

Introduction - external dimension seminar 12 June 2008

Good Morning, ladies and gentlemen. You are all very welcome to this conference on how external trade policy could contribute to the EU's growth and competitiveness. I am especially happy to welcome you from the European Commission and from other member states to discuss how the external dimension could be integrated in a new agenda for European growth when the present Lisbon agenda comes to its end.

The seminar is a result an assignment to the National Board of Trade from the Ministry for Foreign Affairs. The Ministry has asked us to produce a broad inventory of ideas for an external dimension of a new growth strategy, in order to achieve higher competitiveness, growth and employment. We have presented our ideas in a report that we will present in the afternoon. We hope these ideas will stimulate a debate on the issue, and we have good hopes to initiate a debate here today, since we are able to introduce a range of very distinguished and experienced speakers and panellists.

Being the director General of The National Board of Trade let me give you a brief introduction of the Board. It is the Swedish governmental agency responsible for foreign trade and trade policy. We have a clear mission – to promote a free and open trade with transparent rules. We operate on three levels – all within the EU machinery. On the first level, we strive for an efficiently and smoothly functioning internal market with free internal trade and movement. On the second level we work for the EU trade policy to be more open to external trade. The third level is global trade, where we encourage and promote a strong multilateral trading system mainly through the WTO.

All three levels of our work can contribute to enhancing the EU's global trade expansion. And I am not only talking of exports. Imports and a liberal import regime are crucial for economic development.

Trade is an important promoter of economic development and Sweden has experienced that. Sweden is also very dependant in foreign trade.

This is the reason why Sweden continuously has been arguing for an external dimension in the Lisbon agenda

For a long period of time world trade has increased faster than production. Among measures to improve the European growth and competitiveness enhanced external trading regime must be a part, not least for imports of course.

In our view, trade policy reforms must be involved if we are to boost European economy. We see the connections – or the interaction - between external and internal EU trade policy as a very important part in the work. How can achievements and experience in the internal market be used to boost external trade? The EU also must analyse if changing or adapting internal rules could benefit the EU's external trade or external competition.

Well, what elements could be integrated into a new “growth agenda”? We started our analyses by identifying areas of great economic importance: Investments, services, harmonisation of technical rules, trade facilitation and to integrate the internal and external trade dimensions with each other.

Investments: Trade have grown fast compared to GDP. But foreign direct investments increase even faster – much faster.

Services: Services production constitutes 75 per cent of the EU economy, but only a small proportion of trade - even internally in the EU. There is a vast potential in trade in services and it also fits well with ambitions for “green growth”.

Another area of enormous potential is harmonisation of technical rules. Of course we could learn from the EU harmonisation and try to extend our experiences and our standards to third countries, but we can not expect only to export our rules. As a means to increase trade opportunities, we also must be open to change our own rules and adapt to our trading partner's rules.

The internal market is an area of free trade and far reaching harmonization. A big region with free trade and deep integration, like the EU, has a possibility, not only to stimulate trade and economic development internally, but also to stimulate trade with third countries. The market is more attractive for exporters from third countries when, like within the EU, all countries either have the same rules or goods are permitted to circulate freely between countries ones entered the EU.

One example of deep integration in the EU is the use of the Euro. According to a recent Swedish study, trade between Euro countries has increased due to the common currency, with 20 – 30 %. But interesting enough, the Euro actually has increased trade also between the Euro zone and Non-Euro countries. Not as much of course, but about half the increase. One conclusion thus is: Deep integration encourages external trade.

When it comes to external trade policy measures, we support the idea as well as the aims of the Global Europe, but suggest a continuation from this platform. Trade policy must develop more than this, adapting to changing conditions in the globalising world. EU must continuously modernize its trade policy to make room for dynamic European companies to make use of new opportunities. This is also essential for EU to be attractive for investments.

The policy must reflect the needs in a fast evolving dynamic world, to be able to serve the EU economy. And we must be very cautious not to hamper European industries who take part in globalisation. Otherwise we are harming European economic development. And we must find simple and transparent rules – since predictability is crucial to trade.

Furthermore there are much more challenges for the common trade policy. Development in many areas will affect trade and trade policy. We do not intend to go into these today, but we have to remember they are there, complicating the discussion: Climate change measures, increasing competition for commodities including agricultural products, a more rigorous security system for the supply chain,

fragmentation of production, together with an increasing number of FTAs complicates the supply chain, with for instance different rules of origin.

Trade policy is operating in an increasingly complex environment. It is only natural that the EU continuously must modernize its trade policy to make it work in a complex and global economy.

Once again, a very warm welcome to this seminar.