

STATEMENT BY SWEDEN

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**Plenary Speech by Sweden, Minister for Industry and Trade
Leif Pagrotsky, UNCTAD XI, 2004-06-15**

Mr. Chairman,

Few question the power of trade and investment as engines for development. Yet, our actions often run counter to our own convictions. Rich countries still subsidize production that crowd out the poor. Most advanced developing countries maintain high tariffs on exports from their less fortunate neighbors. And too many poorer countries continue to pursue policies that hamper the empowerment of entrepreneurs and workers.

The world needs greater coherence between rhetoric and actions. And actions in different policy areas must be coherent with each other. All governments need to ensure that their trade and investment policies support efforts to reduce poverty.

That will require at least two things:

First, we should create an international trade environment conducive to long term, equitable and sustainable development. The ongoing WTO-round is crucial for lifting present and future generations out of poverty. It must lead to meaningful reforms of the global trading rules. Greater market access is essential. Tariffs should be reduced and tariff escalation eliminated. And trade-distortive subsidies have to be abolished.

But we should also use this opportunity to modernize the global rules-based system and make it more in tune with recent developments:

- South-south trade is growing at an impressive rate: It now needs to be boosted further by increased openness in advanced developing countries for exports from lower income countries.
- Environmental agreements are flourishing: We need to ensure that the trade rules underpin our ambitions in other areas.
- Lower tariff levels have put the spotlight on many other important obstacles to trade in the every-day life of business: Facilitating trade, dismantling burdensome standards and improving regulation for services must now be at the forefront of our attention.

The second thing that we should strive to do is to intensify the reforms of our own economies. All of us need to promote a more favorable environment for growth, wealth and development in poor countries.

Today, even when formal market access is there, poor countries' exports tends to remain low. One key reason for this is that many, if not all, countries still have over burdensome regulations and red tape for business and for trade.

Entrepreneurs from poorer countries cannot be expected to be experts on customs, standards and local requirements for each market they try to enter. Simplification of business and trade must be a core task if we are interested in integrating poor countries into world trade.

Simplification of business is a very important part of good governance. It is about creating a transparent, stable and predictable environment for entrepreneurs. And it is about policies in developed and developing countries alike. Contrary to common wisdom, this has nothing to do with giving more favorable treatment to foreign companies. Instead, it is especially important for small exporters and importers and it has great direct impact on development.

But simplification is not enough. Some regulations and administrative procedures are by nature burdensome. And consumers in our countries are not prepared to lower the levels of standards that protect their health.

Instead, exporters must be supported fulfilling legitimate rules and regulations in other markets. Extensive bilateral and multilateral support is needed to that end. To increase this support and to make it efficient, the poor countries should take the lead and pin-point their needs to donors.

UNCTAD has a key role in promoting reforms, both of the international trading system and of national policies to promote trade as a vehicle for development. The reforms I have outlined here build on a true partnership between rich and poor countries, between north and south. This is also what I believe should be the guiding principle of our discussions at this conference.

The task before us is to explore what we could do to alleviate poverty. In that pursuit, all our policy instruments need to be mutually supportive. At no point should we lose sight of our shared goals and our shared responsibility to fight poverty.