



Swiss and UK finance industries join forces to urge new model for trade

The corona pandemic poses major challenges for the economy. The financial and related professional services (FRPS) industry is not immune to this. To overcome the crisis, a strong signal is now necessary for keeping FRPS markets open and deepening cross-border cooperation. Therefore, economiesuisse and TheCityUK urge their governments in a joint position paper to swiftly deepen the bilateral trade relationship based on the mutual recognition of regulation.

Switzerland and the UK rank among the strongest financial centres and biggest exporters of financial services worldwide. At the same time, they share a long-standing and close economic relationship. These bilateral ties could be largely secured in the context of the UK having left the EU through a series of bilateral agreements signed between December 2018 and February 2019. As valuable as these agreements are, a further deepening of market access for FRPS providers between both countries can only be achieved by a new trade agreement.

New position paper on strengthening trade relations for financial services

In recent months, economiesuisse and TheCityUK have developed a joint position paper in this regard with the substantial support of the relevant sector associations of the financial and insurance industry in both countries. It outlines the key industry priorities in this context and provides substantial input to both

governments: "The challenge posed by the corona virus means that we must work harder than ever to keep international markets open and allow trade flows to continue", says Monika Rühl, Chairwoman of the Executive Board of economiesuisse, adding: "That is why we should now take a step forward in our bilateral relationship with the UK."

Improve framework conditions for cross-border financial services as the main objective

Given the comparability of the Swiss and UK approach to financial market regulation and overall supervisory frameworks, the principle of financial services equivalence as applied by the EU would not be suitable for any future bilateral arrangement between Switzerland and the UK. Instead, market access to allow the cross-border provision of financial services should be expanded in various areas. These include banking and investment, asset management, insurance and financial market infrastructure. The key principle should be mutual recognition based on comparable outcomes, rather than on a line-by-line comparison of the respective regulatory and supervisory regimes. In addition, a future agreement should also cover issues such as data and cyber security. Miles Celic, CEO of TheCityUK, comments: "We have the opportunity here to set a new gold standard for global services trade between two sovereign nations."

Memorandum of Understanding to be signed as soon as possible

As soon as possible, Switzerland and the UK should sign a Memorandum of Understanding. This should include a commitment to deepen institutional, regulatory and supervisory cooperation, strengthen global financial regulatory standards and a joint approach to support increased liberalisation of trade in services at the global level. In addition, the agreement should provide a road map towards a bespoke bilateral agreement, outlining a mandate and timeframe as well as the involvement of the supervisory authorities and the industry. With regards to the shared interests of Switzerland and the UK and the great potential in bilateral financial services trade and investment, this agreement can be achieved swiftly and be a win-win for both countries.

Read the position Paper