Alexandre Fasel – Ambassador of Switzerland to the UK

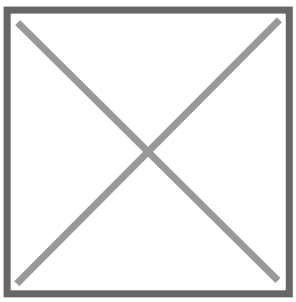


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The Ambassador of Switzerland to the UK, Alexandre Fasel, discloses what has been achieved so far with the 'Mind the Gap' strategy, aimed at safeguarding British-Swiss economic and business relations after Brexit. Fasel further highlights innovation as being part of the common DNA of Switzerland and the UK, and the importance of the pharmaceutical and life sciences industry for bilateral relations.



Brexit is the topic on everybody's mind these days. How are you and the Embassy of Switzerland to the UK approaching this subject?

Evidently, Brexit is one of the priority subjects for my assignment in the UK and takes up most of our efforts and time here at the Embassy. Indeed, the Swiss government realised early on that Brexit would not only have an impact on the UK and the EU, but also on all third countries that have preferential trade agreements with the EU. Switzerland is one of those countries, with one of the most integrated economies in the single market: since 1972, Switzerland and the EU have

concluded over 120 agreements, most notably the two big waves of packages in 1999 and 2005, known in Switzerland simply as ‘Bilaterals I and II,’ given their overarching importance for our relationship. This network of agreements linking Switzerland and the EU is extremely close and touches on a wide range of entire sectors.

Britain is one of the major economies within the single market, and our relationship with the UK is based largely on our ties with the EU. It hence was clear to us, ever since the UK’s referendum on EU membership had been called, that if Britain were to leave the EU, we would have to transpose our relations with the EU on our ties with the UK; if not, our bilateral relations would dramatically change. We are committed to implementing a legal framework, which is to replace the ties we currently enjoy with the UK as an EU member. This must happen before the day the UK is no longer an EU member, in order to avoid legal ‘gaps’ that would arise once our agreements with the EU cease applying to the UK. This is what the Swiss government calls the “Mind the Gap” Strategy, which it adopted already in October 2016.

At its outset stands the fact that the UK and Switzerland have a vitally important mutual significance – especially in economic terms. A few figures easily illustrate this: overall, Swiss companies provide 93,000 jobs in the UK, and net inward investments stand at GBP 37.8 billion (USD 48.65 billion) from Switzerland to the UK. British good exports to the Federation amount to GBP 9.2 billion (USD 11.84 billion), which makes Switzerland the third largest non-EU export market for the UK, while also being the fourth largest services export market for the UK. Furthermore, Switzerland is the seventh largest foreign direct investor in the UK, ranking ahead of Canada, Australia, India and China. These considerations demonstrate the importance of ensuring our cooperation can continue in the same way it does now on the day after the UK leaves the European Union.

How advanced is this process today?

Coordinated by the Swiss Directorate for European Affairs and the UK Department for Exiting the EU, teams from various government departments are dedicated to eight different work streams looking into the different legal arrangements we have with the EU and the UK.

The eight different work streams are: trade, citizens’ rights, financial services, aviation, land transport, fight against fraud, education and research, and data protection. These are the fields that are affected by Britain’s withdrawal and must be adapted in order to safeguard the excellent current level of collaboration. We have jointly defined those work streams and analysed problems and risks.

For some streams, we are very advanced in this process because the issues at hand are of the traditional free trade type and we can easily anticipate the consequences to come. For those streams which rely on integration with the EU (that is, areas which require legal harmonisation of rules, standards and norms), it is impossible to determine all possible outcomes. For many, we have adopted the harmonisation in order to participate as closely as possible in the single market. In those cases, our arrangement will have to consider the terms the EU and the UK are currently negotiating.

To sum up, I would say we are as advanced as one can possibly be. The process in place is good; it is trustful and structured orderly. Switzerland was amongst the very first movers following the Brexit referendum. Since that day, we have practiced a close exchange with the UK authorities. We did not wait for everything to happen but anticipated the possible referendum outcomes and set up an inter-agency working party once the decision to exit from the EU was clear.

You mentioned the significant economic relations between Switzerland and the UK. How important is the life sciences sector in this equation?

Many of the goods that are exchanged between both countries come from the pharmaceutical or life sciences industry. Both Switzerland and the UK are home to leading clusters in this sector: they rank second and third globally as countries of origin for world-class biotech patents. Research excellence translates to economic growth, as evidenced by the quality of patents for biotechnology.

This shared strength comes from the fact that life sciences are at the sharp end of innovation, which both countries champion. Switzerland is constantly ranking number one on global innovation indexes and it has, just as the UK, some leading institutions in science. The top five global universities with the most European research grants are British and Swiss: University of Oxford, University of Cambridge, University College of London (UCL), Eidgenössische Technische Hochschule (ETH) Zurich and Ecole Polytechnique Fédérale de Lausanne (EPFL). There has always been a close relationship at the sharp end of science innovation and technology between Switzerland and the UK, and, quite naturally, the economic sectors that are the first adaptors of this innovation, namely life sciences and pharmaceuticals, are just as closely linked.

How do you see this relationship evolving in the future?

Moving forward requires ambition, determination and skill, which our scientists and economic operators appreciate: I am confident that more can and will be done. Our role as a government is to ensure that the right framework and incentives to encourage this are in place. We need to

concentrate on taxation, infrastructure, quality of life and immigration to name but a few factors. Indeed, more than half of our university professors and nearly half of our students come from abroad. We see that we have to be open to be strong.

This also applies to our industrial strategy. In Switzerland, we do not favour national champions. The Swiss Innovation Promotion Agency Innosuisse encourages SMEs to innovate boldly by approaching challenges in new ways and forming international partnerships. It does not specify which sectors will receive support to start-ups – this decision is taken by industry and academia. A glance at recent innovation projects shows however, that the biotech field has a permanent place in the funding programme. We try to anticipate opportunities and provide the needed framework conditions, but do not premeditate. The same goes for education: we ensure that the right skills are taught, but we do not force any programmes through. A good example is to be found in the Crypto Valley of Zug, a leading Blockchain ecosystem. Before long, governments from around the world inquired how we had set up this major hub at the cutting edge of Fintech. Our answer was that we did not ’set it up’ top-down; we put in place the incentives and framework for this innovation to occur, and it happened – bottom-up.

How do you encourage British investment to Switzerland?

The Swiss Business Hub UK & Ireland is fully integrated in this Embassy. It belongs to a network of Business Hubs in various Embassies and is a foreign representation of Swiss Global Enterprise that is in charge of export and investment promotion. Because we are such an open economy, we have a very clear sense for win-win situations. Sales and national export promotion are not our only areas of focus; we also facilitate exports from British operators and Swiss investors wishing to establish themselves in the UK.

Looking forward, what will be the top priorities you will be pursuing?

One is of course Brexit and our ‘Mind the Gap’ strategy, ensuring the continued success and expansion of British-Swiss relations. Secondly, my efforts will be devoted to observe, understand, conceptualise and anticipate what ‘global Britain’ will be, the UK’s declared future projection in global affairs as a non-EU member. My interest is focused on what the face of the new Britain will be and how we will have to adapt to it.

Finally, I will remain dedicated to the traditional role an embassy takes, to further Swiss interests in the UK and to develop and sharpen our country branding. This will be achieved by furthering a specific aspect of Switzerland’s image and capitalise on it: for my tenure we singled out one domain, that of innovation. I think the UK and Switzerland have the same DNA and understanding

of science and innovation and promoting this is what I see as my task. The resulting innovation finds early applications and first commercial successes mainly in life sciences, pharma, and in sports technology, which hence become our sectors of priority focus.

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