

<b>Committee</b> Public Relations and Economic Development Sub Committee	<b>Dated:</b> 25 July 2018
<b>Subject:</b> Policy Chairman's visit to Switzerland. June 2018	<b>Public</b>
<b>Report of:</b> Damian Nussbaum, Director of Economic Development	<b>For Information</b>
<b>Report author:</b> Michael Chapman, International Regulation Manager	

### **Summary**

The Chairman of Policy and Resources (CPR), accompanied by the Director of Economic Development visited Switzerland for a series of meetings with senior Swiss officials, regulators and key global institutions based in Switzerland from 26-27 June.

Discussions focused on the Brexit negotiations; the bilateral UK/Swiss trading relationship, the Swiss experience of engaging with the EU; collaboration at multilateral fora and opportunities to engage with Swiss based international organisations.

The relationship with the Swiss will continue to be a key one for the City. We intend to build on this engagement to deepen this relationship and seek practical ways to pool our impact to support the competitiveness of the UK as a financial centre.

### **Recommendation**

Members are asked to note the report.

### **Background:**

1. As host to a major European financial centre, the home of several key international institutions, and an important trading partner for the UK, the UK/Swiss relationship is a key focus for the Economic Development Office.
2. The Chairman visited Switzerland from 26-27 June to meet with senior Swiss officials, regulators and key global institutions based in Switzerland. This built on the Lord Mayor's attendance at the World Economic Forum (WEF) Annual Meeting at Davos in January 2018, followed by a series of meetings in Zurich. The objectives of the CPR's visit were to:
  - discuss progress on Brexit, in light of Switzerland's unique relationship with the EU;
  - explore opportunities to facilitate a stronger bilateral trading relationship;
  - gain insight into, and seek opportunities from, the experience of the 'Swiss Model' of engaging with the EU as a 3<sup>rd</sup> Country;
  - drive closer dialogue and cooperation with key Swiss stakeholders at international fora; and,
  - forge stronger relationships with key Swiss-based international organisations.
3. The programme included meetings with policy makers, regulators, representatives of financial institutions and trade bodies, the British Embassy in Berne, officials from the UKMIS in Geneva and representatives from the World Trade Organisation (WTO) and the World Economic Forum (WEF).

## **Main Report**

### *Brexit*

4. The Swiss perception – in common with feedback from other Member States – is that the European Commission does not yet feel under pressure. There is a widespread conviction in the EU27 that the EU financial centre cannot sit outside the EU, and any regulatory relationship must be based on equivalence.
5. For their own part, the Swiss share a number of the City Corporation's concerns around risks from the Brexit negotiation, including delegation, contract continuity and data flows.

### *Bilateral trade partnership*

6. For the Swiss, the key concerns for a future UK/Swiss relationship is that it is content not format that matters. A strong message was given that the City Corporation should work with industry stakeholders to decide what market opening the UK wanted to achieve with the Swiss and then agree on the most appropriate mechanisms to achieve that goal – it may well be that a regulatory agreement, rather than a full-blown FTA is most appropriate.
7. This suggests Switzerland could be a fruitful opportunity to deploy the Chancellor's new "Global Financial Partnerships" approach, announced in his Mansion House speech. EDO officers will consult with HM Treasury on their level of interest, and how we can shape and support this.

### *The Swiss experience as an EU 3<sup>rd</sup> Country*

8. As the UK leaves the EU, we will need to learn to influence the direction of EU thinking from outside the room, a challenge the City Corporation is addressing through the expansion of our Brussels operation.
9. The Swiss have significant experience of being in this position, and we can learn from this, as well as looking to partner with them on areas of shared concern. However, the message we received was that Swiss relations with the EU were difficult at the moment, and would only normalise after Brexit negotiations were completed. We will continue this dialogue both between London and Zurich, and via our Brussels presence.

### *Influence on the world stage*

10. The Swiss have a long history of and experience in working to influence international organisations. As this becomes even more important for the UK post-Brexit, there are opportunities for us to work together to achieve common aims.
11. The Swiss raised concerns about US commitment at the international level. This was a real concern at the WTO which feels under attack and so welcomes the return of the UK as a supporter of free trade. There was support for greater transparency and focus at international bodies and standard-setters, a theme which has recently been taken up via the International Regulatory Strategy Group.

### *International bodies*

12. Switzerland hosts several key international organisations and the visit allowed the City Corporation to engage in discussions with the World Economic Forum (WEF) and the World Trade Organisation (WTO) with a view to forge stronger working relationships and to identify tangible areas for coordination and cooperation.
13. Key policy areas are shared between us and WEF: digital skills; cyber; green finance; free trade/standards; the future of Europe; and the financial service system all remained on the agenda for 2019. They welcomed the City Corporation's planned WEF engagement programme agreed by P&R in June.
14. The UKMIS in Geneva takes the lead working with the WTO and on preparing for the WEF Annual Meeting in Davos. The City Corporation though its WEF engagement strategy has an opportunity to engage with the UKMIS to help frame sessions at the Annual Meeting that could be attractive to a UK Minister as a speaker and build the Corporation's credibility as an important player.
15. WTO noted that at their Buenos Aires meeting three key areas were identified: E-commerce; SMEs; investment facilitation. On E-commerce, the Joint Statement Initiative of 70 countries focus on issues such as data, signatures, payments etc; with clear potential links to EDO's work on innovation.

### **Conclusion**

16. The UK's relationship with Switzerland, already important, will become even more so following Brexit. Areas of common interest and experience, suggest that this will be a fruitful area for us. The City Corporation has an important role to play in supporting future UK-Swiss relationships, both through strengthening the bilateral relationship in FPS and on the world stage. The Lord Mayor's upcoming visit to Switzerland on 1-2 October 2018 provides the next opportunity to take this forward, and we will build on this with further engagement via EDO and the Chairman of Policy and Resources. This applies equally to the important international institutions that Switzerland hosts.

### **Contact:**

#### **Damian Nussbaum**

Director of Economic Development

T: 020 7332 3600

E: [damian.nussbaum@cityoflondon.gov.uk](mailto:damian.nussbaum@cityoflondon.gov.uk)

### **City of London Delegation:**

Catherine McGuinness. CoLC Chairman of Policy and Resources.

Damian Nussbaum. CoLC Director of Economic Development.