weapons Convention and related inspection issues.

Besides the traditional forums, a new form of arms control and disarmament policy has emerged in recent years with the aim of improving "*human security*". It takes place within informal multilateral contact networks outside established international organisations.

Example: A worldwide coalition of like-minded states - Switzerland is part of its core group - was able to draw up and adopt the Convention on the Prohibition of Anti-Personnel Mines within a short period of time, together with the ICRC and non-governmental organisations.

Since the adoption of the Convention to ban anti-personnel mines, Switzerland has also been actively involved in a new network of around a dozen states ("*Human Security Network*") which, among other issues, addresses the complex *problem of small arms*.

In the sphere of *conventional weapons* our country supports greater transparency in exports and imports of war materials within the framework of the OSCE and the UN. Our *exports of war materials* were also the subject of domestic policy debate for some considerable time. In the case of this type of export, conflicts of interest can arise between safeguarding Swiss jobs and maintaining a national arms industry on the one hand and promoting human rights,

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peace and security on the other. The difficulties were greatly eased with the new War Materials Law in 1996; a strict control system guarantees that no Swiss weapons are exported to areas where there is a risk of conflict.

2.1.3 Promotion of peace

The Foreign Policy Report 93 ascertained that there were gaps in the range of peace policy instruments employed by Switzerland, and established the objective of improving and expanding operational possibilities in the multilateral and bilateral field. In the last decade the following developments may be emphasised:

- The “credit for peace promotion measures” was increased from 14 million francs in 1993 to 38 million francs in 2000. In 1993 85 per cent of the funds available for financial contributions were mostly channelled into the UN, and 15 percent into deployments of personnel and projects. In 1999 the proportion was reversed: 85 per cent were used for deployments of personnel and projects. In 1999 235 civilian experts took part in international peacekeeping missions. Converted into an annual figure, this is equivalent to 70 specialists continuously deployed in 19 countries. Various projects both large and small were financed in 29 countries for just under 20 million francs, from peace talks to clearing mines, from drafting laws to investigating war crimes. The experiences gained from these commitments enable our country to further refine and extend the relevant instruments.

Example: In the “*Interlaken Process*” (1997 - 1999) our country addressed the question, in association with the UN Secretariat, of how undesirable side-effects of certain UN sanctions on the civilian population and economy can be reduced. A specimen resolution and a specimen law were drawn up which should enable the UN to impose more discriminating sanctions in future (known as “*smart sanctions*”).

- A group of 13 states in the “*Human Security Network*” (Lysöen Process) has set itself the goal of promoting certain aspects of “*human security*”. The group addresses, in particular, better enforcement of international humanitarian law, better control of the small arms trade, a ban on the deployment of so-called child soldiers, the role of the various non-state protagonists in conflict situations and the implementation of the ban on anti-personnel mines, and jointly encourages the examination of these topics within the framework of the UN or takes the initiative itself.

Example: In May 2000 in Lucerne Switzerland convened the second meeting of Ministers of the “*Human Security Network*” group which gave significant impetus to the UN Conference on Small Arms, which takes place in 2001, and to further cooperation with non-state protagonists.

- Bilateral initiatives whose objective is to contribute to the resolution of conflicts remain indispensable, despite the increasingly multilateral nature of peace endeavours. Experiences in the last ten years have shown that even fairly small and medium-sized states can play a successful role in this field. In view of the complexity of internal conflicts today, such initiatives can take advantage of unused scope for manoeuvre and increase the resolve of certain target groups to negotiate and their capacity to enter into dialogue. Here Switzerland can draw upon its *tradition of good offices*.

However the internal nature of most conflicts today requires new methods. In particular, a systematic approach to the handling of a conflict planned over the long term and the building up of networks of contacts with the various protagonists are essential. Various forms of “*facilitation*” and mediation are the instruments with which parties to a conflict should be encouraged to deal with the conflict non-violently.

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Example: Switzerland attaches great importance to the cultural component of peace promotion; this includes the “*revitalisation*” of local cultural activities which are affected or threatened by conflicts. Thus in 1999 Pro Helvetia took on the task of opening branch offices in Macedonia, Albania, Romania, Ukraine and Bulgaria.

In the last few years the task of building up capacities in this field has been taken in hand. The basis for this is the peace promotion programme which the Federal Council approved in 1999. Switzerland was able to gain some initial experiences with the new approach to dealing with conflicts in Burundi, Columbia and Afghanistan in particular.

While Switzerland’s humanitarian aid has for many years been geared towards the prevention and overcoming of violent conflicts, peace issues in the narrower sense only became an important topic in the context of development cooperation and cooperation with eastern Europe in the 90s. With their objectives of combating poverty, promotion of good governance and reconstruction work following conflicts, development cooperation and cooperation with eastern Europe as well as humanitarian aid constitute important instruments of a peace policy orientated towards conflict prevention in the long term.

Examples: *Conflict-related activities of development cooperation in Mozambique:*

- Support for elections.
- Advice/support in conflicts over land and legal questions.
- Advice and support concerning demobilisation measures.
- Reconstruction of physical infrastructure.
- Human rights, reconstruction of justice/security.

These and similar activities in six other countries (Angola, Bosnia, Nicaragua, Niger, Rwanda and Sri Lanka) involve a financial commitment of around 240 million francs spread over 10 years.

2.1.4 Good offices

Our country’s *good offices* have been an *integral part of Swiss foreign policy* for many years. In Switzerland there is still a widely-held view that our country is, as it were, automatically in a position be of service by playing a highly-regarded role as an intermediary or peacemaker. However the reality is quite different: modern conflicts tend, as a rule, to take place within national frontiers. Often the government side which is involved in such clashes rejects mediation by third parties as interference in its internal affairs. Good offices are therefore frequently assigned to a international organisation such as the UN or the OSCE which appoints individuals or member states to mediate in a particular conflict on the basis of a mandate. Through this approach it is easier to compel governments which are involved in an internal conflict to cooperate. Also, it may often be observed that major powers such as the USA or the EU take on mediation duties because only they have the necessary means, including those of a military nature, to bring the warring factions to a point where they are prepared to compromise.

Furthermore, as a result of the ending of the East-West confrontation our neutral status has been deprived of its previous significance in terms of good offices also.

Example: The Kosovo conflict confirmed that the provision of good offices is by no means reserved to neutral states any longer. The activities undertaken by Switzerland in the Kosovo crisis demonstrate that classic good offices are seldom of any significance nowadays in terms of seeking solutions to serious political conflicts or peace promotion, and only form a small part of Switzerland’s foreign and security policy commitment today. They are increasingly giving way to an active peace policy.

2.1.5 Cooperation with eastern Europe

More intensive cooperation with eastern Europe has only been a priority for Swiss foreign policy in the last few years. In the past decade our country has primarily supported Poland, the Czech Republic, Hungary and the Baltic states. The process of reform has since become firmly established in these states; they have all applied, without exception, to join the EU and thus enjoy considerable financial support from the EU. Accordingly Swiss cooperation activities in eastern Europe now concentrate on those countries in which the process of reform is just beginning, is showing signs of faltering, or, because of a civil war, never had the chance to get under way.

South-eastern Europe

Due to the various crises and the continual uncertainty in the region, south-eastern Europe has for some time been a principal focus of Switzerland's foreign policy activities. Since as early as 1995 the area of former Yugoslavia has been a priority for Swiss humanitarian aid. Our country has taken in a large number of refugees driven out by war, has actively supported their return and has provided aid for the work of reconstruction. In 1996 Switzerland took over the chairmanship of the OSCE and was therefore in a position to make a significant contribution. Our country still has a strong commitment in Bosnia-Herzegovina, with a comprehensive programme.

Example: *Free Radio Bosnia and Herzegovina (FERN)*

This project is financed by Switzerland and carried out in partnership with the OSCE. Running an independent radio station contributes to understanding among the three ethnic groups. Since 15 July 1996 Radio FERN has broadcast a full round-the-clock programme every day, designed by a multi-ethnic Bosnian editorial team. Radio FERN is presently being transferred to a local body which will continue its activities.

Radio FERN was recently named Broadcaster of the Year 1999 by the Journalists' Association of Bosnia-Herzegovina.

Switzerland has developed an extensive range of measures in order to be able to provide effective aid and support to stabilise the situation in south-eastern Europe. Our country is now represented by embassies in all the countries of the region and has opened coordination offices in all the priority countries in its programme for cooperation with eastern Europe, which supervise the deployment of extensive aid in the form of funds and personnel, at both bilateral and multilateral level, together with local partners.

Switzerland participates in all the international structures and organisations which operate in this region and maintains active contact with the many non-governmental organisations. One priority involves cooperation with the Criminal Tribunal for the former Yugoslavia; a Swiss attorney general was placed at the court's disposal. In addition a company of unarmed Swiss soldiers ("*Swisscoy*") supports the NATO mission in Kosovo.

Example: *Promotion of agriculture and SMEs in Romania*

Approximately 5,000 jobs are being created and maintained through the promotion and development of private agriculture and of small and medium-sized enterprises in the districts of Covasna and Mures. Firms and farming families benefit from business advice and receive investment credits. So far around 1,200 credits have been granted, which help to establish commercial or service enterprises or are used to purchase equipment, animals, seed etc. Around 20 to 25 per cent of the total credits (4.2 million US dollars in 1999) are repaid and reallocated each year.

Successor states to the Soviet Union

Russia represents a challenge for security and peace in Europe because of its poorly consolidated internal situation. It is therefore a matter of great interest to Switzerland too that this country should progress in an orderly manner along the path towards modern democracy with market economy structures. Our country contributes in areas where it has specific knowledge and skills, for example in the field of economic reforms, strengthening the rule of law and the justice system, and in reducing loss of expertise in science and research. Similar considerations apply to *Ukraine and the Caucasus area*, where Switzerland has enhanced its presence.

A further priority as regards cooperation is the region of *central Asia* which, in view of the unequal distribution of natural resources and arbitrary borders, represents a potential trouble spot. Switzerland has also extended its structures here, namely in the Kyrgyz Republic and in Tajikistan. As members of the Swiss voting group in the Bretton Woods Institutions these states are of significance to our country not only as partners in development cooperation.

2.1.6 Humanitarian aid

Since the beginning of the 90s Switzerland's humanitarian aid programme been confronted with difficult challenges arising from the outbreak of fresh crises and conflicts. Switzerland strove to deploy the limited resources effectively by concentrating on particular geographical regions and individual conflicts. The main emphasis was placed on Bosnia-Herzegovina, Kosovo and Serbia as well as the Great Lakes region in Africa, especially Rwanda. Further priorities for our country's humanitarian aid programme were the Caucasus, Sudan, Eritrea and Angola.

Examples: In Sudan clean water supplies were established despite the civil war, in Rwanda the return of refugees was facilitated through support for medical training, and in Liberia roads were repaired.

The effectiveness of the humanitarian operations was increased by integrating them more closely into Swiss foreign policy and by linking them up with other operations. Furthermore, coordination with other humanitarian aid organisations was improved and closer cooperation with Swiss non-governmental organisations and international humanitarian organisations, for example the ICRC, the UN Office for the Coordination of Humanitarian Affairs, the UNHCR or the UN World Food Programme, was arranged.

Examples: One of the ways in which Switzerland provides humanitarian aid is through the operations of the Swiss Disaster Relief Unit; today this numbers around 1,500 volunteers. In 1999 547 members of the Unit were deployed, completing a total of around 40,500 operational days.

2.1.7 Migration policy

Labour market

In our country the majority of foreign residents, that is 58.3 per cent (1999 figures), come from states which are members of the EU or EEA. New admissions of workers from this area stand at around 80 per cent of the maximum quotas. However the increasing trend towards immigration from countries outside the EU continues undiminished; this is mainly due to families joining their relatives and other reasons such as the transfer of management personnel, study visits, humanitarian grounds etc. Swiss migration policy was therefore geared towards a dual admission model at the end of the 90s.

After local residents (Swiss nationals and resident foreign nationals), workers from the EU and EFTA states have priority as regards recruitment. Based on the bilateral agreements with the EU, the movement of persons between Switzerland and the EU will be fully liberalised after a transitional period of some years. In the case of other states, admission to the Swiss labour market is in principle only envisaged for highly-qualified persons.

Asylum

Frequently migrants hire organised gangs of traffickers to bring them to their destination. Migrants and refugees are forced to pay dearly for the services of such traffickers. The stricter a country's admittance regulations and the more thoroughly it monitors its borders, the better organised and more expensive the traffickers become. The global annual turnover of the gangs of traffickers in the field of migration is estimated at over five billion US dollars; frequently these gangs belong to mafia-style groups.

Example: The situation in Switzerland is in line with international trends. Last year the Swiss border guard corps caught over 1,000 traffickers; in 1999, 84 per cent of those attempting to seek asylum in Switzerland arrived in our country by illegal means.

Concerning asylum in Switzerland, *record figures* were registered twice in the past decade, firstly in the initial phase of the Balkan conflict with over 41,000 requests and secondly during the Kosovo conflict. With 6.5 asylum requests per 1,000 inhabitants in 1999, Switzerland featured prominently among the western European countries which traditionally accept refugees; only Liechtenstein and Luxembourg ranked higher than our country. In 1999, admittedly a record year, Switzerland ranked third among all the European countries with 46,100 requests, after Germany and Great Britain which each had twice as many applications. Since then the number of asylum requests in Switzerland has dropped back to the normal mid-90s level.

In view of the above-average immigration from Bosnia-Herzegovina and Kosovo as a result of war, the principle of provisional collective admission was applied; this principle has also been enshrined in the new Asylum Law for those in need of protection. Furthermore the asylum procedures were accelerated, the incentives to lodge an asylum request were reduced and the enforcement of deportation orders was strengthened.

A particularly alarming trend is the trade in women, operated by international criminal organisations. Besides intensifying efforts to prosecute the culprits and informing people of the dangers in the countries concerned, the trade in human lives can only be checked effectively through improved protection of the victims.

Example: Switzerland has put new, innovative forms of cooperation to the test: programmes designed to assist refugees to return home were carried out for those who were admitted provisionally, in the case of both Bosnia-Herzegovina and Kosovo, with some major successes being achieved. The aid to assist refugees to return is combined with the efforts of humanitarian aid programmes and cooperation with eastern Europe, which aim to support reconstruction and the reintegration of returning emigrants.

2.2 Promotion of human rights, democracy and the rule of law

Objective: *“Lasting peace and security can only be found in a community of states themselves based on respect for human rights and basic freedoms, the primacy of law over arbitrary power, and democratic controls over the exercise of political power.”* (Foreign Policy Report 93)

2.2.1 Good governance, the rule of law and democracy

In recent years Switzerland has undertaken many different activities, in the relevant organisations as well as in its bilateral development cooperation, to support conditions conducive to the rule of law in partner countries, particularly in the spheres of state, government and administrative organisation and with the emphasis on efforts to decentralise. Our country has also been particularly active regarding organisation and training in the fields of justice and police and in the promotion of access to justice and administrative processes for disadvantaged groups.

Example: Switzerland supported efforts to reform the justice system in Bolivia (free access for those in need, improved training for judges, support for the public defence system in rural areas and technical advice for a new money laundering law).

Switzerland assists in endeavours to strengthen democratic structures and processes in many countries, for example in the preparation and holding of elections. Providing election observers is one of the traditional instruments in this area; in addition to this it supports the organisations of civil society which strive to achieve more effective popular participation in political and economic decision-making processes in their countries.

2.2.2 Human rights policy

In the past decade Switzerland has acceded to many international treaties in the sphere of human rights, for instance the UN Pacts on civil and political rights (1992) and on economic, social and cultural rights (1992), the Convention on children’s rights (1993), the Conventions against racial discrimination (1994) and on discrimination against women (1997) as well as the Framework Convention of the Council of Europe on the protection of national minorities (1998).

Our country’s *multilateral* activities are wide-ranging. Particular efforts are required concerning the elimination of torture, the protection of minorities and improving the situation of children in armed conflicts.

Examples: Within the UN framework Switzerland has presented a proposal for a protocol on the prevention of torture and has strongly supported the adoption of an additional protocol to prohibit the use of child soldiers.

The “*European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment*” stems from a Swiss initiative and was adopted by the Council of Europe at the end of 1987 following intensive discussions. For the first time it provides for a special monitoring mechanism: a committee can visit any location in member countries in which persons are detained, and publish reports. Indeed this mechanism also served as a model for a similar instrument within the UN framework, which Switzerland also vigorously supports.

Regarding the protection of minorities, Switzerland supports the activities of the Council of Europe and the OSCE first and foremost. Swiss activities in the UN Human Rights

Commission should also be mentioned, as well as its activities in the International Labour Organisation which have resulted in the adoption of an extensive body of legislation.

Example: “*European Court of Human Rights*”

At the meeting of Ministers of the Council of Europe in 1985 Switzerland introduced the idea of simplifying the monitoring system of the European Convention on Human Rights (ECHR). The two organs (Commission and Court) ought to be amalgamated into a single European Court of Human Rights. Following tough negotiations the relevant additional protocol to the ECHR came into force at the end of 1998. The President of the Court is a Swiss national, Luzius Wildhaber.

Switzerland's bilateral commitments were strengthened: besides the traditional interventions at government level by way of diplomatic protests, the range of instruments available to Switzerland was extended by positive measures which, in a bilateral relationship, can contribute to improving the human rights situation in a particular state. The reasoning behind this approach is based on the consideration that the aim is always to bring about improvements in a particular state, rather than to condemn a state. The human rights element was also strengthened in the programmes for development cooperation and cooperation with eastern Europe.

In addition to this, the *institutionalised human rights dialogue* which our country conducts with states such as China, Pakistan and Vietnam is of particular importance. Securing a lasting dialogue on certain topics and programmes, for example women's rights or prison conditions, is a priority.

2.2.3 International humanitarian law

International humanitarian law includes the international rules which alleviate the effects of armed conflicts on people and property and, in particular, protect the weakest sections of our society. These endeavours are based on the understanding that the conduct of armed forces must, if an armed conflict breaks out, be subject to rules which guarantee minimum respect for human life and prevent unnecessary suffering.

Today international humanitarian law is the subject of intensive discussions at multilateral level, particularly within the framework of the International Conferences of the Red Cross and the Red Crescent as well as the UN. While the Federal Council has always accorded the highest priority to the further development of “*Geneva law*”, the developments of recent years demonstrate that the UN framework has also increased in significance with respect to the further development of international humanitarian law.

A review of the last few years points to the conclusion that serious breaches of the international agreements in the field of international humanitarian law, particularly the way in which civilian populations have been ruthlessly and deliberately endangered, have massively increased. The causes of this disturbing development are the changes in the way conflicts are conducted (cf. Section 2.1.2.2).

It is internationally acknowledged that Switzerland, also in its capacity as the depositary of the Geneva Conventions, plays a leading role in the strengthening and further development of international humanitarian law. In the last few years Switzerland has made significant concrete contributions to the implementation and development of international humanitarian law.

Example: In view of the devastating effect of anti-personnel mines on civilian populations, Switzerland successfully fought for a comprehensive ban on the deployment, production, storage and distribution of anti-personnel mines at international level. With the establishment of the International Centre for Humanitarian Demining in Geneva, Switzerland has robustly underlined its commitment to reducing the effects of this insidious weapon.

The Federal Council also supports the containment of the illegal and uncontrolled spread of small arms and light weapons, and the involvement of armed groups operating without state authority in the international legal system. The Federal Council has identified a need for action in connection with, for example, scatter bombs which – dropped from the air – do not explode on impact with the ground and can have a similar effect to anti-personnel mines.

Despite the relevant provisions of criminal law which already exist, even in more recent times millions of children, women and men have become victims of atrocities. The fault lies not so much in the incompleteness of the appropriate provisions of international humanitarian law as in the failure to enforce them. By setting up an *International Criminal Court*, the international community wishes now to secure greater universal respect for international criminal law. Switzerland played an influential role in drawing up the statute for the Criminal Court. Its jurisdiction over particularly serious crimes such as genocide, crimes against humanity and war crimes will in future contribute to ensuring that those responsible no longer go unpunished. However the Court will only have subsidiary authority for such trials; states will continue to have primary responsibility for the prosecution of such offenders.

Cooperation with the *ICRC* is particularly close, although its independence is of course fully respected. The *ICRC* has been commissioned by the international community to monitor the application of international humanitarian law. In terms of the various possibilities for bringing an influence to bear in a particular state, the instruments of the *ICRC*, of Switzerland and of the other states parties to the Geneva Conventions can supplement and support each other.

2.3 Promotion of prosperity

Objective: *“The promotion of prosperity aims to safeguard, through bilateral and multilateral agreements, the benefits of an international division of labour. One’s own prosperity is largely dependent on the prosperity of others. A commitment to the abolition of social inequalities is thus an important dimension in any policy aiming at achieving prosperity.”* (Foreign Policy Report 93)

2.3.1 Switzerland as a centre of economic activity

The 90s were characterised by a *wave of worldwide deregulation and privatisation*. The pressure for greater liberalisation has already resulted in the opening up of extensive service and infrastructure markets (banking and insurance, telecommunications, energy etc) and has not spared the previously heavily protected agricultural products markets. Although these structural changes in the world economy have opened up new markets for Swiss enterprises, they have also led to greater competition pressures. In particular our production costs, which are high in comparison with other countries, have proved to be no longer competitive.

Example: Between 1990 and 1997 Switzerland did not experience any economic growth which, among other things, was associated with a rise in unemployment and deterioration of the national budget, together with a doubling of the national debt and a recession, particularly in the construction industry.

In the spirit of the guiding principle “*competitiveness abroad through greater competition at home*”, the Federal Council has initiated a reorientation of its domestic and foreign trade policy²⁵.

Examples: Switzerland’s position as a centre for production, services and finance was strengthened through the following domestic trade measures: the Monopolies Law, the Domestic Market Law, the Law on Technical Barriers to Trade and the Public Procurement Law. Switzerland’s appeal as a centre for business was further enhanced by the liberalisation of the telecommunications market, placing the federal finances on a sound footing, and new regulations for public transport and vocational training. Moreover Switzerland’s competitiveness as a centre of education, research and technology, and in particular as a financial centre, continues to be of prime importance for the national economy. New provisions against the abuse of banking secrecy rules and a tightening of the regulations to combat money laundering should be rated as positive factors which strengthen its position in this connection.

Switzerland’s financial sector occupies an important position in world affairs. According to a Swiss National Bank survey, at the end of April 2000 Swiss banks managed securities worth almost 3,400 billion francs, more than half of which were owned by foreign customers. In addition there were further holdings of more than 1,200 billion francs deposited in Swiss bank accounts.

Our country faces particular challenges arising from the increased awareness of *investments of dubious origin*. Like other world financial centres, Switzerland attracts legal as well as illegally acquired funds. This fact, as well as the exceptional significance of the financial sector in relation to the size of our country and the Swiss banking secrecy rules, give rise to criticism from abroad. In response to this development, Switzerland has made considerable efforts to prevent the abuse of its status as a financial centre (Money Laundering Law, criminal law provisions concerning organised crime and corruption) in the last few years. With respect to the regulation of financial markets and in the fight against abuse around the world in general, our country plays a leading role today and actively participates in the fight against money laundering and other offences in the international arena.

In 1999 the Federal Chambers decided to grant *Switzerland Tourism* financial assistance amounting to 190 million francs in total over five years. With these funds an international network of agencies can be maintained which contributes to the enhancement of Switzerland’s presence abroad.

The comparative advantages of the Swiss economy undoubtedly include the high-quality *education and research system* and the development of cutting-edge technologies. However their good reputation and international competitiveness will increasingly come under threat if, following years of sluggish investment in Switzerland and constantly rising expenditure in other countries, Switzerland’s position as a centre for education, research and technology is not continually strengthened.

²⁵ cf. Foreign Trade Report 91 1+2
Unofficial English translation

2.3.2 European integration policy

Following the rejection of the EEA treaty on 6 December 1992 the Federal Council conducted a review of Switzerland's integration policy. The Federal Council felt that it would not be justifiable to pursue the process of joining the EU, which the EFTA states of Austria, Finland, Sweden and Norway had decided upon. However it was equally unthinkable to sit back and do nothing, because too many urgent problems in relation to the EU, our most important economic and trade partner, had to be resolved rapidly. Maintaining the status quo would have led to a continuous decline in Switzerland's position as a centre for quality work and intellectual endeavour. Thus the Federal Council decided at the beginning of 1993 to reinforce treaty-based relations with the EU *through bilateral channels initially*.

At the end of 1993 the EU agreed to commence negotiations with Switzerland in seven sectors²⁶. It linked its willingness to negotiate to two principles:

- Firstly the negotiations were to commence and to conclude simultaneously and in parallel in the various sectors. The intention here was to ensure that a balance of interests would be maintained within this bilateral approach and that it would not lead to "*picking and choosing*" by Switzerland.
- Secondly Euro-compatible solutions were to be sought wherever possible which would be in line with the "*acquis communautaire*", the body of EU legislation.
- In addition to this Switzerland and the EU were in agreement that the bilateral negotiations were not intended as an indirect re-working of the EEA treaty.

The adoption of the Alpine Initiative delayed the start of the negotiations, which finally began in December 1994. Following the breakthrough in the sensitive sector of free movement of persons in 1996, the final obstacles in the transport fields and the agriculture sector were successfully overcome during difficult negotiations at the end of 1998.

On the evening of 21 May 2000 the Federal Council noted with great satisfaction that its positive assessment of the outcome of the negotiations was shared by a substantial majority of the people and the cantons. Over 67 per cent of those who voted and 24 cantons or half-cantons approved the bilateral agreements. This was an indication of the success of the Federal Council's policy on Europe in two respects:

- Firstly these agreements considerably improve general economic conditions in Switzerland and bring us closer to Europe on various levels.
- Secondly it was possible to find solutions which were Euro-compatible yet tailor-made for Swiss requirements in domestically sensitive sectors such as free movement of persons and land transport.

Example: Concerning the movement of persons there is a 12-year transitional period for the introduction of free movement of persons. Furthermore, Switzerland has passed a series of domestic "flanking" measures, for example facilitating the adoption of collective labour agreements or the Law on Seconded Employees, which reduce the possible effects of free movement of persons on wage levels.

However the seven agreements do not cover either the entire range of the four EU freedoms (movement of goods, persons, capital and services) or the "flanking" policy areas of EU economic law (for example social policy, company law, environmental policy, competition law, energy policy, foreign trade policy or monetary policy). In addition they do not touch on *future issues* which are of importance to Switzerland: equal participation in the European

²⁶ Land transport, air transport, free movement of persons, research, agricultural products, technical barriers to trade, public procurement.

area of freedom, security and law, in European defence policy and in the EU's economic agreements with other regions of the world in Latin America, Asia or the Mediterranean area.

2.3.3 The world economic system

Modern foreign trade policy is increasingly assuming the characteristics of a *policy for a global order*. In a highly integrated world economy it is necessary to create, through bilateral or multilateral agreements, appropriate conditions in foreign markets for Swiss enterprises which are active there and to contribute to ensuring that the markets maintain their operational capacity in the long term²⁷. The Federal Council has taken account of the increased need for coordination arising from these new tasks through the creation of new administrative structures.

With the successful conclusion of the GATT Uruguay Round and Switzerland's accession to the World Trade Organisation (WTO) in 1995, an important matter of concern to Switzerland as regards welfare policy was dealt with. In particular a reinforcement of multilateral trade rules including services, and of dispute settlement procedures, was achieved. The latter is of particular significance to Switzerland because, due to its heavy dependence on international trade, it has to rely on compliance by its partners with the agreed trade rules. Furthermore it is essential for our country that the principles of the WTO are observed by all its members, that is by the developing countries as well, and that the latter, as members with equal rights within the WTO, are not passed over. In addition the WTO recognises the legitimacy of objectives not related to trade such as the environment, health, upholding basic labour standards and consumer protection.

These objectives form part of the Federal Council's endeavours to establish a framework for a global order. An important element of this overall order, partly realised in the past decade, is norms and guidelines whose object is the conduct of the state ("*good governance*"). International organisations such as the OECD, the WTO or the IMF have commenced work on this, supported by Switzerland. Of particular consequence is the OECD Anti-Bribery Convention, which obliges the states parties to prosecute their own nationals who corrupt foreign officials. But the network of Swiss investment protection and double taxation agreements which evolved in the 90s also contributes, within many different markets, to equal treatment, protection from arbitrary acts, guaranteed ownership, avoidance of double taxation and the provision of dispute settlement procedures. Thus distortion of competition is reduced, resulting in production structures which are ultimately useful to the world economy as a whole.

Besides the multilateral level, *bilateral or regional foreign trade policy* remains important. Yet regional *free trade agreements* are increasingly taking on the character of a strategy to support the multilateral level; they help to avoid discrimination against the Swiss economy in relation to the largest trade partner, the EU.

Switzerland seeks to conclude free trade agreements wherever the EU has already developed a network of such agreements or intends to commence free trade negotiations. Thus our country has successfully concluded, together with its EFTA partners, free trade agreements with all the applicants for EU membership. In 1999 the relevant agreements covered 3.8% of Swiss exports and 1.7% of imports.

Not only the states of eastern Europe but also non-European states and groups of states, for example the southern Mediterranean countries, South Africa or Mercosur, attach greater importance to economic negotiations with the EU than to negotiations with other partners

²⁷ cf. Foreign Trade Report 98 1+2

such as Switzerland. However encouraging developments are becoming apparent in the context of EFTA negotiations for the conclusion of free trade agreements with third states.

Examples: For the first time negotiations for an EFTA free trade agreement are being conducted with a country outside Europe, the negotiations with Canada already being at an advanced stage. In addition EFTA has initiated negotiations with Mexico and will shortly begin talks with Chile.

The endeavours which have intensified since the mid-90s to promote private enterprise in developing countries and in the states of eastern Europe and central Asia pursue the same goal, and have led to the founding of the Swiss Development Finance Corporation (*SDCF*) and the Swiss Organisation for Facilitating Investments (*SOFI*).

Example: On the occasion of the celebrations marking the 700th anniversary of the Confederation in 1991, Switzerland approved an outline credit of 700 million francs, of which 400 million francs are designated for debt relief measures to benefit the poorest developing countries and 300 million francs for environmental programmes of global significance in developing countries.

2.3.4 The international financial system

As a member of the Bretton Woods Institutions Switzerland has participated in the international efforts to enhance the stability of the international financial system. The Asian crisis of 1997/98 in particular showed that regional flaws can threaten the world economy as a whole or in part. The cause of this crisis was not the liberalisation of the movement of capital but the thoughtless way in which these funds were handled, compounded by serious regulatory shortcomings. There is much interest in eliminating these causes; this includes the endeavours of the IMF to achieve greater transparency, which permits more realistic risk assessments and thus helps to avert sudden crises of confidence and the associated outflows of capital.

The Federal Council has welcomed these measures because they tackle the causes and refrain from introducing protectionist instruments such as controls on the movement of capital. However crises such as those in south-east Asia, Russia or Mexico can only be avoided if financial monitoring systems are adjusted and if the conduct of states improves in terms of strengthening good governance.

Over and above this the IMF is endeavouring, in close cooperation with the World Bank and regional development banks, to integrate the developing countries more fully into the worldwide financial system. Incentives and attempts to reduce the volatility of the financial markets and speculative capital transactions still have to be further developed. Switzerland has made its own contribution to this, because a stable world financial system is especially important for properly regulated world economic relations and accordingly for our country also.

Examples: In 1997/98 Switzerland made credits available to the states caught up in the Asian crisis through the IMF and the G 10, and consented to an increase in the IMF lending volume. Our country also played a significant role in the realisation of the "HIPC Initiative" (debt reduction programme for the developing countries with the highest debts).

2.4 Promotion of social cohesion

Objective: *“Economic, political, social and ecological inequalities and injustices are permanent sources of tension that endanger peace and security between states.” (Foreign Policy Report 93)*

The objectives of Swiss cooperation with the disadvantaged peoples of the world were established a quarter of a century ago. Our aid “... supports the developing countries in the endeavour to improve the living conditions of their populations. It is intended to assist these countries in advancing their development through their own efforts. In the long term it strives for more balanced circumstances in the community of nations. In this connection it supports, first and foremost, the poorer developing countries, regions and population groups.”²⁸

Concerning the extent of Swiss development cooperation in financial terms, the Federal Council stressed in the “Submission on Switzerland’s Accession to the Bretton Woods Institutions” of 15 May 1991: “Switzerland’s accession to the World Bank group takes place within the framework of the Federal Council’s policy of extending Switzerland’s participation in international development cooperation and of adjusting the funding of public development assistance accordingly. The Federal Council therefore intends to increase Swiss development cooperation to at least 0.4% of GNP by the second half of the nineties.”

It was subsequently not possible to achieve the objective as planned, owing to the unfavourable financial situation in the 90s. Thanks to the successful efforts to achieve savings under the “Budget Objective 2001” the necessary steps can now be introduced in the field of development cooperation.

In 1999, with public development assistance amounting to 0.35% of GNP, Switzerland ranked seventh among the OECD states after Denmark (1% of GNP), Norway (0.91% of GNP), The Netherlands (0.79% of GNP), Sweden (0.7% of GNP), Luxembourg (0.64% of GNP) and France (0.38% of GNP).

The objectives, subject matter and resources of Swiss development cooperation are described in the regular submissions on the relevant outline credits. Only the most significant elements are referred to here.

Owing to limited resources, the setting of geographical and thematic priorities is imperative for Swiss development cooperation also.

Examples: In 1999 the following priority countries headed the list of recipients of Swiss development assistance:

1. Yugoslavia (including Kosovo): 41 million US dollars.
2. Bangladesh: 20 million US dollars.
3. Mozambique: 20 million US dollars.
4. India: 20 million US dollars.
5. Tanzania: 18 million US dollars.

Swiss development cooperation has moved away from the financing of equipment and infrastructure on which it previously concentrated, and now emphasises the creation of institutional prerequisites as well as processes of learning and change for people and societies. At the same time it has made the issue of poverty a primary task.

²⁸ Development Assistance Law of 1976, SR 974.0

Switzerland's *multilateral development policy activities* in the last decade were geared towards concentrating the endeavours of the UN and its special organs, the Bretton Woods Institutions as well as the numerous development banks more effectively towards the promotion of social cohesion. As a non-member of the UN our country has limited opportunities for participation in the UN General Assembly and the Economic and Social Council, which is responsible, among other things, for development issues. Since important development policy issues are dealt with ever more frequently within these organs, this limitation is no longer justifiable.

In recent years Switzerland has deployed around 30 per cent of public development aid through multilateral organisations. Of this, almost 200 million francs were made available to the organs and programmes of the UN in 1999. Thus our country is among the twelve leading financial contributors to the UN's development activities as a whole.

From Switzerland's point of view bilateral and multilateral development cooperation constitute two complementary areas of the same policy. Through multilateral cooperation our country seeks to contribute to the resolution of international development problems which, owing to their complexity, their political sensitivity or because of the volume of funding required, are beyond the reach of bilateral cooperation.

In the case of bilateral development cooperation the possibility arises, based on the geographical and thematic priorities which have been set and on the long-term perspective, of building up a special cooperative relationship with some countries.

Examples: In 1999 our country's public development aid, in the order of 997 million US dollars (0.35 per cent of Swiss GNP), was split between multilateral aid amounting to 25.7 per cent (257 million US dollars) and bilateral aid amounting to 74.3 per cent (740 million US dollars).

The two largest multilateral organisations with which our country worked in 1999 were the UN (88 million US dollars) and the Bretton Woods Institutions (95 million US dollars).

The funding for bilateral development cooperation was allocated as follows:

- 34 per cent (162 million US dollars) for Africa.
- 31 per cent (116 million US dollars) for Asia.
- 14 per cent (66 million US dollars) for central and Latin America.
- 3 per cent (14 million US dollars) for the Middle East.
- 26 per cent (126 million US dollars) for south-eastern Europe.

The new approaches and the experiences gained in priority countries such as these form important bases for Swiss policy in the multilateral sphere.

Examples: Switzerland was able to give considerable impetus to the international debate on debt relief for developing countries. From the outline credit of 700 million francs which was opened on the occasion of the celebrations marking the 700th anniversary of the Confederation in 1991, 400 million francs were designated for debt relief measures. Cancellation of debt is conditional upon the opening of funds of equivalent value in local currency by the relevant partners, which – jointly managed – are then used for further development activities.

2.5 Preservation of the environment

Objective: *“The tensions arising from the spoliation of our natural environment are felt well beyond the borders of every state. Protection of the environment has thus become a requirement for the prevention of conflicts and the maintenance of stability and security.” (Foreign Policy Report 93)*

In the last decade Switzerland has been a driving force behind the negotiation and further development of international legal instruments in the environmental sphere. These include, for example, the Climate Convention, the Convention for the Protection of Biodiversity, the Basle Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, as well as treaties in the chemicals field. Our country participated in the formulation of international environmental policy in all the important international institutions and conferences on the environment and sustainable development, for instance the UN Environment Programme (UNEP) and the “*Environment for Europe*” Programme. The aim of the Swiss approach is to strengthen the international environmental system as a whole, and in particular to increasingly assign to UNEP the role of a central authority in the system.

Already a certain amount has been achieved: the implementation of the Protocol for the Protection of the Ozone Layer should lead to a drop in the level of ozone-damaging substances to their pre-1980 position within 50 years; as regards the control of cross-border movements of hazardous waste (Basle Convention) the international regulatory mechanism was reinforced by enshrining the concept of liability, which was also the case concerning the control of the traffic in genetically modified organisms (Convention on Biological Diversity). There have been positive developments in the climate sphere (Kyoto Protocol), in the control of toxic chemicals, and with respect to clarifying the future relationship between multilateral environmental treaties and the World Trade Organisation.

Examples: Negotiations leading to the conclusion of the Additional Protocol on Biological Safety under the Biodiversity Convention may be mentioned as a success for Switzerland. In this connection our country headed a group of like-minded states (“*Compromise Group*”), which played a decisive role in the realisation of the pioneering agreement in the grey area between environmental and economic policy. The conclusion of a Liability Protocol achieved under Swiss chairmanship within the framework of the Basle Convention on Transboundary Wastes can be counted as a further success. For the first time the important concept of liability was successfully enshrined in a multilateral environmental treaty.

Outside the narrower field of the environment Switzerland is endeavouring, at multilateral level, to secure increased emphasis on environmental problems in various international organisations and forums, particularly the Global Environment Facility, the World Health Organisation, the Bretton Woods Institutions and the World Trade Organisation. The aim is to coordinate the individual areas of Swiss policy more efficiently on the one hand, and to make use of the numerous multilateral treaties in such a way that a strong international environmental system can be created on the other. This can be done by, for instance, advances in overlapping areas of international climate policy (Montreal Ozone Protocol and Climate Convention.)

Besides this our country continues to be active *bilaterally* in the environmental sphere through numerous economic cooperation and development cooperation projects.

3 Special instruments of Swiss foreign policy

3.1 Neutrality

The collapse of the bipolar world order had fundamental repercussions for every state in the world. The neutral states of Europe in particular are faced with the question of how they can continue to employ a policy of neutrality as an instrument of foreign policy. In the last decade Sweden and Finland have adopted a policy of neutrality which is appropriate for the new circumstances; they regard themselves as “*non-aligned states*” which nevertheless wish to be full participants in the EU’s foreign and security policy. In Austria a considerable proportion of political decision-makers attach greater importance to joining NATO than to the maintenance of neutrality.

The increasing *gulf between the realities of security policy and the status of neutrality* is highly significant for our country. Even in the Cold War era Switzerland’s neutrality was not viewed as an end in itself or indeed as an objective of foreign and security policy. Instead neutrality has always been a means, among various others, of guaranteeing the external security of our country. Until 1989 its purpose was clearly understood: it was necessary, in view of the ever-present threat of a major armed conflict in Europe, to avoid all political or military action which might have been interpreted in the eyes of the world as bias in favour of one side or the other. In the light of the geographical expansion of the EU, this purpose has lost much of its significance.

As a result of the far-reaching changes in Switzerland’s foreign and security policy environment the Federal Council initiated a significant reorientation of Swiss neutrality in the 90s.

- On the one hand the legal principle underpinning neutrality was recalled, which states: a neutral state may not, in the event of war, give military support to any party to a conflict nor may it take any measures in peacetime (for example joining an alliance, aid obligations) which render compliance with its duties under the law of neutrality impossible during an armed conflict.
- On the other hand Switzerland endorsed the view which states that the law of neutrality does not apply in the event of compulsory measures in the context of collective security under the United Nations. This step was taken on the basis of the consideration, supported by international jurisprudence, that neutrality cannot exist between the international community acting unanimously and a state which infringes international peace and order and its underlying prohibition on violence.

The law of neutrality applies exclusively in the event of armed conflicts between states; these occur much less frequently. In the past decade the law of neutrality was in fact only applicable to wars in developing countries, for example the war between Ethiopia and Eritrea. Over 90 conflicts in the past decade had no bearing on the law of neutrality since they involved clashes within national borders.

Nor does neutrality restrict Switzerland’s political room for manoeuvre if it acts within the framework of UN missions and on the basis of a UN Security Council mandate. In such cases the UN takes action, on behalf of the community of nations, against those who “*endanger world peace*” in accordance with the UN Charter. Thus it is not possible for a situation to arise in which our country may not take sides because of its neutral status; anyone who does not stand shoulder to shoulder with the powers of law and order stands on the side of the violator of peace.

Examples: Switzerland has consistently participated in the application of non-military UN sanctions on an autonomous basis. The decisions of the Federal Council on Swiss participation in UN sanctions during the various conflicts in former Yugoslavia or in Iraq may be recalled here.

In the Kosovo crisis our country took part in economic sanctions which were not imposed by the UN, namely the EU measures against the Federal Republic of Yugoslavia.

Therefore, as previously announced in the Neutrality Report of 1993 and confirmed in the Security Policy Report 2000, Switzerland has provided clear evidence of its willingness in principle to participate in economic sanctions even outside the UN framework, provided that these measures are directed at law-breakers or violators of peace and serve to promote respect for, or the re-establishment of, peace, security and human rights.

3.2 Geneva's international status

Geneva occupies a special position in international relations: 19 international organisations, more than 180 permanent missions of the community of states, almost 200 non-governmental organisations and a permanent international community of 33,000 people, joined each year by around 100,000 delegates who stay in Geneva for varying periods of time, make this city – together with New York, the headquarters of the UN – the most important international meeting centre in the world.

Examples: 13,300 session days were held in Geneva within the international organisations²⁹. In 1999, even more than in New York. The overall budget of the international organisations amounted to around 8 billion francs that year, of which around 3 billion francs were disbursed in Geneva itself (on salaries, investments etc). Consequently every tenth job in Geneva depends on the activities of the international organisations.

Geneva's international status is a *unique instrument* for enhancing our country's standing. Accordingly the Federal Council actively supports Geneva's position as an international centre, in close cooperation with various cantons and the city of Geneva, and has for a long time directed particular attention to Geneva's international competitiveness.

²⁹ The following are among the most important international organisations in Geneva:

CERN	European Organisation for Nuclear Research
EFTA	European Free Trade Association
HCHR	UN High Commissioner for Human Rights
HCR	UN High Commissioner for Refugees
ILO	International Labour Organisation
IOM	International Organisation for Migrations
ITC	International Trade Centre
ITU	International Telecommunication Union
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
UNEP	UN Environment Programme
UNOG	United Nations Office at Geneva
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WMO	World Meteorological Organisation
WTO	World Trade Organisation

Examples: Switzerland is offering to host the headquarters of the future organisation for the implementation of the Biological Weapons Convention in Geneva. This organisation would usefully complement the institutions in the field of disarmament diplomacy which are already established in Geneva. The Federal Council is also endeavouring to ensure that Geneva's status as a centre of international environmental policy is maintained. At present Geneva's candidacy for the establishment of two environmental secretariats in the chemicals field is under consideration. In addition to this Switzerland has undertaken numerous concrete campaigns to reinforce this competitiveness. For instance an "*International House of the Environment*" was placed at the disposal of the environmental agencies.

Switzerland's material and financial support is significant, and need not fear comparison at international level. However international competition between centres has become much tougher, and in the last few years has resulted in some organisations which the Federal Council would have welcomed in Geneva opting for other cities. Despite this Geneva is still in a strong position as a host city for newly-founded international organisations.

4 Tasks relating to the safeguarding of interests and services

The chief task of the Swiss missions abroad is to safeguard national interests in the areas where they are located. The primary aim in this context is to build up and foster a comprehensive network of contacts, to improve the image of our country in the host country and to ensure that matters of concern to Switzerland are taken into account by foreign decision-makers. Besides this there is the general gathering of information on changes in domestic policy and foreign policy strategies and activities, and on the economic, technological, social, cultural and environmental policy developments in the host country. The organisational aspects of the many different bilateral projects and programmes for development cooperation and cooperation with eastern Europe and those relating to humanitarian aid are handled through the Swiss coordination offices.

Safeguarding the interests of our country abroad as effectively as possible is not the only objective of Swiss foreign policy. Switzerland also has the task of taking care of the administrative needs of Swiss nationals who live abroad, strengthening their links with Switzerland and assisting those who get into serious difficulties. At present around 580,000 persons, almost 10 per cent of all Swiss citizens, are registered with our missions. This is equivalent to a virtual city with a much larger population than Zürich.

In this context our embassies, consulates general, consulates and honorary missions fulfil tasks similar to those of a commune administration in Switzerland.

Examples: The Swiss missions are responsible for issues relating to marital status and citizenship, welfare services for Swiss nationals resident abroad (more than 500 cases annually) and the issuing of travel documents. They fulfil important tasks for the voluntary OASI and have a supervisory function in relation to the 17 Swiss schools abroad. They are responsible for issuing visas and for clarifying asylum questions. Lastly they provide diplomatic and consular protection where necessary and possible.

The Department of Foreign Affairs is faced with an increasing number of consular protection cases; reference may be made here to the many deaths, accidents, arrests, kidnappings and court cases. In 1999 a total of 800 consular cases were dealt with.

Consular services are often routine matters, but they demand the attention of a large proportion of the personnel posted abroad. Not least as a result of personnel shortages, a comprehensive reorganisation of procedures was undertaken in recent years; the use of

modern information and telecommunications tools is of considerable importance in this respect.

The aim of the tasks relating to the safeguarding of interests and services undertaken by the Swiss missions abroad is to cultivate relations with foreign decision-makers in such a way that Switzerland's political, economic and cultural presence is assured worldwide, and that its concerns are appreciated accordingly. This includes, in particular, the safeguarding and promotion of the interests of the Swiss economy. The task of providing efficient support for Swiss nationals abroad remains especially important. It also covers endeavours to facilitate the return to Switzerland of the many researchers working abroad and to reduce the "*brain drain*". The Federal Council is convinced that the relevant endeavours, taken as a whole, contribute to doing justice to foreign policy interests and to meeting the requirements and wishes of our fellow citizens.

List of Abbreviations

APEC	Asian Pacific Economic Cooperation <i>Economic cooperation among the Pacific basin states</i>
Art.	Article
ASEAN	Association of South East Asian Nations
ASEM	Asia Europe Meeting <i>Asian-European dialogue</i>
CIS	Commonwealth of Independent States
CoCo	Coordination Commission for the Presence of Switzerland Abroad
EAPC	Euro-Atlantic Partnership Council
ECHR	European Convention on Human Rights
EEA	European Economic Area
EFTA	European Free Trade Association
EU	European Union
euro	European currency unit
Eurodac	European fingerprinting system
Europol	European Police Office
FC	Federal Constitution of the Swiss Confederation
FDFA	Federal Department of Foreign Affairs
FTA	Free Trade Agreement
G 8	Group of 8 leading industrial nations (USA, Japan, Germany, France, Italy, United Kingdom, Canada and Russia)
G 10	Group of 11 nations which are the leading contributors to the International Monetary Fund, including Switzerland
G 20	G 8 plus some important transition countries (does not include Switzerland)
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
HIPC	Heavily Indebted Poor Countries <i>Initiative by the International Monetary Fund and the World Bank to relieve the burden of debt on heavily indebted poor countries</i>
HVF	Distance-related heavy vehicle fee
ICRC	International Committee of the Red Cross
ILO	International Labour Organisation
IMF	International Monetary Fund
KFOR	Kosovo Force
Mercosur	Mercado Común del Sur <i>Common Market of South America</i>
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organisation
OASI	Old Age and Survivors Insurance Scheme
OAU	Organisation of African Unity
OECD	Organisation for Economic Cooperation and Development
OSCE	Organisation for Security and Cooperation in Europe
PfP	Partnership for Peace
SADC	Southern Africa Development Community
SDFC	Swiss Development Finance Corporation
SME	Small and medium-sized enterprises
SOFI	Swiss Organisation for Facilitating Investments
UN	United Nations Organisation
UNEP	UN Environment Programme
UNHCR	UN High Commissioner for Refugees
WTO	World Trade Organisation