

## High Level Consultations between the Commission and Sweden

The annual round of ministerial level consultations between the Commission and Sweden will take place in Brussels on 21 June 1984. The delegation will be led, on the Commission side, by Vice-President Wilhelm Haferkamp and, on the Swedish side, by Mr Mats HELLSTROM, Minister of Foreign Trade.

The main point on the agenda will be the state of EC-EFTA relations after the EC-EFTA Ministerial meeting in Luxembourg and the EFTA summit in Visby. Among the bilateral issues will be an exchange of views on various aspects of EC-Swedish relations, in particular, cooperation in research and development, industrial policy and the effects of enlargement on EC-EFTA relations. On the international front, Mr Haferkamp and Mr Hellstrom will compare notes on trade and economic questions of common interest.

### The State of EC-Sweden Relations

Sweden and the Community form, with the other members of the European Free Trade Association, an industrial free trade zone which comprises almost all of Western Europe and its more than 300 million consumers. Spain is the only exception but is currently negotiating membership of the Community. This is the end result of the free trade agreements which were signed in 1972 and 1973 in the wake of the decision by three EFTA Members, Britain, Ireland and Denmark, to become full members of the European Community.

Since the end of the transition period in 1983, a transition which was accomplished without encountering any major difficulties, trade in industrial products has been made completely free of tariffs and quantitative restrictions.

Although agriculture was not part of the original agreement a provision was included whereby both parties would foster the harmonious development of trade. In an Annex to the 1972 Agreement specific rules were also agreed clearly defining how tariff reductions would be applied to the industrial element of transformed agricultural produce.

### The rules of origin

One of the annexes to the 1972 Agreement sets out the rules governing origin. They define which products will qualify for preferential treatment and ensure that goods do not enter the free trade zone through the country with the lowest external tariff. They encourage joint production between the Community and Sweden of industrial products by providing a system of bilateral cumulation. This is closely in line with the economic thought behind the free trade agreement which was to promote economic integration within Western Europe. In this light, a simplification of the rules was introduced in 1983 for engineering products.

## Beyond the Agreement

In the past decade, cooperation has gone well beyond the original scope of the agreements. In a pragmatic way a totally new type of relationship between the Community and Sweden has been established within which both sides can deal with any problem of mutual interest. Contacts at political level have also intensified. Apart from the annual ministerial level consultations exchanges of visits by Commissioners and Swedish Ministers have become a regular feature of EC-Swedish relations. In the past year the Swedish Prime Minister, Mr Oluf Palme has visited the Commission and Vice-President Wilhelm Haferkamp has been in Stockholm. These political contacts, together with the regular meetings of the Joint Committee set up by the Agreement, have consolidated the close relationship which exists between the Community and Sweden and provided an impetus for further development.

Among the many areas of cooperation are:

### Steel

Exchanges of information on the state of the respective steel industries have taken place for some 15 years. Since 1978 the Community and Sweden have negotiated annual steel arrangements to regulate trade during the present recession in the steel market.

### Fisheries

Since 1977 annual agreements have been negotiated regulating reciprocal fishing rights and agreeing measures of conservation of joint fish stocks in those areas of the Baltic and Kattegat which are outside either side's territorial waters.

### Science and Technology

Sweden takes part in the Community's controlled thermonuclear fusion research programme (JET) and is associated with Community research in the Cooperation in the fields of Science and Technology (COST) programme. The main fields of interest are data processing, telecommunications, meteorology, oceanography, transport, metallurgy, wood as a renewable raw material and recycling of urban waste. The Swedish data network has been linked with the community system EURONET since June 1982.

### Other areas

Experts on both sides meet regularly to exchange information on a wide variety of topics including sea and air transport, protection of the environment, consumer protection, public aids, the paper and forest industries, economic and monetary policy and development aid.

### Structure and Development of Trade

Trade has considerably expanded since the agreements came into effect. Swedish exports to the Community increased from 5261 million ECU in 1973 to 13145 million ECU in 1982 representing 46% of its total exports. Swedish imports from the Community increased over the same period from 4869 million ECU to 13970 million ECU representing 49% of total imports.

Sweden is the Community's third largest customer accounting for 4.5% of total exports in 1982 and the Community's sixth largest supplier accounting for 4.3% of total imports.

In 1982, 34% of EC imports from Sweden were machinery, transport equipment and other manufactured goods with chemicals accounting for a further 6%. Basic manufactures, notably paper, iron and steel, non-ferrous metals and iron and steel products, accounted for 31%. Community exports to Sweden were made up of machinery, transport equipment and other manufactured goods (45%), chemicals (9%) and basic manufactures, mainly textiles and iron and steel (18%).

**TRADE BETWEEN THE COMMUNITY AND SWEDEN**

(million ECU)(\*)

	1973	1975	1978	1980	1981	1982	1983 (11 months)
EC Imports	5261	6461	8641	11606	12262	13145	13567
EC Exports	4869	7250	8201	11680	12174	13970	13704
Balance	-393	789	-440	74	-88	825	137

Source: EUROSTAT

(\*) The exchange rate ECU/dollar varies daily as the various EC currencies, which make up the ECU, vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.