



Opinion piece from Ministry for Foreign Affairs

Sweden and Italy united for a more competitive and digital Europe

Published 26 May 2016 Updated 26 May 2016

The world has gone digital. In an increasingly connected world, the distance between nations, markets and individuals is shrinking. This digitisation enhances our vision of the single market, one economy without barriers. The question of how to adapt the single market to a modern digital economy continues to be a top priority for Europe, its tech companies and for more traditional industry. Sweden and Italy now join forces to promote a more competitive and digital Europe acting as a multiplier of opportunities and innovation for all our citizens.

Cross-border E-commerce

An increasingly high proportion of European consumers regularly shop online. However, whilst e-commerce within Member States is popular, only a small share of e-commerce in the EU takes place across borders. In 2015, only around 15% of European consumers made cross-border purchases online. We need to work to remove obstacles in this area to allow companies to reach wider audiences, to grow and to innovate further.

Consumers should be able to access a wide range of goods and services safely and affordably, with clear information about their rights and the offerings available, and without any discrimination on the basis of nationality

or place of residence. We are in a Single Market: let us get rid of obstacles and barriers and let us unlock all its growth potential.

Prevention of unjustified geoblocking, when a consumer's access to commercial offers is denied or hindered due to her or his nationality or place of residence, should be one way forward. The Governments of Sweden and Italy look forward to seeing an ambitious legislative proposal on geoblocking this spring, acting to prevent this type of discrimination. This proposal needs to provide European e-traders with legal clarity on how cross-border consumers should be treated, and to facilitate consistent application.

Sweden and Italy believe the Commission is on the right track thus far and that Member States need to collaborate to boost cross-border e-commerce for the benefit of both European consumers and companies.

A related issue concerns the right of consumers to bring digital content that they subscribe to in their Member State of residence, such as streaming services for film or music, across borders when travelling in Europe. Today it is possible to use these services when travelling from Palermo up to Bolzano or from Kiruna down to Malmö but the consumer risks losing them when taking a take trip from Bolzano to Innsbruck or from Malmö to Copenhagen. This simply does not make sense in a true single market.

Free flow of data

For the EU, exports of digitally deliverable services to the world represent 25 per cent of the value of exports. Business and trade are totally dependent on data flows. Data has to be moved to make trade happen, and to run companies efficiently. Cross-border data flows are needed to secure the potential of big data, cloud services and the internet of things, all technologies which allow companies to present consumers with better tailored offerings. Free flowing data is not only essential for e-traders and digital start-up companies but also to more traditional industrial companies. While data must be able to flow freely to stimulate innovation and competitiveness, respect for proper protection of personal privacy must also be maintained.

A proposal from the Commission on free data flows is scheduled to come out this year. It is important that the proposal removes any unjustified limitations of the free flow of data in the single market. It should also take into account the need for free data flows in a wider international context. Openness to the rest of the world is crucial for European companies, facilitating trade,

collaboration and innovation. It is of critical importance that, as global trade becomes increasingly digital, we do not slide into new forms of protectionism.

Ultra fast broadband, Research and Development

The European Digital Agenda set broadband coverage targets by 2020 for all the EU MS, i.e. that all citizens have access to internet speeds of 30Mbps and that 50% of the households subscribe to internet connections of 100Mbps. Italy and Sweden believe, considering the innovation speed we are facing today, that Europe should start to facilitate the diffusion and investments in future proof ultrafast networks able to provide services at 1Gbps. In this regard a key role will be also played by the R&D sector.

Collaborative economy

The collaborative economy presents promising new ways of doing business, identifying spare capacity to bring together supply and demand. New start-ups and new tech-companies are increasingly using these new platform-based collaborative business models, many of which offer consumers increased transparency and wider choice. In 2014, a report by PWC valued the global collaborative economy at approximately €11bn, predicted to increase to €287bn by 2025.

Sweden and Italy welcome the approach in the Commission's Single Market Strategy on the collaborative economy. We should not hasten new legislation and any future action in this area should aim to facilitate innovative entrepreneurs, small and medium enterprises and start-ups, and new and innovative business practices that provide opportunities for growth.

We have developed good practices in our countries which could contribute to the approach taken at EU-level.

Focus must be on clarifying how existing rules are applicable to companies in the collaborative economy: new entrepreneurs, more traditional providers and consumers all seek to understand their place in a changing market. As Member States have seen in broader discussions on platforms, diverse business models entail different benefits and risks for consumers, and need targeted assessment and response. In areas where new measures are deemed necessary, attention should be paid to specific regulatory gaps or legal uncertainties that might impede innovative business opportunities.

Rapid technological developments in the global digital economy offer us new opportunities for sustainable growth and competitiveness. Europe must create the best conditions for exploiting these opportunities, in order to strengthen the single market, create new jobs and improve conditions and offerings for consumers.

This is the union we want: a Union capable to deliver and able to make a real difference for all our citizens.

Mikael Damberg, Minister for Enterprise and Innovation, Sweden

Sandro Gozi, State Secretary for European Affairs, Italy



Opinion piece from Ministry for Foreign Affairs

Boosting CSR in China

Published 09 September 2015 Updated 11 September 2015

The recent turbulence in China is also having an effect on Swedish companies. I am signing a new memorandum of understanding between Sweden and China to deepen our cooperation on corporate social responsibility, writes Minister for Enterprise and Innovation Mikael Damberg, who begins a visit to China today.

Despite some turbulence, China remains important for Swedish trade and Swedish exports and it will continue to be so in the future as well.

On Tuesday I begin a visit to China and Hong Kong to promote Swedish exports and support Swedish companies. I am also there to bolster the unique cooperation that Sweden and China have in the area of corporate social responsibility (CSR), linked to the Centre for Corporate Social Responsibility in Beijing.

China is Sweden's largest trade partner in Asia and one of the markets to which the Government gives high priority in trade promotion. There are around 500 Swedish companies operating in China, and this figure is growing; at the same time, over 10 000 Swedish companies trade with China. Sweden's total trade in goods with China amounted to almost SEK 90 billion last year.

However, we are seeing a slowdown in the Chinese economy. This is a concern for Sweden and for the entire world economy in view of the importance China's growth has for the rest of the world. Although the slowdown in China is moderate, Sweden will be affected. We will be directly affected by a fall in Chinese demand for Swedish goods and also indirectly by the fact that many of our important trade partners will experience lower

economic growth as a result of decreased demand in China.

The Government will shortly be presenting an export strategy to strengthen export and internationalisation opportunities for Swedish companies in important growth markets such as China. The aim of the strategy is to contribute to increased exports, a larger number of exporting companies, greater attractiveness for investments, skills and tourists, and increased participation from Swedish companies in the global economy.

Many Swedish companies currently face challenges when they try to do business in complex markets. These can include issues linked to the environment, trade union rights, human rights, corruption or diversity and gender equality. This is why it is particularly important to have an active and well-considered CSR policy.

But it is also important that the Swedish Embassy provides concrete help on the ground where companies operate, such as in China.

Since 2010 there has been a Centre for Corporate Social Responsibility at Sweden's Embassy in Beijing, providing a platform for cooperation between Sweden and China on CSR issues. But support to the Centre was phased out under the last Government and it was due to be closed.

The Government has now decided to allocate SEK 3 million per year to enable the Centre to continue the important work it is doing.

The Centre for Corporate Social Responsibility organises courses, seminars and study visits on issues such as working conditions, worker protection, overtime, environmental considerations, combating corruption, wage formation and discussions on trade union relations. Over the years, the Centre has provided training to several hundred key figures linked to the Chinese Ministry of Commerce and the agency responsible for state-owned companies, and also to representatives of chambers of commerce, industry federations and regional and local authorities.

Ultimately, this is about being able to increase understanding between Swedish and Chinese companies on sustainability, and to simplify and promote Swedish companies' business opportunities in the Chinese market and trade between the two countries.

Our commitment does not stop there. I will also be signing a new memorandum of understanding between Sweden and China to deepen our

cooperation on CSR issues.

Sweden is one of the few countries to have an agreement with China in the area of CSR, dating back to 2007. This gives us a unique opportunity to regularly discuss and exchange experience of CSR with representatives of the Chinese Government.

The new agreement will extend cooperation on policy issues such as procurement, waste and water management, human rights in enterprise, transparency and responsible investments. We will also include new actors in the agreement, such as trade union organisations and civil society, and we will work to expand cooperation between companies from both countries.

Corporate social responsibility is about trying to help Swedish companies remain at the forefront, and be innovative, modern, competitive and attractive to their employees, consumers and investors. This is something that I and the Government will continue to work for.

The Government's CSR initiative in China will help to increase exports and create more jobs in Sweden. It will also help to create sustainable global development.



Opinion piece from Prime Minister's Office, Ministry of Enterprise and Innovation

“Worrying that Swedish exports are losing market shares”

Published 06 February 2015 Updated 17 May 2015

Dagens Nyheter 6 februari 2015

Four challenges. Swedish exports are too EU-oriented. Too few small companies export their goods and services, and exports are too low in the value chain. In addition, we are threatened by a growing protectionism, write Prime Minister Stefan Löfven and Minister for Enterprise and Innovation Mikael Damberg.

Globalisation means that the economies in countries throughout the world are becoming increasingly closely interwoven. For a small, export-dependent country such as Sweden, this creates major opportunities. Exports are a linchpin of our economy; they create growth, employment and greater prosperity.

The Government’s overarching objective is to increase the number of people in employment and the number of hours worked to such an extent that we achieve the lowest unemployment in the EU by 2020. Sweden’s exports of goods and services will play a key role in how well we succeed in this.

Exports of goods are currently worth SEK 1 127 billion and exports of services are worth approximately SEK 500 billion. This corresponds to almost half of Sweden’s gross domestic product. In simple terms, we can say that around half of what we produce in Sweden is exported.

However, in view of the fact that trade is so important for Sweden’s welfare, it is worrying that it has shown weak growth. In recent years, Sweden’s GDP has been driven by consumption, not exports. Between 2000 and 2013, Sweden’s export growth was 93 per cent measured in US dollars. This can be compared with global export growth of 166 per cent.

The state of Swedish exports worries us. The figures may show a certain rise over time, but compared with other countries' export growth and looking at the prospects in the longer term, the situation is troubling. Put simply, Sweden finds itself in the foreign trade 'comfort zone'. Of Sweden's exports, 70 per cent go to the EU internal market. Trade with our closest neighbours is very significant in this regard, and it is important for our economy. But we consider that trade in the internal market needs to be supplemented so that Sweden as an export nation does not lose market shares.

We have identified four challenges for Sweden's foreign trade:

- Swedish exports do not focus enough on the new growth markets in Asia.
- Far too few small and medium-sized enterprises (SMEs) export their goods and services.
- Swedish exports must, to a greater extent, comprise downstream goods and services, to help create growth and jobs in Sweden.
- Protectionist tendencies in other parts of the world, not least the G20 countries, risk having a negative impact on Swedish exports.

1.

The first challenge is that Swedish exports do not focus enough on new growth markets in Asia, Africa and South America. A large proportion of current exports of goods and services go to the EU. It is natural that we export most to our neighbouring countries, but the fact that Sweden does not have much trade with other parts of the world means that we have not been able to make full use of the growth generated in the new growth countries, especially in Asia.

The fact that the economies in the EU have not picked up speed has direct consequences for Swedish export companies. Sweden would gain from increased exports to parts of the world where economies are actually growing. Up to 2020, Asia is expected to account for almost half of the world's combined economic growth.

New development trends are emerging on the horizon, with a number of growth markets growing strong and starting to pave the way for a new world order. This is not about a strict shift from west to east or from north to south; rather, it means that we will be living and working in a global economy, with more economic centres around the world. This, of course, brings with it both challenges and opportunities for Swedish companies.

2.

The second challenge is that by far too few SMEs export their goods and services. Small companies now enjoy entirely new opportunities for exports. Thanks to technological developments and internationalisation, even a small company can, with the right product, make sales on the international market. However, when it comes to the level of internationalisation among small and medium-sized enterprises in the form of foreign trade, our SMEs perform relatively well compared with the EU average, but compared with countries in our immediate neighbourhood we see that we perform less well than Germany, and substantially worse than Denmark.

Since many new jobs are created in small and medium-sized enterprises, it is extremely important that SMEs also increase their exports. Studies suggest that SMEs that start to export also increase their number of employees.

3.

The third challenge lies in the fact that too small a proportion of Swedish exports consists of goods and services high up the value chain that help create jobs and growth and thereby ensure our prosperity. The higher up the value chain our exports are, the more profitable they are. The service industries have become increasingly important for manufacturing, and help create value in processing. To ensure growth and jobs, goods and services higher up the value chain need to constitute a larger proportion of exports.

4.

The fourth challenge to Swedish exports is the increasing protectionism that we are seeing in the aftermath of the financial crisis. Sweden is a country that supports free trade and stands up for free and fair global trade. The Swedish Government believes that it is important to dismantle trade barriers, while at the same time standing up for the environment, employees' interests and people's health. The current negotiations between the EU and the United States on the Transatlantic Trade and Investment Partnership (TTIP) could create the world's largest regional free trade area. Together, the EU and the US account for approximately half of the world's GDP and a third of global trade flows. Once negotiated, the TTIP will serve as a model for future free trade agreements around the world. The Government's goal is to achieve as ambitious a result as possible to support growth and employment – without impairing protection of the environment, the interests of wage earners and the health of people and animals. For this reason, it is important that the TTIP is a deep and comprehensive agreement that respects democratic decisions.

Developing trade relations with other parts of the world is high on this Government's agenda. Our international visits therefore have a clear focus on increasing Sweden's exports.

Sweden cannot afford to let exports take a back seat. They are far too important for jobs and growth in our country. For this reason we are now launching a project for a new export strategy that will tackle the increasingly exciting challenges facing Swedish foreign trade. However, we do not think that a national export strategy is a matter only for politicians and officials at the Government Offices. Sweden's new export strategy will therefore be drafted in collaboration with the country's entrepreneurs. The work is now beginning, and we will be inviting representatives of all of the different business sectors to work with us to produce a strategy that will provide a boost for Swedish exports.