

## Address given by Anita Gradin on Sweden's European policy (11 December 1990)

**Caption:** On 11 December 1990, during a parliamentary debate, Anita Gradin, Swedish Minister for Foreign Trade, gives a detailed description of the government's European policy and the issues surrounding accession to the European Communities.

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## Speech by the Minister for Foreign Trade, Ms Anita Gradin, in the parliamentary debate on Europe (11 December 1990)

*Mr/Madam Speaker,*

For the third consecutive year, Parliament is debating a comprehensive report on Sweden and West European integration. As in previous years, we can note that there is broad agreement in this Parliament on the goals and guiding principles for Sweden's action. This is gratifying for several reasons.

The question of our participation in European integration is one of the most important political decisions we have faced in the postwar period. In questions of this type, the Social Democrats have always endeavoured to find a policy which can win broad support in Parliament and in the country as a whole.

Naturally, this broad agreement also gives the Government strength when we represent Sweden's interests in discussions and negotiations with other countries. Our negotiating partners know that we can keep our word.

Of course, what is new in the report which we are now discussing is that Parliament is making a statement on the long-term perspective for our participation in European integration.

The Government made its position clear in the document (1990/91:50) which was submitted to Parliament in late October. We wrote that 'Swedish membership of the EC with continued adherence to Sweden's policy of neutrality is in our national interest.' The four major political parties represented on the Standing Committee on Foreign Affairs are of the same view.

Positive developments in the security situation in the rest of the world have made this broad agreement on the issue of membership possible. The democratization process in Central and Eastern Europe is well advanced. The foundations for a new peace order in Europe were laid at the recent CSCE meeting in Paris.

In the period since June 1989 when Parliament last debated a report on Sweden's participation in West European integration, great and crucial changes have taken place.

There is a general misconception that the Social Democratic Party totally revised its view of European cooperation in October this year. It is claimed that reluctantly, under the strain of the economic crisis, we switched from 'no' to 'yes'. None of this is true.

For a long time we have been advocating Swedish participation in West European integration as far as this was compatible with our policy of neutrality. But never at the expense of neutrality.

Social Democrats have seen new opportunities in the light of developments in Central and Eastern Europe last year. In his articles in *Dagens Nyheter* in the spring, Mr Ingvar Carlsson wrote about these new opportunities. Not everyone understood — or wanted to understand — that his intention was to indicate potential openings for future Swedish membership of the EC.

And in the statement on Europe adopted by the Social Democratic Congress, we pointed to the new possibilities which could be discerned as a result of security policy developments in the world around us.

In our policy statement at the Opening of Parliament we said that - and I quote - 'Sweden's objective is to achieve cooperation with the EC which is as extensive and intensive as our policy of neutrality permits.' Further on in the statement it says - and I quote again - 'In a Europe where a new peaceful order prevails and bloc boundaries have disappeared, it would be possible to combine Swedish membership of the EC with a continued policy of neutrality.'

The conclusion is clear. At the opening of Parliament in the early autumn we said that Swedish membership of the EC with continued neutrality is the Government's objective. We therefore welcome today's parliamentary statement with great satisfaction.

As regards the time when a Swedish application for membership should be submitted, there are still some differences between the four major parties in Parliament. It is agreed that the Government should be able to submit an application after an overall assessment of the foreign policy and security factors has been made, and after consultation with the Advisory Council on Foreign Affairs. The Moderates and Liberals are already certain about when this combined assessment can take place and what the result will be. Their conclusion is that Sweden's application for membership should be submitted during 1991, that is to say next year. The Social Democrats and the Centre Party judge that will probably be the case, but do not preclude that developments may be slower.

This reflects a basic difference. There are those who want Sweden to become a member of the EC at any price. For example, in articles on this subject it is sometimes asserted that we should abandon our neutrality in order to become members of the EC.

Instead, the Social Democrats and, I am sure, a large majority of the Swedish people support the formulation adopted by the Standing Committee on Foreign Affairs regarding Swedish membership of the EC with continued neutrality.

Having said this, I hope that in future we will be spared discussions about in which year or in what month an application for Swedish membership should be submitted. This debate is uninspiring and it does not greatly help those who want to acquaint themselves with what membership means.

I have sometimes had the feeling that people who have indulged in this discussion about dates and who have answered most questions with the catchphrase 'Yes to Europe' have forgotten to think clearly about what is really at stake.

This is understandable. If one has already decided to say 'yes', perhaps there is no need to bother about facts and analysis. The same applies to those who have decided that the EC is an evil empire. They are not looking for facts, they are looking for arguments to confirm their opinion.

Those who believe that everything will be all right and that all the problems will solve themselves if we just join the EC are going to be disappointed. The Swedish Employers' Confederation journal has issued a warning to companies which are considering moving to the EC in order to avoid Swedish environmental constraints. They will be disappointed — because environmental policy within the EC is rapidly gaining ground. And those who are hoping that European integration will roll back social security or demolish the social structure built by the Social Democrats are going to be dreadfully disappointed.

Our starting point is the exact opposite. When we try to achieve broader and intensified cooperation with the EC, we do so from a conviction that this type of cooperation is of the utmost importance if we are to be able to retain — and develop — our welfare.

The real threat to welfare policy is a weak economy. If Sweden became isolated, we would not be able to manage the strong economy which is the very foundation of our welfare.

Sweden is a small country. Consequently, we are heavily dependent on our foreign trade. For geographic and historic reasons our contacts with Western Europe are particularly extensive. Swedish industry is already intertwined to a large extent with industry in other West European countries.

This internationalization has been a prerequisite for Sweden's successful economic development in the postwar period. Internationalization has enabled us to maintain a high level of employment and finance social security.

At the same time, internationalization means that the large companies, at least, can move their capital across national borders rather freely. It is a myth — and one which sometimes crops up in discussions — that this situation occurred because we abolished exchange control regulations on 1 July 1989. In the long term, no

laws or regulations can compel companies to stay in Sweden and to make their investments here.

Integration among West European companies has long been a fact. As companies become increasingly internationalized, it will be more and more difficult for national authorities — or trade union organizations — to control their activities. This requires increased cooperation between states.

Thus, integration in Western Europe is, above all, a matter of drawing up rules which limit and control industry and market forces. It is in Sweden's interests to participate in such efforts.

By actively participating in European cooperation, we can strengthen and develop the social dimension. This applies, for instance, to questions connected with labour market policy, the working environment, social security, equality and family policy. We know that there is interest within the EC in our experience in these areas — both in the Commission and in individual EC countries.

We can be proud of our social security system, and we will naturally safeguard the Swedish welfare model. This does not mean, however, that our solutions and measures are unique or the most far-reaching in every respect. Naturally, we can and want to learn and benefit from the work which is being carried on in other European countries under the aegis of the EC Commission.

We must be aware that the EC does not have and is not trying to achieve a harmonized social policy. The formulation of social — and also labour market policy — measures is mainly a matter for national governments. Nor is a harmonization of social security contributions, which largely finance welfare policy, currently on the agenda. There is an endeavour, on the other hand, to lay down common minimum levels in various areas. This is apparent, for instance, in many proposals for measures in the plan of action to implement the EC Social Charter.

The section of the Medium-Term Economic Survey (LU 1990) which discusses income distribution policy issues in the 1990s presents the following analysis: 'Financing possibilities are crucial for the retention of our social policy ambitions with regard to income distribution, that is to say, having a tax system and tax pressure which deviates from that found in other countries. This is a problem which we already have today — and which has in fact been with us for a long time. These factors are not linked with the question of possible EC integration. The scope for a tax policy of our own is already limited as a result of extensive trade in goods and services. The scope is reduced by the internationalization which is in progress — however, it is not negligible but will, in the final analysis, be decided by whether Swedish employees are willing to forgo real wage increases to a corresponding extent.'

In this connection, I would like to mention that the question of harmonization of taxation is not included in the EEA negotiations now in progress.

The tax proposals which the EC is discussing internally involve indirect taxes (value added tax and excise duties) and taxes on capital. However, it has proved to be very difficult to reach agreement within the EC on harmonization in the tax area. At present, the aim is to achieve an agreement on minimum tax rates. If such an agreement were reached, it would not prevent a country from employing higher rates of tax. At present, it is not clear when final decisions are likely to be taken. The explanation is, amongst other things, that these are controversial issues which require unanimous decisions in the Council.

In its publication 'Sweden, the EC and Social Security', the Swedish Metalworkers' Union has clarified what closer relations with the EC could mean. While it is stressed that we must not close our eyes to the fact that current developments may lead to problems, the following, in my view very good, comprehensive analysis is presented:

'It would, however, be even more misleading to consider that EC developments control Sweden's national social insurance. The future of national insurance will be determined to a far greater extent by economic and political developments in Sweden. With favourable economic development and a strong position for the labour movement, there are good chances of an advanced, fine-meshed, social security system. The decisive

factor should be that the forms of cooperation chosen contribute to providing economic prerequisites for a national social insurance system based on solidarity.'

I fully share the view that the EC issue is enormously important for us women. It is something which is important for all citizens. On the other hand, I cannot agree that a woman's perspective is not heard in the current EC debate. A debate on these questions is in fact under way, both in the media and within the political parties and other organizations. I find this encouraging.

The perspective of equality between women and men must be included in all the individual issues covered by integration. Therefore, together with Ms Margot Wallström, the Minister responsible for equality questions, I have instructed all the 25 working groups within the Cabinet Office and the Ministries to report on this aspect. Their reports are to be presented at the end of the year.

Both Ms Wallström and I have made it clear, both in articles and in various speeches, that we consider progress on social questions and questions of equality between the sexes to be of the utmost importance and that women should participate in the debate on our future cooperation with the EC.

Therefore, in September, Ms Wallström and I organized a seminar on women and the EC. We invited people from the European Parliament, from European trade unions and from Denmark to the seminar to elucidate the women's perspective from different points of view.

An overall conclusion from all the speeches and contributions made at the seminar was that broad cooperation in these matters is of the utmost importance. If we share our experience and cooperate across frontiers, we will have greater opportunities to influence developments in the whole of Europe so that they take a direction which is positive for women.

The exchanges of ideas and information which took place at the seminar, and the documents presented — amongst others, a publication concerning the EC and equality which the Ministry for Foreign Affairs and the Ministry of Public Administration recently compiled — can, it is hoped, serve as one basis for continued debate on these questions.

It is not just a question of the debate in this Chamber but also of the debate among researchers, at places of work, in the home, within political parties and organizations, etc. Naturally, this does not apply exclusively to questions of equality between the sexes — all along the line, genuine and objective exchanges of information are required.

What I have just said also answers the interpellation (1990/91:67) from Ms Gudrun Schyman which is on today's agenda.

*Mr/Madam Speaker,*

Although there now appears to be broad agreement that Sweden's ambition should be full membership of the EC, the EEA negotiations must be our first priority.

The Government has stressed this on several occasions, for example in our document (1990/91:50) of 26 October. We will pursue these negotiations forcefully with the aim of achieving an EEA agreement which enters into force on 1 January 1993. This is the opportunity available to us if we want to participate right from the start in the single market and related areas of cooperation.

The report we are now discussing confirms that this continues to be Sweden's goal. The Committee underscores the importance of completing the EEA negotiations as soon as possible and achieving a positive outcome. The Committee supports the objectives for the negotiations, as formulated on several occasions jointly by EFTA ministers.

It is very gratifying that this view has been able to win the support of the same broad parliamentary majority

as in the past. This means that there is support for the Government's view that there is no contradiction between the forceful pursuit of the EEA negotiations and discussion on future membership of the EC.

It is also gratifying that, judging from the text of their reservation, the Left Party is now in favour of 'negotiations on cooperation between the EC and EFTA being concluded so that an agreement can enter into force on 1 January 1993.'

Since the EEA negotiations formally commenced in June 1990, progress has been made on several important points. There is far-reaching agreement on the contents of a future treaty.

In principle, an agreement is to cover the four freedoms — with the exception of the common agricultural policy — and also broad cooperation in several important policy areas such as research, education and training, environmental questions, consumer protection and the social dimension. Furthermore, the EFTA countries and the EC agree in principle that cooperation should be based on common rules of competition, and on how these rules should be supervised.

Solutions are also being outlined in the legal area, including, amongst other things, surveillance and settlement of disputes.

In the debate on general political issues in October, I said that the EC side had made it clear in the negotiations that the EFTA countries will not be required to reduce their standards regarding health, safety and the environment. The discussion is now about how this is to be reconciled with the abolition of technical barriers to trade — which is also in our interests. Thus, all the problems have not yet been solved but, even so, the clarification made by the EC must be seen as something of a breakthrough on this point.

This was also an important reason why, at their meeting at the end of October, the EFTA ministers could take a new step. We declared that we are prepared to forgo permanent derogations on certain conditions. One condition is that the EC agrees to proper transitional arrangements, and furthermore, to safeguard clauses which could be used should serious problems arise on any point. Another condition is that the EC offers us a satisfactory solution in the institutional area — that is to say, regarding our influence on future decisions on EEA cooperation.

Intensive negotiating efforts are now in progress on all the questions which remain to be resolved. Both sides are prepared to try to reach agreement in principle on the most important questions before the end of the year. As the country holding the EC Presidency, Italy has taken the initiative for a joint ministerial meeting between EFTA and the EC on 19 December. The aim is to achieve concrete results then, although we cannot count on resolving all the outstanding issues.

Thus, we have good prospects of achieving the goals for the negotiations approved by Parliament, in time for the agreement to enter into force on 1 January 1993.

We are aiming at a satisfactory, lasting EEA agreement. This is an important step in Sweden's participation in European integration.

Over the centuries, Europe, or at least Western Europe, has been characterized by openness and diversity. Exchanges of goods, but above all of ideas and knowledge, have provided a basis for progress in different areas. The Europe which is now emerging is recreating and reinforcing this openness. We will continue to live on a continent characterized by diversity — and we will all both contribute to and benefit from this diversity.