

The importance of level-playing field in international trade and investment

Swedish business is heavily dependent on open markets and continued global market access. Therefore, we are deeply worried about the current state of the world economy and trade. Protectionist measures are increasing and trade has been stalling since the economic crises set in a decade ago. Nationalist and isolationist rhetoric risks further dampening countries' willingness to defend the enormous benefits globalisation has rendered, regardless of countries' level of development. Add to this some major economies' neglect of following the rule-book of international trade and investment, which unlevels the playing field and creates distortions in the global market, and we will risk having a trade war on our hands that will make us all losers in a world economy that finally started to pick up speed again.

The dramatic rise of emerging economies over the past two decades, has consequently spurred the West to increasingly doubt that international trade and investment law can adequately address the measures these countries have adopted to promote their economic surge: a mercantilist focus on export-driven growth; government and state ownership, control and direction of both state-owned enterprises and private firms; floods of low-cost lending directed toward both traditional manufacturing and high-tech industry; explicit and extensive industrial policies to make these countries global leaders in key strategic sectors; legal, administrative and other tools to compel foreigners to transfer (or otherwise acquire) the technologies it needs for this; and the increasingly blurred lines between economic and broader geo-political and geo-strategic aims.

As a proponent of the multilateral trading system and the trust in the WTO as best suited in the work towards upholding the level-playing field, the Confederation of Swedish Enterprise strongly favours strengthening disciplines among WTO members including the correct implementation of rules and regulations and these being vigorously reinforced also through increased and more effective market surveillance. In general terms, we would like to see:

- A modernization of the framework of international rules to better fit the new global business to consumer market and thereby avoiding distortions of competition;
- A radical decrease in the dumping of countries' overcapacities in foreign markets since the knock-out effects risk leading to retaliatory measures such as punitive tariffs and other protectionist measures;
- A drastic reduction or elimination of discriminatory practices when it comes to how foreign companies investing in third countries are treated including the imposition of state monopolies and joint-venture requirements;

- The leveling of the playing-field when it comes to the work of standardisation bodies since countries discriminate against foreign companies by not letting them participate in national standardisation bodies which put them at a disadvantage compared to national companies;
- Trading partners refrain from introducing industrial policies such as forced technology transfer, foreign ownership caps etc. that severely curtail foreign companies' operations and their potential to compete on equal terms;
- More vigorous work on combating intellectual property theft including trade secrets and other confidential business information.

Besides these more general remedies Swedish business wants to see implemented in order to level the playing-field, the Confederation of Swedish Enterprise supports the initial joint actions referred to in the Joint Statement made by the EU, the US and Japan in the margins of the December 2017 WTO Ministerial in Buenos Aires. The readout summarizing initial concrete actions, as referred to below, between the three has been further refined since then.

- The development of stronger rules on industrial subsidies and collaborate on maintaining existing disciplines, to tackle the issues of market distortion or overcapacity;
- Enforce existing rules by working jointly on current and new disputes in the WTO
- Work in the WTO regular bodies towards improving the effectiveness and efficiency of the WTO monitoring function, including strengthening of notification requirements;
- Engage with the appropriate authorities within government with a view to cooperating on investment screening, both by an exchange of information on our respective frameworks and by the consideration of possible means of coordination going forward;
- Engage with the appropriate authorities within government with a view to further the work of the International Working Group on Export Credits towards a new set of guidelines;
- Intensify information-sharing on trade-distortive practices;
- Coordinate closely in international fora, such as the G7, G20 and the OECD and on sectoral initiatives such as the Global Steel Forum and Governments/Authorities Meeting on Semiconductors.

To conclude, the Confederation of Swedish Enterprise asks the EU's trading partners within WTO to act and react as a good faith member by contributing to the upholding and development of the level-playing field globally.