



THOMAS BERNAUER
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(EDS.)

**A SWISS
FOREIGN POLICY
FOR THE
21ST CENTURY**

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A Swiss Foreign Policy for the 21st Century

Commissioned by the Swiss Association for Foreign
Policy (SGA)

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Table of Contents

Federal Councillor Ignazio Cassis

The Swiss Self-Concept on the Stage of the Great Powers ...

Christa Markwalder, National Councillor, President of the Swiss Association for Foreign Policy (SGA)

A Plea for a Courageous Swiss Foreign Policy in the 21st Century

About This Book

Switzerland the 21st Century: Key Questions

Thomas Bernauer, Katja Gentinetta, and Joëlle Kuntz

1. Sovereignty, Neutrality, Foreign Trade: The Aims and Ends of Swiss Foreign Policy Since 1848

Sacha Zala

2. The Players in Swiss Foreign Policy: Who Makes It and Who Would Like to

Pascal Sciarini

Cities in Search of a Place in the Political Order

Sami Kanaan in conversation with Joëlle Kuntz

3. Switzerland, the UN, and International Geneva: A Platform for Foreign Policy

Cédric Dupont

4. Switzerland in the European Union: Enclave, Partner, or Member?

A Chronology of the Institutional Framework Agreement

Joëlle Kuntz

Why Has the Framework Agreement Been So Controversial Even Though It Was Initiated by Switzerland Itself?

Fabio Wasserfallen

Switzerland's Policy Towards the EU Put to the Test

Matthias Oesch

Vox Populi: The Discourse on Europe Among the Swiss Population

Heike Scholten in conversation with Katja Gentinetta

Excerpt:

Report of the Federal Council of 18 May 1992 on Swiss Accession to the European Community

5. Foreign Trade and Investment: Under Direct-Democratic Surveillance

Charlotte Sieber-Gasser

6. Finance and Currency: Agile Despite Shocks

Aymo Brunetti and Cédric Tille

Sustainable Finance: Switzerland's Ambitions

Jean Laville in conversation with Joëlle Kuntz

7. Environment and Climate: From the National to the Global Perspective

Thomas Bernauer

8. Development and Cooperation: Together or Alone?

Isabel Günther and Fritz Brugger

Business and Development Cooperation: the Example of Nestlé

Hans Jöhr and Christian Vousvouras in conversation with Katja Gentinetta

9. Migration: Conflicts Between Foreign and Domestic Policy

Sandra Lavenex, Paula Hoffmeyer-Zlotnik, and Philipp Lutz

The UN Migration Compact: Hijacked by Social Networks

Damien Cottier in conversation with Joëlle Kuntz

10. Humanitarian Aid and Peacebuilding: Innovations in Practice, Financing, and Law

Gilles Carbonnier and Achim Wennmann

11. Peace and Security: Hybrid Threats and a New Scope for Action

Andreas Wenger

Conclusions and Outlook

Thomas Bernauer, Katja Gentinetta, and Joëlle Kuntz

The Authors

Federal Councillor Ignazio Cassis

The Swiss Self-Concept on the Stage of the Great Powers

Why does a small country like Switzerland need a foreign policy? After all, we are neither a major power, nor do we harbour ambitions to conquer the world in a Helvetian crusade. Besides, we are doing well as things are. Switzerland is one of the safest and most prosperous countries in the world. Confidence in our institutions is high, and the prospects for the coming generations are favourable. Switzerland is a success story. This is partly because we have been able, over generations, to successfully manage the balancing act between nurturing international relations and maintaining national sovereignty. Since 1848, Switzerland has been able to carve out a multifaceted role on the global stage, deftly navigating between considerations of sovereignty, neutrality, foreign trade, and humanitarian engagement. This engagement has had a direct influence on the prosperity of our country - it is not without reason that foreign policy and foreign trade policy were long considered almost one and the same.

Prosperity, sovereignty, and security, however, are not ordained by God. They require hard work and an intense awareness of who we are and what we want. In the following pages, the authors of this book succeed in illustrating how, throughout the course of its history, Switzerland has defined itself not only through

demarcation but also and especially through the relationships it has established. It has come to understand itself through seeing the reflection of its otherness, always in a specific historical and geopolitical context. For example, Switzerland is not part of the European Union, but is nevertheless part of the European continent, part of Europe. We both influence and are influenced by a global world order, in a world that is becoming harsher, more fragmented, and above all, more unpredictable. Geopolitical tensions are increasing, trade conflicts are becoming more acute, and cornerstones of the global order such as international law and multilateralism are being called into question. Environmental issues are becoming more urgent. At the same time, new technologies are opening up fresh opportunities.

The world is in flux. Switzerland, too, is affected by the changing realities. The prosperity and political stability of our country depend heavily on developments in our geopolitical environment. Thinking about our foreign policy, therefore, means thinking about who we are. In order to be able, as a small country, to assume a self-confident global role, we need to know what we want. "If you don't know where you want to go, then it doesn't matter which way you go. They will all be wrong," said the Cheshire Cat to the little girl in the children's classic, *Alice in Wonderland*. Like Alice, Switzerland wants to determine its place in Europe and the world autonomously and independently. This means it has to face up to a changing world and develop answers to fresh challenges. In the future, foreign policy will become even more important for Switzerland's prosperity and stability.

But where do we want to go? What are the goals of our foreign policy? And most importantly, in what kind of world will we craft it? This book examines the challenges and opportunities that will shape Swiss foreign policy in the 21st century. These are questions that I also put to myself when, at the end of 2017, I assumed the leadership of the Federal Department of Foreign Affairs (FDFA). What is clear is that in a global environment increasingly characterised by power politics, Switzerland has to present a unified front, understand its interests, and know how it wants to achieve its goals. The 2028 Foreign Policy Vision (AVIS28)¹ is our response to the challenges and opportunities that the current global flux presents us with; it is a conception of the state of affairs we want to achieve. The result is a six-point plan that serves as a basis for discussions about where we see Switzerland in the global arena of the 21st century.

- Clearly defined interests and priorities: Switzerland is not a major power. It can, however, by all means play in the major leagues. It is solution-oriented, innovative, cosmopolitan, and committed to a clear set of values: security, prosperity, and independence. The key to success is an intelligent combination of autonomy and interconnectedness. Swiss foreign policy therefore sets clear thematic and regional priorities. We don't have to be involved all over the world, but where we are involved, we have to offer added value.
- The inextricability of foreign and domestic policy: foreign policy is domestic policy. In order to be able to present a cohesive front on the international stage,

foreign policy has to be supported on the domestic front. Here there are bound to be conflicting goals, and this is neither new nor bad. Numerous examples in this book convincingly show how internal debates in Switzerland have shaped Swiss policies beyond the country's borders. Conflicting goals are an expression of a functioning pluralistic society. Our aim is not to prevent such conflicts but rather to make this discourse transparent and participatory. The Federal Council, Parliament, the cantons, academia, International Geneva, business, NGOs, and the people - all ought to be included in the devising of Swiss foreign policy. This creates a shared understanding and a shared sense of responsibility.

- A stronger focus on citizens and business: the services it offers for Swiss citizens abroad and its close cooperation with business are important elements of Switzerland's foreign policy. More than half of our gross domestic product is generated abroad. The Swiss export industry thus contributes substantially to the country's prosperity. Conversely, the private sector is an important partner in development cooperation - particularly with regard to the Sustainable Development Goals of the 2030 Agenda, climate protection, and the safeguarding of human rights.
- Swiss Soft Power in service of a more peaceful world: Switzerland enjoys great credibility as a bridge builder. Our Good Offices and our commitment to the rule of law and human rights are highly valued, as are our rapid and unbureaucratic humanitarian aid efforts and

sustainable development cooperation. As a neutral country, Switzerland is an important location for sensitive negotiations and an important host state for international organisations. International Geneva is a leading and innovative location for governance with respect to both the analogue and the digital worlds.

- Technology as a new area of focus: new technologies provide more than just new pragmatic tools; they fundamentally change how we live together and conduct our relationships. With its technical universities and numerous research facilities, Switzerland is at the forefront of the development of new technologies. This leading role should be exploited in its foreign policy, with International Geneva positioned as a hub for global debates on digitalisation and technology, and as a centre for the development of the new field of Science Diplomacy. For while the risks related to new technologies ought not to be underestimated, it is above all incumbent that we employ them for the good of humanity.
- Self-confidence in our dealings with Europe: geographically and culturally, Switzerland is a European country, sharing cultural values and interests with the rest of the continent. The Covid-19 pandemic has demonstrated once again how important it is to have good relationships with our neighbouring countries. Such relationships are not first established during times of crisis; they are the result of long-term partnerships between equals. Cooperation is also of central importance for the economy. Reciprocal market access

remains essential for our prosperity; the EU, by far, is Switzerland's most important trading partner. But Switzerland works closely with its European neighbours in many other areas as well, such as education, culture, and scholarship. It is these opportunities for cooperation that allow us to bring our concerns, our expertise, and our efforts to bear on the formation of European policy. In this way, Switzerland contributes to Europe's ability to present itself on the global stage as a centre of business and innovation in a unified and compelling manner. Particularly in a fragmenting world order, a strong and unified Europe is in Switzerland's fundamental interest in terms of its sovereignty, its security, and its (and Europe's) prosperity. This long-term relationship is one between two sovereign partners and is characterised by the search for an optimal balance between wide-ranging market access and the maintenance of the greatest possible political autonomy. It is a relationship of friendship and neighbourliness.

In an increasingly unstable world, Switzerland must outline its interests precisely. It must act from a clearly defined, domestically anchored position and be able to draw on its strengths and values. With an effective foreign policy, we promote global stability and thus also security and prosperity in Switzerland.

Notes

1 <https://www.eda.admin.ch/avis28> (accessed on 11.6.2021).

Christa Markwalder
National Councillor, President of the Swiss
Association for Foreign Policy (SGA)

A Plea for a Courageous Swiss Foreign Policy in the 21st Century

As the Covid-19 pandemic raged around the globe, the vulnerability of our society, the importance of transnational value chains, and the need for international research collaboration for the rapid development of vaccines were brought home to us.

The battle against the pandemic reveals the strengths - and certainly also the weaknesses - of international conventions and accords. How are these being implemented and adhered to? Even in Switzerland, the pandemic has fuelled nationalistic reflexes, manifested in the raising of border fences and the temporary imposition of strict entry bans.

In this context, it has become all the more important that Switzerland broadens its foreign policy horizons to encompass a 'bigger picture' that takes into account shifts in geopolitical power. This will enable it to continue to safeguard its economic, environmental, and national security interests. For our proud democracy, this will naturally only be possible in accord with our constitutional foreign policy objectives, namely the advancement of democracy and peace, respect for human rights, the alleviation of poverty, and the preservation of natural resources.

In the 21st century - if not earlier - the world has become a global village. Thanks to new technologies, communication platforms, and the international division of labour, historically unique opportunities and possibilities are opening up for today's generations.

During the pandemic, the interlinking of economic systems and global value chains proved their worth. And, far more importantly, over the course of the last century, they served to secure peace and to increase overall prosperity. This was already comprehended by the founders of today's European Union when they created the European Coal and Steel Community in 1951.

The importance of protecting human rights and individual liberties was recognised after the two devastating world wars of the last century by the UN in its 1948 Universal Declaration of Human Rights and enshrined in international law by the Council of Europe in the 1950 European Convention on Human Rights.

A rules-based global economic order was introduced with the General Agreement on Tariffs and Trade (GATT) in 1947; in 1995, with the founding of the World Trade Organisation (WTO) headquartered in Geneva, this international legal agreement was embodied in an international organisation.

In the face of the environmental damage caused by the industrial age and the phenomenon of global warming, the community of nations agreed at the 1992 Rio summit to draw up Agenda 21 and adopt conventions on climate change and biodiversity. In order to effectively combat climate change, the Kyoto Protocol was adopted in 1997, while the 2015 Paris Climate Accord established the goal of limiting global heating to 1.5 degrees above preindustrial

levels by 2050 through a gradual reduction in the emission of greenhouse gases.

With the UN Millennium Development Goals and, since 2016, the 17 Sustainable Development Goals, the global community is striving to achieve a 'Transformation of our World'. All member states of the UN have committed to realising the 2030 Agenda for Sustainable Development. Alongside goals such as peace, quality education, and poverty reduction, the Agenda also addresses employment, industrialisation, and economic growth.

Looking back, we can make an interim appraisal of the progress achieved in facts and figures. Global poverty has been markedly reduced. In 1990, almost half of the global population lived in extreme poverty; today, it is less than ten percent. In addition, child mortality has declined massively, access to education for all children continues to improve, the middle class has grown dramatically, and life expectancy has increased significantly.

Yet in the post-Covid-19 world, the situation remains precarious. New geopolitical power relations act like tectonic plates. Among the seismic political developments are new conflicts and tensions such as the trade dispute between the USA and China, Brexit, the Russian occupation of Crimea and, more recently, its invasion of Ukraine, wars in the Middle East, autocratic trends in Turkey, the fallout from military coups as in Myanmar, as well as the rise of nationalist and populist forces - even within European democracies.

Despite nuclear disarmament treaties, arms expenditures have risen to over CHF 2 trillion, a level of spending last seen during the Cold War. According to the situation report of the Federal Intelligence Service,

terrorism, cyberwar, espionage and violent extremism continue to be serious threats. With the increasing demand for energy and raw materials, resource conflicts and famines are on the horizon. Large-scale projects like the 'New Silk Road', the Nord Stream 2 gas pipeline, and the Istanbul Canal should also be seen in this context. Last but not least, a sword of Damocles currently dangles over the world's financial systems, with the massive increase in national debt and the expanded money supply created by the national banks.

This all makes an active and bold Swiss foreign policy all the more important. It is the best insurance policy for our country. In order to be prepared for the latent 'earthquake risk', we must play our remaining trump cards: cooperation, innovation, and goodwill.

Cooperation is the most important pillar. Switzerland should continue to participate as an active and engaged, internationally open-minded partner in treaties, agreements, conventions, and reciprocal accords with political and economic as well as social and cultural contents, whether these be bilateral or multilateral.

Even though Switzerland was not a founding member of the European Coal and Steel Community, it also benefitted from the new continental order, and has been spared from war up to the present day; yet it remains increasingly stuck in its role as an observer and is letting the power to shape policy pass it by. The blow of the failed EEA referendum in 1992 was cushioned by bilateral agreements. Access to the important EU Single Market was thereby at least secured in certain sectors. But these treaties, which are often portrayed as bridges, are becoming fragile, and their cracks, large and small, could rapidly lead to a collapse.

Certain elements, like stock market equivalence, the Erasmus study-abroad programme, and the reciprocal recognition of norms have already collapsed or are in grave danger of doing so, while work on newly planned bridges in the form of individual sectorial agreements, as in the electricity sector, has been suspended.

As a self-proclaimed island in the midst of Europe, Switzerland cannot afford the collapse of any more bridges, and already compromised ones must be rebuilt on a solid foundation. The Framework Agreement (Rahmenabkommen) would have continued to secure Switzerland's crucial access to the EU Single Market. It remains to be seen what resolution we will find with the EU. It is equally questionable whether, without the necessary legal certainty, and due to the trust squandered by the Federal Council's unilateral termination of negotiations with the EU, we will be able to remain in the league of the world's most globalised countries.

Alongside EU Single Market access, it is also important to have good relations with countries around the world. Through our coherent, cooperation-based foreign policy, which currently boasts over 32 free trade agreements with 42 partners, we are opening up new markets for Swiss business. Our recent free trade agreement with Indonesia represents the first time that we have ratified a treaty with sustainability provisions, and this with a country that will soon have a population as large as the USA. We ought to consequently continue along this path in our dealings with Malaysia, South America (Mercosur), and the USA. Ultimately, all of Switzerland benefits from such agreements, especially our innovative SMEs, including those in peripheral regions.

Switzerland is coming under pressure once again in view of the OECD's call for a global minimum corporate tax, which has already been set at 15 percent by the G7. This would have immediate effects on inter-cantonal tax competition and on Switzerland as a business hub. In 2009, with the abolition of foreign banking secrecy, we experienced firsthand how quickly global pressure can lead to changes in practice.

We will only remain innovative if the public and private sectors invest in the raw material of education. In this context, we must secure international cooperation in the field of education as well as access to the Horizon Europe research programme. The strength of our education and research, thanks to our renowned colleges and universities, is and will remain an important locational advantage.

Switzerland creates goodwill with its neutrality and its various protecting power mandates, but also as the proud former headquarters of the League of Nations and as the European headquarters of the UN and many other international organisations such as the WTO, the WHO, and the Bank for International Settlements. And although we have only been an official member-state of the UN since 2002, we will be standing as a candidate for the UN Security Council in 2023/24. This will also strengthen our position in negotiations.

Cooperation, innovation, and goodwill, however, don't just happen by themselves. They require a courageous and forward-looking foreign policy and great commitment. With its work, the SGA makes a small but important contribution to this effort. This book and reference work, which is meant to inspire new approaches and outcomes in Swiss foreign policy, forms part of this contribution. It stands in the

tradition of the *Handbook of Swiss Foreign Policy* published by the SGA in 1975 and 1992. I would like to thank everyone who has contributed to the realisation of this new guidebook - and all of you who are participating in the debate over Swiss foreign policy in the 21st century!

About This Book

This book can be considered a new edition of the 1992 *Neues Handbuch der schweizerischen Aussenpolitik*, which was commissioned by the Swiss Association for Foreign Policy (SGA) and edited by Alois Riklin, Hans Haug, and Raymond Probst. This work in turn was the successor to an earlier handbook, published in 1975 under the patronage of the SGA.

The term 'Handbook' has been deliberately omitted (the 1992 *Handbook* was a compendium of data and analyses presented in 57 chapters). Instead, this book presents, in 11 chapters and additional sections, reflections on areas of foreign policy which the editors and the SGA advisory group consider to be especially important. The SGA appointed an advisory group that provided commentary on and suggestions for the chapters; these were taken up as the chapters were conceived and edited. The final responsibility for the content of this work, however, lies with the authors and editors.

The authors of the individual chapters are all active scholars of the subject areas about which they have written. Practitioners currently engaged in the field also provided the editors with insights into various topics, referring to concrete examples and current trends.

This book is the expression of an open-minded, party-politically independent, and constructive reflection on the most important areas of Swiss foreign policy. It should not be understood as a white paper, a blueprint, or a political manifesto. We hope it will offer a meaningful supplement to

a reading of political strategy documents addressing Swiss foreign policy published under the aegis of the Federal Administration and the Federal Council, such as the report of the 2028 Foreign Policy Vision working group, commissioned by Foreign Minister Ignazio Cassis and published in 2020, and the Foreign Policy Strategy 2020-2023 of the Federal Council.

The Swiss Association for Foreign Policy would like to thank the editors Katja Gentinetta, Joëlle Kuntz, and Thomas Bernauer for the judicious conceptualisation and realisation of this publication.

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Switzerland in the 21st Century: Key Questions

Thomas Bernauer, Katja Gentinetta, and Joëlle Kuntz

Once again, Switzerland must seek its place in a profoundly changing world. It is a world that, with its global value chains, long-distance movements of goods, people, and capital, and revolutions in information technology, is globalised as never before. As a result, the basic structure of international relations has also changed: while in the 20th century the competition for dominance between the West and the Soviet Union was primarily political and military in nature, it is now far more economically and technologically oriented, and the primary actors facing off against each other are above all the United States and China, the current war of aggression by Russia against Ukraine and the Western response to it notwithstanding. The confrontation between Western countries and China increasingly determines the logic of global alliances and power relations. It is manifested in economic competition, diplomatic competition with a military dimension, and in the competition between systems: a struggle between different political and cultural values.

Big Power Competition

Under US President Donald Trump, the economic side of this conflict between the United States and China became more acute; under President Biden, the Chinese-American rivalry will be extended to the level of values. The United States is reviving the idea, launched at the June 2000

Warsaw Conference, of a 'Community of Democracies', and declaring the defence of democratic principles against the threat posed by authoritarian powers to be its priority. It justifies this position by pointing to Beijing's repression of self-determination in Hong Kong, its brutal internment of Uighurs in Xinjiang, China's threatening of Taiwan, and the disinformation disseminated by the Chinese government during the Covid-19 pandemic.

For its part, the Chinese regime is pushing the primacy of its national traditions and sparing no effort in promulgating propaganda directed against foreign liberal values. Only on the economic front is China pursuing a strategy of internationalisation, with the goal of catching up to the Western industrial powers by 2049, the centenary of the founding of the People's Republic. As a step toward this goal, the business and technology programme 'Made in China 2025' is currently underway. Equipped with large monetary reserves, state-run and state-controlled businesses are presenting themselves to a large part of the world as their best choice as economic partners. China's direct investments in industrial nations, including Switzerland, serve as an engine for growth and as driver of innovation; the financing and acquisition of shipping and railway infrastructure within the framework of the 'New Silk Road' expand China's access to markets, and allow it to apply pressure on heavily indebted nations.

It remains to be seen whether other democracies will allow themselves to be enlisted by the USA against a geo-economic player of China's dimensions. In any event, China's increasing power and the American counteroffensive will not make it any easier for Europe - including Switzerland - to maintain the precarious balance

between interests and values, especially when it comes to respect for human rights. This also makes it unclear how transatlantic relations will evolve if the USA and Europe are of different minds over how to deal with China. During his first visit to Brussels in April 2021, US Secretary of State Antony Blinken therefore took pains to emphasise that Washington is in no way looking to promote the formation of blocs. Rather, he invited EU and NATO leaders to share his vision of the relationship with Beijing as 'competitive when it should be, collaborative when it can be, and adversarial when it must be' - a spectrum of situations open to all interpretive nuances. In the spring of 2021, the EU in fact joined the USA in imposing sanctions against those responsible for the repression in Xinjiang. How will Switzerland conduct itself? Will it take internal measures - such as those taken on the occasion of the European-American sanctions against Russian personalities - in order not to put anyone off?

In this competition of systems, Switzerland will play a solo part, even though it is subject to strong constraints as a result of its geopolitical and ideological environment. Its 'China Strategy 2021-2024' formally places economic cooperation within the framework of the 'fundamental values, as enshrined in the Federal Constitution'. What will happen, however, if these values fall on deaf ears in China? How does Switzerland intend to pursue 'an independent policy' - as set out in the Strategy - without running the risk of alienating the EU and the USA? The latter partners are of much greater economic and political importance to Switzerland than is China.

The same question can be asked with regard to relations with Russia. Despite its size, Russia still has insufficient

economic power to be taken seriously as a contender in the battle for global domination. Its industrial production is not oriented toward the export market and international mass consumption. Only its raw materials – gas, oil, and coal – still allow it to wield influence on the conduct of certain countries in Europe and in the rest of the world. Competition from clean energy sources, however, will weaken even this means of exerting pressure. On the other hand, its activities allow it to position itself as a political actor that has to be taken seriously, and to flaunt its rivalry with the West.

Russia's military interventions in the Middle East in support of the Syrian dictatorship as well as its attempts to destabilise Europe and the USA through cyber operations underpin its strategy of maintaining and even heightening the conflict of values with the West. In terms of territorial aspirations, Russia considers itself to have a blank check for hegemony in its self-defined sphere of influence, which stretches from the Baltics over the Black Sea to the Mediterranean. As one of the five official nuclear powers, it further weakens the Security Council, and destabilises both the UN and international law.

Will Western democracies stand up to Russia? And how will Switzerland conduct itself? Will it be able to take up the mediating role that it has assumed in the past as a member of both the OSCE and the Council of Europe if tensions lead to open hostilities. Switzerland has been heavily involved in both organisations, where it has brought its mediation skills to bear. In light of the new balance of power, however, these institutions have themselves become less influential. We return to this issue further below, in view of the Russia's war of aggression against Ukraine,

which started in February 2022, several months after this book manuscript was finalized.

The European Union is the third-largest commercial power in the world; 20 million companies have barrier-free access to a market of 450 million consumers. Nevertheless, it has not evolved into a strategic community capable of exercising the power commensurate with its size. It continues to be defined by its member states and their differing goals and cultures. In 2020, it even had to stomach the departure of the United Kingdom. So far, it has not succeeded in adopting a unified view of the world and positioning itself as a weighty political actor. The internal conflicts between its north and south and its west and east hamper its foreign policy. Its geopolitical disunity is the price it is paying for its success as a peace project.

The goals and strengths of the EU lie elsewhere. With each crisis it grows more cohesive by creating institutions that support crisis management. It is developing a powerful and precedent-setting system of norms: most economic sectors that wish to participate in the European Single Market have to adhere to mandatory norms and directives that have been painstakingly negotiated among the member states. The European regulatory system (covering medicine, finance, technology, health, law, etc.) affords the Union a power – and a reputation – that are missing from its diplomacy and its defence. As regards its past and its present, then, the EU is a robust association of states. Its future, however, remains tenuous, as its communal project is constantly subject to internal negotiations.

New challenges, and institutions in need of reform