# ECONOMICS DEPARTMENT

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## Trade and Investment Policy

### Bilateral Relations between Switzerland and the EU

**Executive Summary**

***The "Bilateral Agreements III" package aims to stabilize and further develop relations between Switzerland and the EU. In June 2025, the Federal Council opened the public consultation on the proposed package, which will run until the end of October 2025, followed by the Federal Council dispatch to Parliament in early 2026. SwissHoldings supports the Federal Council's efforts to ensure sustainable access to the EU internal market but emphasizes the need to preserve Switzerland's economic policy sovereignty and to carefully assess integration-related implications.***

**Contents**

With the "Bilateral Agreements III" package, relations between Switzerland and the EU are to be stabilized and further developed. The package includes the updating of existing agreements (e.g. Free Movement of Persons, Air Transport, MRA) as well as new agreements on electricity, food safety, and health. At the same time, the new agreements also address the institutional framework demanded by the EU. A package approach has been chosen: instead of regulating the institutional questions comprehensively in a single horizontal agreement, these are to be resolved individually – i.e. on a sector-specific basis – in each agreement.

**State**

On 13 June 2025, the Federal Council opened the consultation on the negotiated package. According to the Federal Council's assessment, the package meets the objectives of the negotiation mandate. It includes an institutional framework for existing and future internal market agreements, new agreements in the areas of electricity, food safety, and health, as well as participation in EU education and innovation programmes. This marks an important milestone in Switzerland's relations with the EU.

**Outlook**

The consultation runs until 31 October 2025. The Federal Council intends to complete it by the end of 2025 and to submit the dispatch to Parliament at the beginning of 2026.

**Position**

SwissHoldings welcomes the Federal Council's efforts to place relations with the EU on a stable and long-term footing through a new package of agreements ("Bilateral III"). Stable, reliable, and non-discriminatory relations with the EU – Switzerland's most important trading partner – are of central importance. The bilateral agreements are a proven instrument for safeguarding market access and strengthening Switzerland's international competitiveness. However, the new package also entails significant institutional changes – in particular regarding the dynamic adoption of EU law and the involvement of the CJEU in dispute settlement. These offer companies greater legal certainty and predictability but simultaneously raise integration and economic policy questions. It must therefore be carefully examined how much regulatory autonomy Switzerland will retain and to what extent its economic policy sovereignty will be preserved. The goal must be non-discriminatory market access and a reliable legal framework for internationally active companies. SwissHoldings will participate actively in the consultation to ensure that the package strengthens Switzerland's competitiveness and contributes to prosperity, while the integration aspects such as dynamic law adoption and the role of the CJEU are carefully assessed for their impact on Switzerland's economic policy flexibility.

## Free Trade Agreement

**Executive Summary**

***Free trade agreements (FTAs) are a key instrument for export-oriented Switzerland to diversify its trade relations. The network of these agreements is constantly being developed. Particularly noteworthy are the recently concluded comprehensive EFTA-India Agreement, which entered into force on October 1, 2025, and the EFTA-MERCOSUR Agreement, which was signed on September 16, 2025. SwissHoldings supports the consistent expansion and modernization of this network of agreements.***

**Contents**

The highly export-oriented Swiss economy relies, in addition to its trade relations with the EU, on a broad network of free trade agreements. Switzerland currently has 33 free trade agreements with 43 partners, and new agreements are continually being negotiated, signed, and brought into force.

**State**

Switzerland continues to pursue an active free-trade policy, steadily expanding its network of international economic agreements. Two recent milestones stand out: the comprehensive EFTA-India Agreement (TEPA), which entered into force on 1 October 2025, and the EFTA-MERCOSUR Agreement, signed on 16 September 2025. Both significantly expand market access for Swiss companies, strengthen investment protection, and create new opportunities in trade in goods and services. In addition, the Swiss government continues intensive discussions with Washington to resolve the ongoing customs dispute.

**Outlook**

Switzerland is maintaining its strategy of diversifying trade relations. Negotiations are currently underway with Vietnam, and at the same time, modernizations of existing agreements with Chile (see Status), as well as with Mexico and the Southern African Customs Union, are planned. Furthermore, a modernization of the free trade agreement with China is being pursued.

**Position**

In view of growing global trade conflicts and increasing protectionism, expanding the network of free trade agreements is essential for

Switzerland's export-oriented economy. These agreements not only provide tariff advantages but also legal certainty for companies. The diversification of trade relations strengthens the resilience of the Swiss economy and secures jobs. SwissHoldings therefore supports the continuous expansion and modernization of free trade agreements.

## Investment Controls

**Executive Summary**

***The discussion on introducing investment controls in Switzerland is at a crucial stage. After the National Council called for comprehensive regulations in September 2024, the Council of States successfully struck down this expansion in the fall session of 2025. The National Council's EATC discussed the bill at its meeting on October 13–14 and decided to largely follow the position of the Council of States. The bill will be discussed again in the National Council during the winter session. The Federal Council considers the existing legal framework to be sufficient. SwissHoldings supports this position. However, the question of whether Switzerland should introduce investment screening cannot be assessed in isolation from international developments.***

**Contents**

The introduction of an investment screening mechanism (23.086) is intended to allow the prevention of takeovers of domestic companies by foreign investors if such acquisitions pose a threat to Switzerland's public order or security. The proposal is particularly aimed at state-controlled investors. Parliamentary deliberations on the introduction of investment controls in Switzerland are currently at a decisive stage. After the National Council entered into the discussion in September 2024 and called for a comprehensive framework, the Council of States successfully reversed this significant expansion during the 2025 autumn session. It adopted the proposal by 27 votes to 11, with 3 abstentions. The majority of the Council of States considered the broader scope excessive and limited the mechanism's application to foreign state-controlled investors. Due to these adjustments, the proposal must now be reconsidered by the National Council.

**State**

Parliamentary deliberations on the introduction of an investment control mechanism in Switzerland are at a decisive stage. After the National Council called for a comprehensive framework in September 2024, the Council of States successfully reversed this expansion during the 2025 autumn session. It adopted the proposal by 27 votes to 11, with 3 abstentions. The majority of the Council of States considered the broader scope excessive and limited the mechanism's application to foreign state-controlled investors. As a result of these changes, the proposal must now be reconsidered by the National Council.

**Outlook**

The Economic Affairs and Taxation Committee of the National Council (EATC-N) discussed the proposal at its meeting on 13–14 October and decided largely to follow the position of the Council of States. The proposal will be debated again by the National Council during the winter session.

**Position**

Foreign direct investment is of central importance to Switzerland, as it significantly contributes to prosperity and competitiveness in the country's small and open economy. The well-being of the population and the competitiveness of Swiss companies depend directly on integration into global value chains. Since Swiss companies themselves rank among the largest direct investors abroad, Switzerland has a particular interest in maintaining the most non-discriminatory and transparent access possible to international investment markets. The best way to achieve this is by remaining open to foreign investment. The Federal Council considers the existing legal framework sufficient, and SwissHoldings supports this position. However, the question of whether Switzerland should introduce an investment screening mechanism cannot be assessed in isolation from international developments. If OECD member states were to introduce widespread restrictions on certain foreign investments, this would have to be taken into account when evaluating Switzerland's regulatory approach — not least to avoid triggering negative spillover effects on the Swiss economy.

## Investment Protection Agreements

**Executive Summary**

***Switzerland has one of the world's largest networks of bilateral investment protection agreements (IPAs). Following a change in Federal Council practice, such agreements are now subject to an optional referendum. Investment protection agreements create a reliable framework that enables Swiss companies to invest abroad safely and sustainably. SwissHoldings welcomes global efforts to continuously develop and improve the IPA framework. The IPA with Saudi Arabia expired on 8 August 2025, and negotiations for a new agreement are already well advanced.***

**Contents**

Switzerland maintains a network of 119 bilateral investment protection agreements (ISA) – the world's third-largest after Germany and China, according to UNCTAD. These agreements improve the investment framework and enhance Switzerland's attractiveness as a business location. Following a change in Federal Council practice, ISAs – like free trade agreements – are now subject to the optional state-treaty referendum.

**State**

The first ISA to undergo consultation was the new agreement with Indonesia, closing the gap left by the termination of the previous accord in 2016. The new bilateral ISA entered into force on 1 August 2024. Saudi Arabia notified Switzerland on 9 August 2022 of its intention to terminate the existing ISA. Originally due to expire on 8 August 2023, it was extended by mutual agreement for two years – until 8 August 2025. Negotiations on a new agreement are now well advanced, but Saudi Arabia has declined a further extension. SwissHoldings and other associations were consulted and informed in advance.

**Outlook**

SECO continues to evaluate and, where necessary, expand Switzerland's network of investment protection agreements.

**Position**

Foreign direct investment is central to Switzerland: prosperity and corporate competitiveness in our small, open economy depend heavily on global interconnectedness. Investment-promotion and protection treaties are essential, as foreign investments are exposed to both economic and political risks. Effective investment protection requires an investor–state dispute-settlement mechanism. Such mechanisms have proven their worth for Switzerland and its companies, as they build on existing international structures (ICSID, UNCITRAL) and ensure fact-based, politically independent dispute resolution. SwissHoldings supports the further development of these mechanisms to enhance legal certainty and protect against misuse.

## Corporate Social Responsibility

Corporate Responsibility

**Executive Summary**

***The EU is currently adapting its sustainability regulations as part of the so-called omnibus process. In September 2025, the Federal Council decided to formulate a counterproposal the new Responsible Business Initiative. This counterproposal shall be coordinated internationally. SwissHoldings welcomes this approach in principle: sustainability should be strengthened – but with internationally coordinated, practical solutions rather than a unilateral approach.***

**Contents**

Global – and especially EU – developments in non-financial reporting and due-diligence obligations have advanced rapidly in recent years. Within its Green Deal, the EU has adopted numerous regulations to assume a global leadership role. The Federal Council is currently assessing to what extent the regulatory approaches adopted by the EU should be reflected in Swiss law. Uncertainty remains because the European Commission proposed the "Simplification Omnibus" package in February 2025, which reduces reporting duties, eases liability rules, and delays implementation. In April, the "Stop-the-Clock" initiative followed, suspending certain provisions. Moreover, leading politicians such as President Macron and Chancellor Merz have called for the repeal of the EU Corporate Sustainability Due Diligence Directive (CSDDD).

**State**

At the end of March 2025, the Federal Council advocated an internationally coordinated approach to sustainability regulation, deciding to await EU developments before considering further amendments to Swiss law. On 3 September 2025, the Federal Council also decided to present a counterproposal to the newly submitted Responsible Business Initiative ("Konzernverantwortungsinitiative 2.0"), aligning it with the frameworks currently debated in the EU.

**Outlook** The detailed design of the counterproposal has not yet been finalized. The Federal Council plans to present a draft by the end of March.

**Position** The Federal Council's decision sends the right signal: sustainability should be strengthened – but not through isolated national rules. Instead, Switzerland should proceed in step with international developments. Given the current economic situation, additional regulatory burdens would be untenable for companies. Switzerland already has high standards: firms are subject to comprehensive reporting requirements on environmental, human-rights, and social risks. This framework is internationally compatible and consistent with prevailing global standards.

While the EU is currently deregulating in several areas, the new Responsible Business Initiative demands unrealistic special rules, ignoring existing standards and introducing liability mechanisms unknown internationally – a politically and economically counterproductive solo effort. The Federal Council rightly opts for international coordination: sustainability should be promoted through practical, harmonized solutions rather than isolated Swiss provisions.

## Collective Legal Protection

**Executive Summary** ***The Council of States clearly rejected the class action bill (21.082) in the 2025 fall session, following the lead of the National Council. The bill is therefore off the table. Instead, according to postulate 25.3954, it should be examined whether conciliation and ombudsman procedures could serve as alternatives. SwissHoldings welcomes the rejection of the bill and supports the pragmatic approach of the postulate.***

**Contents** According to the Federal Council dispatch on class-actions (21.082), the proposal provides for an expansion of the existing association action, the creation of a new association action for damages, and the introduction of court-approved collective settlements.

**State** In the autumn session, the Council of States decided – by 30 votes to 13 with two abstentions – not to enter into deliberation on the class-action proposal, thereby following the National Council's decision. This acknowledges the risks of a litigation industry and relies on proven solutions. The Legal Affairs Committee of the Council of States (LAC-S) has proposed a pragmatic alternative through Postulate 25.3954, requesting the Federal Council to examine whether existing conciliation and ombudsman procedures could serve as effective alternatives. Such procedures already achieve amicable settlements in up to 80 percent of cases quickly and at low cost.

**Outlook** Postulate 25.3954 on strengthening existing conciliation and ombudsman mechanisms will be discussed by the Council of States in the winter session.

**Position**

The business community clearly rejects the proposal. Experience abroad shows that introducing class actions fosters the establishment and constant expansion of a professional “litigation industry.” A major driver is third-party litigation funding (TPLF), in which external investors finance lawsuits, encouraging claims without bearing the actual risks. This trend is not limited to the US: in the EU, class-action cases have also increased sharply in recent years due to legislative changes and easier access to litigation funding.
This view is reflected in the Sotomo study commissioned earlier this year by economiesuisse and SwissHoldings: experts from large corporations and SMEs with experience of class actions in the US and EU assess the associated risks more accurately and thus increasingly argue that Switzerland should continue to refrain from introducing class actions. Lessons from the most affected EU countries reinforce this stance.
Switzerland’s legal system ranks above average internationally. Even under current law, affected parties can assert compensation claims for mass or scattered damages – including smaller ones. Emerging technological developments, especially in artificial intelligence, will further expand these possibilities.

## Accounting and reporting

### IFRS Standardization

**Executive Summary**

***The IFRS Foundation develops global accounting standards and oversees both the IASB, which sets financial reporting standards, and the ISSB, which focuses on sustainability standards. The completion of IFRS 20 has been postponed to the second quarter of 2026, and the next IASB agenda consultation, originally planned for autumn 2025, has been deferred to 2027. SwissHoldings actively contributes to these developments through detailed submissions.***

**Contents**

The IFRS Foundation is a non-profit organization whose objective is to develop high-quality global accounting standards, promote their use and application, and foster convergence of national accounting rules with these standards. The Foundation oversees both the IASB (Board issuing financial standards) and the ISSB (Board issuing non-financial standards).

**State**

The ISSB focuses on supporting the implementation of international sustainability standards and has launched new research projects on biodiversity, human rights, and human capital. The IASB has finalized and published the amendments to IFRS 19, while completion of IFRS 20 on regulatory activities has been postponed to Q2 2026. The start of the next IASB agenda consultation, originally planned for autumn 2025, has been deferred to 2027 to be conducted jointly with the ISSB.

**Outlook** The ISSB and IASB are advancing key projects for the continued development of global standards.

**Position** Detailed positions are set out in the association's respective submissions.

## Capital Markets

### Swiss Financial Location

**Executive Summary** ***In response to the CS crisis, the Federal Council presented a package of measures in June 2025 to strengthen the stability of Switzerland as a financial location. The consultation on the package to amend the Capital Adequacy Ordinance concluded at the end of September. At the same time, the federal government opened a second consultation, which includes the proposal to fully back foreign subsidiaries of systemically important banks with hard capital. From SwissHoldings' perspective, regulation is needed that strengthens stability without tightening financing conditions for companies.***

**Contents** Through its package of measures to strengthen financial-market stability, the Federal Council draws lessons from the CS crisis. The proposals include amendments at both legislative and ordinance levels and are divided into four consultations running until 2026. They concern, among other things, capital requirements, liquidity provision, corporate governance, and supervision.

**State** On 14 June 2025, the Federal Council presented the key parameters. The consultation on ordinance-level measures was completed at the end of September 2025, with SwissHoldings participating. At the same time, the Federal Council opened a second consultation on amendments to the Banking Act and the Capital Adequacy Ordinance. More information is available here. The consultation addresses the proposal that systemically important banks must in future fully back their holdings in foreign subsidiaries with core equity capital – intended to better shield the Swiss parent entity from foreign losses. Implementation is to take place gradually over seven years and forms part of the Too-Big-to-Fail (TBTF) framework. The consultation runs until 9 January 2026.

**Outlook** SwissHoldings will closely monitor further developments in this dossier and engage in upcoming consultations. In parallel, the Secretariat will update the survey on financial-services offerings in Switzerland conducted in 2023 and 2024, focusing on possible changes in conditions.

**Position** SwissHoldings' members are not directly affected by the Federal Council's measures to strengthen banking stability, as the association does not represent banks or insurers. Nonetheless, the package is highly relevant: given the potentially high real-economic costs of banking crises, SwissHoldings' members have an interest in regulation that prevents such crises as far as possible. At the same time, they rely on financial services that can only be provided by internationally competitive banks.

For a highly interconnected economy like Switzerland's, a globally significant financial centre is a decisive competitive advantage. At least one internationally active major bank is indispensable for globally oriented companies to conduct their business through the Swiss financial centre. Such a globally integrated financial hub also helps maintain the strength of the Swiss franc, which in turn ensures generally low interest rates and thus favourable financing conditions for companies.

From SwissHoldings' perspective, new regulatory approaches must systematically take into account their effects on the real economy. Regulation should strengthen financial-system stability without unnecessarily tightening corporate financing conditions. The new rules must not restrict or make credit to companies more expensive. Banks must remain able to serve international and complex financing needs of large industrial firms – for example in infrastructure, export, or innovation projects. Regulation must also avoid constraints on operational financial management, such as limits on cash pooling, higher fees, or reduced transaction security in international payments.

Finally, legislative adjustments must focus strictly on systemically important banks. Extending them to other large companies – inside or outside the financial sector – must be avoided.