

ANALYSIS OF THE SINO – SWISS FREE TRADE AGREEMENT FROM THE PERSPECTIVE OF NORMAN ANGELL

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ABSTRACT

The Sino – Swiss Free Trade Agreement was signed on 6 July 2013 and came into effect in 2014. With the agreement, economic and political relations are developed between two states. We know that bilateral economic relations are increasing complex interdependence among nation states, so political disputes can be solved easily because commerce and economic relations are seen more important than having political disputes. In this article, the Sino – Swiss Free Trade Agreement will be analyzed from the perspective of idealist Norman Angell. According to him, nation states and politicians saw that economic relations can solve political disputes and they don't want to have conflicts and disputes in which wars would arise; instead they want to increase their trade volumes. Angell states that war is a suicide for humanity. Natural inclination of human beings towards cooperation and peace should be highlighted. Also Angell declares that economic interdependence would prevent wars. Human beings don't have natural tendency towards war. Bad environmental causes result in wars and deaths. My argument is that Chinese - Swiss economic and political relations are in an idealist form thanks to their strong commercial relations. Also, I am defending that in the 21st century, this system will continue between these two states unless a big change occurs in international politics and thoughts of idealism in international relations theory are more reasonable than arguments of realist theory.

Keywords: *China, Switzerland, Free Trade Agreement, Economic Relations, Political Relations.*

NORMAN ANGELL'İN PERSPEKTİFİNDEN ÇİN – İSVİÇRE SERBEST TİCARET ANLAŞMASININ ANALİZİ

ÖZ

Çin – İsviçre Serbest Ticaret Anlaşması 6 Temmuz 2013 tarihinde imzalanmış ve 2014 yılında yürürlüğe girmiştir. Bu anlaşmayla iki ülke arasında ekonomik ve siyasal ilişkiler gelişmiştir. İkili ekonomik ilişkilerin ulus devletler arasında kompleks karşılıklı bağımlılığı artırdığını biliyoruz. Böylece siyasal sorunlar da kolaylıkla çözülebilmektedir. Siyasal sorunlara sahip olmaktansa ticareti ve ekonomik ilişkileri geliştirmek daha yararlıdır. Bu makalede Çin – İsviçre Serbest Ticaret Anlaşması idealist Norman Angell'in perspektifinden analiz edilecektir. Angell'a göre, ulus devletler ve siyasetçiler ekonomik ilişkilerin siyasal sorunları çözebildiğini görmüşlerdir. Politikacılar savaşların çıkabileceği uyumsuzlukları istememektedirler. Bunun yerine, ticaret hacimlerini artırmaya çalışmaktadırlar. Angell savaşın insanlık için bir intihar olduğunu söyler. İnsanların iş birliği ve barışa yönelik doğal eğilimi vurgulanmalıdır. Angell aynı zamanda ekonomik karşılıklı bağımlılığın savaşları engellediğini ifade eder. İnsanlar savaşa doğal bir eğilim göstermezler. Kötü çevresel sebepler savaş ve ölümlerin sorumlusudur. Bu tezin argümanı Çin – İsviçre ticari ve siyasal ilişkilerinin bu iki ülkenin güçlü ticari ilişkileri sayesinde idealist bir formda devam ettiğidir. Aynı zamanda ben, 21.yüzyıl içerisinde uluslararası politikada büyük bir değişiklik olmadıkça bu sistemin iki ülke arasında devam edeceğini ve uluslararası ilişkiler teorisinde idealist fikirlerin realist teorinin argümanlarından daha makul olduğunu savunuyorum.

***Anahtar Kelimeler:** Çin, İsviçre, Serbest Ticaret Anlaşması, Ekonomik İlişkiler, Siyasal İlişkiler.*

INTRODUCTION

Switzerland and China signed Free Trade Agreement (FTA) on 6 July 2013. This agreement with Switzerland is second agreement signed with a European country for Beijing. Before this, China signed a bilateral agreement with Iceland on 15 April 2013. These bilateral agreements are important for relations between European countries and China. These agreements would be potential force for a larger agreement between China and the European Union. According to Lanteigne, China is planning to create economic relations with the Europe by bilateral trade agreements. In this route, Free Trade Agreement between Switzerland and China is an important step for future. China became a member of the World Trade

Organization in 2001. This opening of China to world economy aims to form strong economic relations with the Europe. Beijing signed its first free trade pact with an OECD country in 2008. This country was New Zealand. These bilateral free trade agreements are crucial routes for liberalization of Chinese economy and its wide economic relations with the world (Lanteigne, 2019: p.1-2).

The Sino – Swiss Free Trade Agreement is a very important milestone for both countries. In the long run, this free trade agreement will bring many benefits to both economies. For commerce, China is an important country for Switzerland. China is the third largest partner for Swiss exports with 8,1% share of total Swiss exports in 2017. Germany is first export partner for Switzerland with 15,3% share of total Swiss exports. The U.S. is second with 12,3% share of total Swiss exports (The Federal Customs Administration, Trading Partners – Swiss Exports). Also, China is the sixth largest partner of Switzerland for Swiss imports with 4,9% share of total imports (The Federal Customs Administration, Trading Partners – Swiss Imports). Furthermore, China is the third largest trading partner with 6,6% inside Swiss total trade after Germany and the United States of America (The Federal Customs Administration, Trading Partners – Swiss Combined Foreign Trade). According to Lanteigne, the Sino – Swiss Free Trade Agreement is a great contribution to economic diplomacy of both countries. Switzerland is a country within Europe but also different from European states. In addition to this, China is supporting liberal trade under President Xi Jinping. When we think about pressure coming from American President Donald Trump, we see that China is increasing the number of trading partners against the USA. This subject is also related to Switzerland. Signing a free trade agreement is giving an image to Switzerland different from other European countries by increasing relations with Asia. Furthermore, for China this Swiss FTA is a route in which China would proceed for varied trade links with European countries (Lanteigne, 2019: p.2-3). Chinese politicians want to create new trade partners within Europe. China is open to new commerce agreements and it is a country which has gained membership of World Trade Organization in 2001 (Chad P. Bown and Meredith A. Crowley, 2010: p.1354). Swiss FTA is an important step for conquering Europe economically. By this agreement, relations between Switzerland and China were advanced.

Especially, bilateral free trade agreements are more important for the Chinese since Donald Trump signed on 22 March 2018 trade sanctions against China which would affect products being worth 60 billion dollars. China Foreign Ministry responded this act by saying that “*Beijing would take all legal measures to protect our interest*” (The Guardian). When we analyze the Sino – Swiss Free Trade Agreement and trade wars between China and the USA, we can say that

today commercial disputes between countries are solved in commercial platform and its official arrangements (Lanteigne, 2019: p.3). Today, the East and the West can sign free trade agreements by ignoring completely their differences. In this article, the Sino – Swiss economic relations and their FTA will be analyzed via arguments of Norman Angell. He said that there are four important dynamics of human beings. First, Angell inclined to the opinion that people are not disposed towards war. It is not their congenital quality. Second, states, which are always waging wars, cannot conquer the world they want. Third, physical violence and power are decreasing among human beings. Fourth, natural inclination among states and humans is cooperation and this factor decreases differences amongst states and politicians. Struggle is to stay alive by overcoming problems other than war. War is not a dynamic to be overcome for human beings (Angell, 1910: p.133-176). China is focusing its attention on widening its economic relations with European countries. China as an east country prefers to have economic cooperation with European countries instead of having disputes with them. In my opinion, Norman Angell and his idealist colleagues like Woodrow Wilson, Leonard Woolf, Robert Keohane, Robert Axelrod and Michael Doyle are right to say that although nation states have many difficulties and disputes about economics and politics, they have natural inclination towards having economic and political cooperation to stay alive and avoid wars especially in the 21st century. My argument is to express that Swiss – Chinese relations have continued in an idealist form since the beginning of the 2000s because of their wishes for strong commercial relations. The reasons of their wishes for strong commercial relations and avoidance of violence are listed in three important subjects: World political environment which prohibits states from using military power and violence (The United Nations Charter, Article II, Clauses III, IV); liberalization of world trade against old mercantilist economic policies; perception of politicians from old experiences that instead of war, using diplomacy and advancing commercial relations are more beneficial for them and their states.

WHO IS NORMAN ANGELL?

Sir Norman Angell was born on 26 December 1872 in Holbeach, United Kingdom. He is a British journalist and writer that was awarded with the Nobel Peace Prize for his book called *The Great Illusion* which was published in 1910. This book was translated into 25 languages and its two million copies were sold. According to Angell, war is a suicide and because of mutual destruction, war is not profitable for humanity. He believed in the power of free trade which creates interdependence between nation states. This commercial interdependence made the war unreasonable. The appearance of the World War I in 1914 falsified his thesis but Nobel Prize reserved for him in 1933 was given him in 1934 by the

Nobel Committee. He was awarded for his defense of the League of Nations. He died on 7 October 1967 in Croydon, United Kingdom (The Nobel Prize).

Norman Angell was one of the most important and the earliest writers of idealist theory of international relations discipline. According to him, human beings have congenital inclination towards peace and cooperation. Especially, economic interdependence is increasing cooperation and supporting peace amongst nation states. On the contrary, people would have inclination of war because of bad environment. Having inclination to war is not a congenital quality of human beings. In this topic, just one dynamic is guilty, that is environment in which nation states find attractive to wage wars. Today, the World Trade Organization is working for creating a world in which economic interdependence increases among nation states. Also, the Charter of the United Nations prohibited states from using violence and army with its Article II (The Charter of the United Nations). This environment is not causing nation states to wage wars because states maintain their relations with diplomacy and economics. Also, the system of the United Nations prevented wars from coming up. Especially, liberal democracies didn't make war among themselves since the Second World War. They saw that war is a suicide as Norman Angell said. New wars are done by proxy actors so that nation states don't participate in a war actively like in the past. I think that Norman Angell is right to say that economic interdependence prevented wars and human beings are not in congenital inclination towards war.

REALISM – IDEALISM DEBATE: LITERATURE REVIEW

Realism - idealism debate is the first discussion of four great debates in the discipline of international relations. This debate has been affecting international relations discipline since its inception. Norman Angell is the first writer that will be analyzed here. Norman Angell is an idealist and wrote his book called *The Great Illusion* in 1910. In this seminal work, he stated that people don't have natural inclination towards war. He thought that war is a suicide for humanity. Human beings should understand that war is not profitable for warring factions. According to him, human beings experienced an evolution towards cooperation and adaptation, so in future war will be seen as a suicide by humanity (Angell, 1910: p.133-176). On the contrary, Edward Hallett Carr criticized these thoughts. He wrote his book called *Twenty Years' Crisis* in 1939 and criticized idealists. According to him, every science at the beginning experienced that dreaming predominates and rational thinking is not important for utopians. He stated that utopians didn't give importance to facts and figures, so they couldn't understand social reality of international politics (Weiss, 2013: p.1160-1161). They are utopians because they made little effort to understand and analyze present reality

of international relations, instead they designed collective security and world government. However, Carr stated that these are impossible things to be created in international politics (Carr, 1939: p.1-40). Carr says like all other realists that world government is a utopian idea.

Realists think that war will be an inevitable part of international politics forever. On the contrary, idealists state that cooperation and trade will ease tensions among states and perpetual peace would be created by cooperation between nation states. This cooperation and commerce will forge a complex interdependence amongst states, a theory that was created by Robert Keohane and Joseph Nye. Robert Keohane is a pluralist and neoliberal thinker of international relations. At the same time, Joseph Nye is a pluralist, producer of soft power theory and neoliberal thinker of international relations. These two authors created the theory of complex interdependence. According to this theory, relations of nation states are intertwined thanks to trade, international organizations, economic and political cooperation, so nation states are more connected to each other. In this political environment, war aims of aggressive states are eased. War is not seen as a solution for problems instead, diplomacy and political talks are used to overcome issues (Keohane and Nye, 2011: p.3-20). Wars cannot overcome political problems.

Leonard Woolf, husband of author Virginia Woolf, was idealist. He wrote his article called *Utopia and Reality* in 1940. According to Woolf, humanity experienced the First World War and after this catastrophe, he thought that human beings abandoned war as a solution to their problems. As evidence, humanity formed the League of Nations. Under its umbrella, war is not anymore an inevitable part of international politics. Woolf stated that warring parties and hard power are not solution to problems of humanity. With these dynamics, human beings couldn't build their future. Woolf said that when we analyzed 500 years of European history, we saw that war and military power were just a disappointment (Woolf, 1940: p.167-182). Wars just result in deaths and impasse for future.

John Herz is a realist – liberal scholar of international relations. He wrote his article called *Idealist Internationalism and the Security Dilemma* in 1950. He rejected world government and world peace proposed by idealists. According to him, when states get strong, they are more threatening for each other. In this political environment, security dilemma is coming up. Security dilemma¹ means that states distrust each other and they see each other in an unlimited hostility

¹ Concept of security dilemma was coined by John Herz, for more information, look at John Herz, *Political Realism and Political Idealism: A Study in Theories and Realities*, Chicago: University of Chicago Press, 1951.

(Tang, 2009: p.590). John Herz said that as relative gains are more crucial than absolute gains as Neorealists think, states are not just related to their own gains but also wonder whether or not other states gain more because today's friend would become tomorrow's enemy. However, this problem would be solved according to Herz by cooperation amongst states. Cooperation and easing tensions would be beneficial (Herz, 1950: p.157-180). Our last thinker that we will analyze is Hans Morgenthau. He is one of the most important names of realist theory of international relations. He wrote his seminal book called *Politics among Nations* in 1948 (Molloy, 2004: p.10). According to him, power is national interest. He stated that international politics is a struggle for power (Herz, 2011: p.1-10). States prefer to support relative gains instead of absolute gains (McQueen, 2017: 300-309). His most crucial contribution to international relations discipline is his six principles of political realism (Morgenthau, 1948: p.3-30):

- Politics is governed by laws which find their origins in human nature.
- National interest, which is defined as power, is the most important aim in foreign policy.
- Interest, which is defined as power, continues its presence without being affected by historical changes.
- Universal moral principles cannot be used to evaluate behaviors of states.
- Political realism denies amalgamating moral values of one nation with moral principles that govern universe.
- Politics has a relative autonomy. It is not a field that is inferior to law or economics (Baumann et al., 2011: p.87-101).

FINDINGS

International relations had academic arguments about nature of human beings. When we read realism – idealism literature, we can ask that where is the link between the Sino – Swiss Free Trade Agreement and this literature? We can definitely say that these two things are connected. Chinese politics to build economic relations with Switzerland is related to idealism and liberal thinking. Economic relations will strengthen also political relations among China and Switzerland. In the long run, economics is going to create an environment in which China and Switzerland develop their political, cultural, economic and diplomatic ties in a peace and interdependence.

This situation also has an important aspect on societies. Advancement of political, cultural, economic and diplomatic ties will bring closer Chinese and Swiss societies. This positive advancement will increase tourism and cultural integration between two nations. Absolutely we must say that economic relations are

creating peaceful relations and ties among Switzerland and China. For example, Switzerland and China created a joint chamber of commerce. The Swiss-Chinese Chamber of Commerce has intention to promote economic relations and business investments among two states. Moreover, in January 2019, Chinese and Swiss leaders said that ties between two states will be developed more. Swiss President Ueli Maurer and Chinese Vice – President Wang Qishan said that political and economic relations are continuing in a positive way and it will be advanced more. According to Wang Qishan, relations between two states are at their best (The Swiss – Chinese Chamber of Commerce).

We mean that from a liberal and idealist perspective, economic relations can strengthen political relations between states. Swiss and Chinese relations are an example of this thesis. These economic relations are creating closer political relations and strong ties between Chinese and Swiss investors. For example, on 23 May 2019, Suzhou Industrial Park-Swiss Investment Seminar was held. The main aim was to promote investment opportunities for Swiss and Chinese investors. Tourism exchange, investment, economics and business opportunities are aims of two states. These organizations also can strengthen cultural relations between the Chinese and Swiss investors.

Closer relations in economics will be beneficial for their politics and commerce. Furthermore, this system will advance tourism exchange between two states. Swiss leaders are passionate about developing tourism revenue. Switzerland gained 46,7 billion Swiss francs in 2016 from tourism sector. Also, Switzerland has a great infrastructure for tourism when compared to its geographical size. This country has 25,503 train stations and 29,022 food places. It wants to create new partnerships for commerce especially with Asia. Switzerland wants to advance its tourism industry and attract new visitors from Asia (Fédération Suisse du Tourisme, 2017: p.4). All these ties are making wars and disputes related to military power between these two states impossible. Especially tourism improves economic relations between two states and economics also increases political ties for them.

POLITICAL RELATIONS IN THE 20th CENTURY

The relations between both countries dated back to the beginning of the 1900s. In 1918, Switzerland and China signed a friendship treaty to create and continue peace and good relations among both states. Article I of the treaty stated that there will be among Switzerland and China perpetual peace and unalterable friendship. Article II declared that both countries can nominate diplomatic agent and consuls (Traité d'amitié entre la République de la Confédération suisse et la République

de Chine, 1918). After Chinese Civil War, in 1949 the People's Republic of China was established and Switzerland was one of the European countries that recognized the People's Republic of China. Swiss Confederation recognized new Chinese regime *de jure* on 17 January 1950 with telegram sent by President Max Petitpierre (<http://dodis.ch/8016>).

After recognition, Switzerland gave trust to the People's Republic of China that Swiss government had no relations anymore with the nationalist Chinese against communist rule. Swiss government declared that Switzerland was about to create diplomatic relations with China. Switzerland was recognizing the delegates of communist regime (<http://dodis.ch/8208>). In the light of the information mentioned, relations between China and Switzerland dated back to the first half of the 20th century. According to Keller, for a long period the Chinese diplomatic mission in Bern was the only center in which Beijing could advance its diplomatic relations and contact with France, Germany, Italy, Spain, Austria and Belgium. Keller stated that one of the most important moments between Switzerland and China was Geneva Conference organized for Indochina problem in 1954. At that time, Foreign Minister and first Premier of the People's Republic of China Zhou Enlai was directing the Chinese delegation in conference. He was welcomed well in Bern in house of Watteville – la maison de Watteville by President of Swiss Confederation Rodolphe Rubattel and federal advisor Max Petitpierre. At that time, Zhou Enlai had friendly and good relations with Swiss politicians (Keller, 1987: p.22-25).

Before his decease in 1976, Zhou Enlai stated for Switzerland that *“we are different from each other. There are many things and conceptions which separate us and will separate without doubt in the future. However, we have some common characteristics. We are interested in developing contacts and cooperation in our reciprocal interest. Interest should come from two sides, not just from one side. In the long run, each side stays in its position. However by staying in our positions, nothing should prevent from looking at each other and give a hand.”* (Keller, 1987: p.28). Both countries continued close relations during 1980s and 1990s. Two states signed many agreements on some subjects in these years: protection of investments (1986), scientific and technical collaboration (1989), the initiative about human rights (1991), patent protection (1992) and risk capital funds (1997). These agreements showed that in the years 1980s and 1990s, Swiss – Chinese relations were so close. Swiss and Chinese relations could be summarized with four “c”: creativity, confidence, cooperation and communication Xu Jinghu, at the head of Chinese Embassy in Switzerland since 2013, said in an interview (Swissinfo). Moreover, Chinese President Xi Jinping said during his visit to

Switzerland in 2017 *‘I hope during my visit, we can deepen friendship between our people, widen our cooperation in diversified fields, enrich our strategic partnership on innovation, advance our relationship to a higher degree and contribute to the recovery of the world economy’* (French.xinhuanet.com).

THE SINO – SWISS FREE TRADE AGREEMENT ON 6 JULY 2013

This agreement created a free trade area between Switzerland and China. The Sino – Swiss Free Trade Agreement was signed on 6 July 2013 and one year later it came into effect. This agreement also was created to widen world trade and its aims are as follows (The Free Trade Agreement between the Swiss Confederation and the People’s Republic of China, p.3):

- to accomplish liberalization of trade for goods;
- to accomplish liberalization of trade for services;
- to create for both countries investment chances;
- to advance economic markets of both countries;
- to protect intellectual property rights;
- to pave the way for future cooperation between both countries;
- to eliminate special obstacles for promoting commerce;
- to advance international - commerce.

It is seen that both countries came up with an agreement which can liberalize trade between them. Switzerland and China wanted to liberalize trade in goods and services. Their ultimate aim is to increase their mutual trade volume. By increasing this, they are planning to grow rich. Also, we see that although China is under communist rule, this state gives very importance to liberalization of trade because it is a necessary thing in the 21st century for capitalist system of international economics. When we analyze the geographical scope of the agreement, we see that the territories of Switzerland and China are included. Their land, air space and sea are included in the agreement. This agreement also required transparency. If one of both countries has a law or regulation against implementation of the agreement, this state should declare this barrier to other party. One of the most important articles of the agreement is national treatment on internal taxation and regulation. According to this regulation, both countries will behave in accordance with Article III of the GATT 1994. Both countries will give national treatment to products of other party that is to say, both countries will give imported goods treatment no less favorable than national products (The Free Trade Agreement between the Swiss Confederation and the People’s Republic of China, p.4-6).

We know that the fundamental aim of the GATT 1994 is to increase liberalization of world trade. Switzerland is the reigning champion of democracy in Europe. China is under communist rule and according to Human Rights Watch, Chinese state violates human rights under Xi Jinping government (Human Rights Watch). Despite this situation, the most crucial aim of the agreement is to facilitate trade between Switzerland and China. When we analyze this free trade agreement from the perspective of well – known idealist Norman Angell, we see that idealists are proposing reasonable thoughts to humanity. Sino – Swiss Free Trade Agreement is suitable to Angell’s view. He thought that cooperation and trade are better than disputes. Norman Angell stated that humanity doesn’t have inclination towards violence. Violence is not their congenital characteristic. On the contrary, human beings have inclination to cooperation, adaptation and communication. Human beings can solve their problems by not waging war. According to Angell, war is a suicide for humanity (Angell, 1910: p.133-176). We see this thesis in the Sino – Swiss Free Trade Agreement after 103 years when Norman Angell wrote his book called *The Great Illusion: A Study of the Relation of Military Power in Nations to their Economic and Social Advantage*. This agreement increased total trade for both countries and created closer relations between two nations. Political leaders from two countries are more passionate about advancing their political and economic relations. The Sino – Swiss Free Trade Agreement is suitable to Angell’s thesis. According to Angell, war is an illusion and fault for humanity. Economic relations are intertwined among nation states. The liberalization of world trade with Bretton Woods System in 1940s, the GATT 1994 and formation of the World Trade Organization in 1995 was established comprehensively in the 20th century and this process continued in the 21st century.

Angell declared that cooperation will be popular trend between states. These political entities will choose a win – win political and economic situation instead of waging wars nonstop. We see this situation in the relations between Switzerland and China. This relation in our world is just a drop in sea. Today, nation states are cooperating in frame of the United Nations and mutually. Since 1950, China and Switzerland have kept bilateral relations up. Both countries are maintaining close dialogues for more than 30 subjects including education, environment and finance. In 2007, two countries signed a mutual memorandum to build closer political relations and increase mutual understanding. Moreover, both countries signed a memorandum in 2013 to start bilateral dialogue between the People’s Bank of China and the Swiss State Secretariat for Financial Matters. The Sino – Swiss innovative strategic partnership was formed in 2016. Furthermore, both countries organized their first strategic dialogue in 2018 (Federal Department of Foreign Affairs).

BILATERAL TRADE AND ECONOMIC RELATIONS BETWEEN SWITZERLAND AND CHINA

Official visit of Chinese President Xi Jinping from 15 to 18 of January 2017 supported political relations between China and Switzerland. President Xi Jinping is the first head of state of China to have participated in The World Economic Forum by 2017. It is historical moment for Sino – Swiss relations. During this official visit, Chinese President Xi Jinping declared that Sino – Swiss relations are an example of cooperation and friendship despite the social and development differences between two states. He declared that relations among both states should be developed. The World Economic Forum in Davos was a facilitator of good relations among both countries. President Xi Jinping hoped to advance relations among both countries in science, economy and research. Before 2017, many developments were experienced among China and Switzerland (Duthoit, 2018). Before these improvements, we saw a long period of political meetings between the Chinese and Swiss politicians.

In 2010, Swiss President Doris Leuthard met Chinese President Hu Jintao to talk about a free trade agreement. As a result of negotiations, Switzerland became one of the European countries which signed a free trade agreement with China. The Sino – Swiss Free Trade Agreement was signed in 2013 and came into effect in 2014. This agreement increased exchange among both countries. Switzerland was exporting more than CHF 5,4 billions in 2007, ten years later it exported CHF 24 billions. Furthermore, Switzerland was importing CHF 4,8 billions, ten years later in 2017, it imported CHF 13,1 billions from China. In 2018, China became the third commercial partner of Switzerland after Germany and the USA. It is seen that this increase in exchange will accelerate when economic relations among both countries are taken into account. Between 2015 and 2016, Chinese demand for Swiss products increased 10% while exportation of services increased 3% in 2017. Especially, watch industry, pharmaceutical and chemical products of Switzerland are demanded by Chinese buyers. Swiss exportations to China doubled in number when compared to importations. While in 2017 Swiss exportations are worth CHF 23,9 billions, Swiss importations are worth CHF 13,1 billions. These statistics show that the Sino – Swiss Free Trade Agreement is in favor of Swiss economy. With increase in trade, direct Chinese investments in Switzerland increased from CHF 1,3 billions to CHF 4,8 billions in 2016. China became the sixth investor in Switzerland (Duthoit, 2018).

Switzerland is seen by the Chinese as a prestigious investment place. Strong political and economic relations are making Switzerland a great place to make investment for the Chinese. During the World Economic Forum, Chinese President

Xi Jinping announced the year 2017 as the year of tourism to encourage tourism between two states. The Chinese are attracted to Swiss geography and landscape day-to-day, it is increasing tourism among two countries. As a result, strong economic and political relations are an advantage for each country. However, this bilateral relation is more beneficial for Switzerland in terms of economic aspect. Chinese investments in near future will be increased and tourism sector will be advanced in numbers (Duthoit, 2018).

CONCLUSION

Idealism – realism debate is one of the most important debates in international relations discipline. Realists see war as an inevitable part of international relations. While idealists highlight the importance of cooperation and communication, realists underscore relative gains, security dilemma, high politics and wars. High politics is related to military and security issues. On the contrary, liberals and idealists prefer low politics which is connected to economic and social issues. Idealists say that there is a chance for change, it is the opinion supported by this article. Economic relations would change route for this perception. First of all, economic relations would create a peace environment in which two nation states are interconnected. This situation decreases possibility of political conflicts because political conflicts absolutely devastate economic relations. Potential results of this situation are loss of money and destruction of economic relations.

Second, economic relations are more important than other things in political agenda. In this political atmosphere, statesmen don't want to have political disputes. Third, in the 21st century economic power is more crucial than other power types. States want to increase their production capacities and export products as much as possible. Trade balance has been an important part of national politics and election campaigns. We understand that economy is very important for a statesman for both national and international policy. In this environment, nations with different cultures and political ideologies can create peaceful and strong economic relations as Switzerland and China did. Two states signed a free trade agreement in 2013. As a consequence of it, importation and exportation of Switzerland changed. While Switzerland was exporting more than CHF 5,4 billions in 2007, ten years later this country exported CHF 24 billions. In addition to this, importation of Switzerland from China increased from CHF 4,8 billions to 13,1 billions during these ten years. This exchange is showing that this free trade agreement is an advantage for Switzerland. Also, economic relations between China and Switzerland were advanced. When we return to ideas of Norman Angell, we see that China and Switzerland are two countries with different culture and separated ideologies. However, the most common feature of them is passion for economic exchange. No one wants to destroy this economic relationship.

In the light of the information mentioned above, it can be said that relations of Switzerland and China continued since the 2000s in an idealist form and continuing in this way. They signed free trade agreement in 2013 and it came into effect in 2014. This free trade agreement increased total trade between China and Switzerland. Also, political relations are developed day-to-day among two countries thanks to economic relations. When we think about the 21st century and its political environment, we should perceive that the United Nations and liberal – idealist thinking changed a lot of things in international politics. Nation states are increasing economic relations among themselves and this situation also increases political relations. By doing this, disputes can be solved via diplomacy and day-to-day talks.

The Sino – Swiss relations are suitable to this thought. Switzerland is a country in which democracy is implemented completely. On the contrary, China is a state that the West cannot see as democratic. However despite this difference, two countries can sign a free trade agreement and increase their joint total trade because politicians of two countries know that trade and commerce are more important than to have political disputes and conflicts. In the 21st century, nation states are creating an environment in which politicians and people of different countries can keep closer their ties. Liberalization of economics is increasing ties between nation states. While providing main result, we should say one word that Swiss – Chinese relations are in idealist form and unless a big negative change in international politics occurs, this joint relation will keep itself safe.

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