



Opinion piece from Ministry of Finance

# Sweden wants the UK to remain in the EU

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Opinion piece by Magdalena Andersson, Minister for Finance, Dagens Nyheter, 17th of February 2016.

The EU is facing a number of challenges. At the end of 2015, unemployment in Spain stood at more than 20 per cent. In Greece it is even higher. Problems of weak competitiveness and unsustainable public finances in individual countries have become a matter for the whole of the euro area – not least in the case of Greece. The euro area is still struggling with varying levels of competitiveness between countries and persistent high levels of public debt in several Member States. It has also proved very difficult to get the EU to jointly manage the refugee crisis.

It is against this backdrop that the UK this year is due to hold a referendum on the country's membership of the EU. To maintain confidence in the EU and its ability to handle the challenges facing it, it is of the utmost importance that the union manages to stay together. The UK is the EU's second largest economy after Germany, and it is not only Sweden's fourth largest export country, it is also one of the countries with the largest number of Swedish residents in the world.

In many respects, Sweden and the UK have a similar view of EU cooperation. Along with the UK, among others, Sweden pushes the EU on environmental and climate issues, which helped enabling a new, ambitious climate agreement in Paris. Along with the UK we work to develop the EU internal market and open trade with the rest of the world – matters that are important for jobs and growth. In the latest negotiations on the EU's long-term budget we succeeded, along with the UK, in not only defending and maintaining our rebates on contributions to the EU, but also in reducing the overall EU budget for the first time, and in redirecting funds so that more

money was allocated to research and development as well as infrastructure.

Quite simply, the UK is one of Sweden's very closest allies in EU cooperation. Like us, the UK has also remained outside the single currency. Our common interests became particularly clear last year, when we jointly opposed taxpayers in non-euro countries helping to pay for emergency loans to Greece – a point on which we were successful.

This is also the first aspect of the UK's ongoing discussions with the EU. Non-euro countries should not have to pay for measures that the euro area countries themselves approve to ensure the financial stability of the area. It is also important to have a clear and appropriate division of roles between EU bodies in which all 28 Member States are represented and bodies in which only the euro area is represented, such as the Eurogroup. The principle should be that decisions that affect all 28 Member States should be discussed and taken by all of the Member States together. Non-euro countries should also be guaranteed continued equal terms and conditions in the EU internal market. Naturally, this is important to Sweden, as we are also outside the monetary union. At the same time, it is reasonable that we should not hinder further deepening of monetary cooperation. Even though Sweden does not have the euro as its currency, a functioning euro area is important. This is a matter of solidarity with the people in the monetary union, but also that the euro area is Sweden's largest trade partner. Stability and growth in the euro area are prerequisites for Sweden's prosperity.

The second issue in the negotiations is the UK's desire to see EU competitiveness strengthened and regulatory frameworks simplified. Sweden and the UK take a very similar view of these issues. In the negotiations, Sweden has also made it clear that such regulatory simplification must not undermine protection of workers, consumers or the environment.

The UK's third demand concerns national sovereignty. The EU treaties establish that the EU is to lay the foundations for an ever closer union. Many feel that this wording has little practical significance, but in the UK it has become controversial. For this reason, it will be clarified that the wording does not bind the UK to further political integration, with reference to the special treaty rules that apply to the UK. This can be seen as confirmation of the fact that there are already areas of cooperation within the EU in which different constellations of Member States participate – such as EMU and the Schengen Area. To keep an EU of 28 Member States together, this development needs to be allowed. Some countries will have a greater need and willingness than others to cooperate more closely.

Another question in this area is strengthening assessment of subsidiarity, i.e. which decisions are taken at EU rather than national level. At the moment, such an assessment is exercised by the national parliaments, and it would be worth examining whether this can be made more effective. In Sweden, however, we already have an effective system of government consultation with the Riksdag on EU matters.

The fourth aspect of the UK's discussions with the EU has primarily concerned the benefits to which people are entitled when they work in other EU countries, as the UK has a system in which workers on very low wages are entitled to special in-work benefits. This points to the problems that arise when people are not paid living wages. The proposal that was previously discussed involved a general four-year waiting period for all non-UK nationals from within the EU, during which they would not be entitled to any benefits at all. More or less all of the other Member States had substantial issues with this. Now the discussions instead centre on an 'emergency brake' for these in-work benefits in situations when the social security system is under intense pressure – with the European Commission and the Member States being involved in the decision. This is clearly a step in the right direction, although from the Swedish Government's point of view, we feel that we need to see Europe develop towards better conditions for workers, not worse ones.

But overall, the proposed deal on the table is a very good foundation for the negotiations, which should be concluded when EU leaders meet this week. It is extremely important to Sweden and the EU that the UK remains in the union – not least for jobs and growth. This is why the Swedish Government has worked very actively to ensure that the deal will make it possible for the UK to want to remain in the EU. The EU is a better union with the UK as a member.

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