



Lena Johansson, Director General  
2010-01-15

## **Comments on the ideas for "EU 2020"**

*The National Board of Trade is the Swedish governmental agency responsible for issues relating to foreign trade and trade policy. Our mission is to promote an open and free trade with transparent rules. The basis for this task, given us by the Government, is that a smoothly functioning international trade and a further liberalized trade policy are in the interest of Sweden. To this end we strive for an efficient internal market, a liberalized common trade policy in the EU and an open and strong multilateral trading system.*

It is from this perspective we take the opportunity to respond to the Commission working document. We very much welcome the document and the opportunity to comment upon it. The document constitutes a good start in the formal process of establishing a new growth strategy for the EU. We hope that the document and the comments on it will contribute to a successful meeting of the European Council in February and that a new strategy gradually will evolve during the spring.

From our point of view the document mostly focuses on the aims and not the means of a new strategy. It is on a quite high level of abstraction and contains on a whole uncontroversial aims for the future development of the European economy. But how can we get there?

On page 1 it says that the new strategy should prioritise a couple of key areas where cooperation between the Commission and the Member States can yield the best results. Trade should be such an area. Within Europe traditional trade barriers have been eliminated and towards the rest of the world they have been reduced markedly. Consequently, remaining barriers to trade are mostly *behind the border*-issues and such can most easily be dealt with by joint efforts from the Commission and the Member States. Success in removing obstacles on the internal market will indirectly contribute to opening up Europe externally as well.

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How does one promote trade in a new strategy? The National Board of Trade has a number of concrete proposals regarding the trade policy contents of a new strategy. They can be found at [www.kommers.se/trade&growth](http://www.kommers.se/trade&growth)

For trade to flourish economic operators need openness, predictability and transparency. This should therefore pervade the strategy, but it is unfortunately not much discussed in the working document. There is a subheading about "putting the EU 2020 in a global context", but it is short, mostly descriptive and mostly not about trade policy. The bigger idea of an external dimension being added to the present inward looking Lisbon strategy is not discussed.

We agree with what little is being said explicitly about trade policy, not least about the need to open up markets for trade and investments. However, we want to underline that this is important not only for third country markets but also our own market. Exports are no more, or less, important, than imports. Without EU openness to the world the objectives set out in the new strategy can not be met. It is a prerequisite for growth and should therefore be an aim in itself. The EU already is economically open in many, if not most, ways but tangible improvements are still possible and would have a beneficial effect. In our view, reforms in the areas of transparency and regulatory cooperation would yield the greatest benefits, not least for the service industry. To that must of course be added further liberalisation of the agricultural sector. Also, the area of external trade should, just like other areas in the strategy, be evaluated annually with quantitative indicators to ensure that EU firms really are operating in an increasingly global competitive market place.

Regarding the single market we share the opinion that it should be updated to respond to the demands of tomorrow's economy. However, there are still more to be gained from improving what we already have. The goods package and the services directive are both examples of recent acts that will play an important role in the years to come. Measures aiming at strengthening the correct implementation and enforcement of existing legal acts are crucial. Increasing the knowledge about the basic rules governing the single market within national administrations and courts should be part of these measures.

On page 9 it says that the Commission should prevent Members States erecting barriers towards each other

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on the internal market. This should be welcomed, but the same paragraph also contains ominous language regarding state aid. It seems to imply that in order to develop a smarter and greener economy state aid is necessary. This is not necessarily the case, but one should note that state aid per definition distorts competition and therefore benefits some firms and the expense of others. Therefore, one should thread carefully before introducing new subsidy programmes that might decrease the internal and external openness of the EU-economy.

Finally, we note the great emphasis put on growth via education, R&D, innovation and creativity. This is natural and it implicitly means that areas of the economy which are not characterised by high value added production will face an increasingly different time in the years to come. However, in a process of structural adjustment there can not only be winners but there must also be losers. It should be spelt out clearly that policies should focus on helping people, not firms, i.e. social programmes and not protectionism should be Europe's response to the structural adjustment process.

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