

## **Ministry for Foreign Affairs**

*Press and Information Department*

***(Unofficial translation)***

Your Majesties,  
Your Royal Highnesses,  
Mr Speaker,  
Members of the Riksdag,

Five days ago Sweden was shaken by the murder of its foreign minister Anna Lindh.

Two days ago a referendum was held on the euro.

Today the foremost representatives of the Swedish people assemble here for a new year of work in Sweden's Riksdag.

It is now our joint responsibility to unite the nation and shape a policy in the interests of the whole of its people.

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The outcome of the referendum was unambiguous.

Support for monetary union is low among the Swedish people.

The result of the referendum must naturally be respected. Sweden will not participate fully in European currency cooperation. This decision will apply for the foreseeable future. The parties represented in the Riksdag have taken the view that the matter will not be raised again during the current or next term of office.

On the other hand Sweden will continue to take part in the first two stages of monetary union.

The convergence criteria and stability pact have served the Swedish economy well. They will continue to guide Government policies for sound public finances. Our economic policy objectives will remain in place. Expenditure ceilings and surplus targets must be met.

The consequences of Sweden's "no" to the euro will be met by energetic policies – both on the domestic front and in the international arena.

The risk of future unrest on the interest and exchange rate markets, and of weaker economic development in Sweden, will be countered by vigorous measures that strengthen Swedish companies, trade and growth.

The risk of reduced opportunities to influence European cooperation does not mean that Sweden will lower its ambitions. On the contrary, Sweden will be an even more active EU member and a constructive cooperation partner.

Policies will now focus on equipping Sweden as best possible to deal with the outsidership resulting from the outcome of the referendum, and doing so with the broadest possible participation of actors in Sweden.

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Mr Speaker,

The social welfare system faces considerable challenges, not least on account of an increasingly ageing population. If we are to ensure a strong social welfare system in the future, more people must be in work and growth must increase.

The divides that are straining cohesion in Sweden must also be bridged. Above all, the gaps are widening between different regions in Sweden. But they are also widening between citizens with different ethnic origins, between those who have a firm foothold on the labour market and those who have difficulty in entering it, and between men and women. These gaps risk creating problems for democracy and are an obstacle to growth.

Growth does not just happen. It is founded on sound public finances and a well-educated population. Growth is influenced by taxes, conditions and rules. It is influenced by how open society is to the external world. But ultimately growth is created by people's belief in the future, by innovative entrepreneurs, by social cohesion and by the desire of the many to work and their will to develop and break new boundaries.

Growth develops from interaction – between secure people and an openness to new ideas, between a strong public sector and well targeted investments in business, between shared responsibility and the opportunity for people to realise their dreams.

Currency cooperation would have promoted trade and business. It would have given us better conditions for both growth and social welfare. Strong development must now be attained by other means.

A programme for a competitive, attractive, future-oriented and cohesive Sweden needs to be carried into effect.

The political parties, the social partners and other central organisations share the responsibility to make this possible. Therefore the Government hereby invites all these actors to take part in broad cooperation to develop Sweden.

### ***1. Swedish competitiveness will be asserted***

Several of Sweden's main competitors, such as Finland and Germany, continue to be brought closer together by the common currency. In order to assert Sweden's competitiveness, important taxes such as capital and corporate taxes will be reviewed. If they differ significantly from those of euro countries in our vicinity, they may be a threat to Swedish growth and welfare. This process should be part of a long-term strategy in the taxation area, with broad support among the parties represented in the Riksdag and the social partners.

### ***2. Sweden must develop in cohesion***

No one benefits from regional imbalances. Sweden must have an equalisation system that reduces the imbalance between municipalities and county councils so that all regions have the prerequisites for growth. An improved system of equalisation between municipalities and county councils will be presented. Social welfare must be safeguarded in municipalities and county councils with large-scale out-migration and declining tax revenue. Above all, municipalities in sparsely populated areas which have lingering problems with housing surpluses will be given increased support and relief through a special state-owned company. Cross-border exchanges and cooperation between regions and municipalities in Europe are growing and will be encouraged. Sweden's farmers must be able to compete on terms equal to those that apply in the rest of Europe.

### ***3. The infrastructure will link up Sweden – regionally and with neighbouring countries***

A written communication setting out vigorous investments in Swedish infrastructure will be submitted to the Riksdag in the spring. Some investments that are crucial to growth will be presented. Bottlenecks in Stockholm impede the efficiency of rail traffic throughout southern Sweden. The City Rail Link will therefore be built. The traffic situation in west Sweden must be improved. Alternative forms of financing will be tested in order to speed up work on this part of the road network. Better credit guarantees will facilitate the supply of capital for housing construction. In order to link up all parts of the country, support to municipalities extending

broadband facilities will be improved. A further SEK 250 million will be added next year. This will enable the vigorous expansion of broadband to continue.

#### ***4. A more humane working life and the fight against ill health***

Everyone must help to reduce sick leave. It results in poorer chances of growth but above all reduced quality of life for many individuals. The Government's proposal for priority to be given to part-time sick leave has resulted in a reduction in the rate of full-time sick leave. Special employment support will be introduced to facilitate rehabilitation of those on long-term sick leave. From the beginning of next year the Government will make financial coordination possible between the social insurance offices, county labour boards, municipalities and county councils to improve the rehabilitation of people in need of coordinated support. A system to strengthen the economic incentives for employers to reduce sickness absence will be introduced in 2004. The initial no-benefit qualifying day will be applied fairly and effectively. In the autumn the Government will discuss this issue with the social partners.

#### ***5. Youth and immigrant employment must increase***

Labour market policy must be targeted at job placement and individual programmes for those who have most difficulty in obtaining work. Long-term unemployment among young people must be curbed. Measures will be introduced to halve youth unemployment within a year. Employment among immigrants must also increase. The Government must set an example as an employer. The system for reception of newly arrived immigrants and support for helping them to establish themselves in society will be reformed, with the aim of speeding up their entry into the labour market. Swedish language instruction, vocationally oriented work placements, validation of skills and other initiatives must be possible concurrently. The responsibility of the Swedish National Labour Market Administration and other agencies will be clearly defined. A validation delegation will be appointed and allocated SEK 60 million over a four-year period so that we are better equipped to assess and make use of the real knowledge and skills of these individuals. Education in Swedish for immigrants will be reformed.

## ***6. Sweden must be a leading research nation***

The number of research degrees is to double. For this reason, basic research is being strengthened and the expansion of post-graduate education continuing. The number of research-related businesses must increase. Special investments will be made in applied industrial research in the IT sector. The Ariane programme will be supported by guaranteeing funds for continued Swedish participation in this space programme which is so vital to Swedish high-tech. The step between research results and commercially viable products must be shortened.

## ***7. Conditions for entrepreneurship will be improved***

The Swedish Industrial Development Fund will be developed to improve access to risk capital at an early stage. More rules will be simplified. Processing times for registering companies will be shortened. Regional efforts for business development will be made more efficient and more manageable. Tax will be reduced by a total of SEK 1 billion for small and medium sized companies by easing the 3:12 rules. During the autumn, proposals to facilitate generational changes in small and medium sized companies will be presented. Cooperative societies will be given greater rights to make deductions against their returns. Annual discussions will be initiated with the food industry to stimulate development and export efforts. Work to renew the regulatory framework for financial enterprises continues apace.

## ***8. New growth opportunities in the Baltic Sea region must be exploited***

With the enlargement of the EU, our immediate neighbours round the Baltic Sea will become members of the EU internal market. This will also substantially increase Sweden's opportunities for trade, investment and growth. A special Baltic Centre will be established to enhance the position of the Swedish business sector and our opportunities to pursue trade in the region. Trade representation will also be expanded and reinforced throughout the region. A dynamic programme for support and advice to interested companies with potential for trade with the Baltic Sea countries will be initiated. Contacts across the Baltic Sea will also be strengthened in other areas, such as environmental cooperation and combating cross-border crime. Nordic-Baltic cooperation on EU issues will be further deepened and a new Russia strategy drawn up.

### ***9. Modern technology must be the engine for environmentally sustainable development***

Environmental permits will be speeded up and simplified for companies in ways that will not harm the environment. Sweden will be proactive in moving climate policy forward. Our programme for climate investment in municipalities is speeding up. Wind power will be expanded. Energy efficiency will be enhanced using low energy technology. Sweden wants to see a forceful action plan for this in the EU. The tax system will continue to be used to promote sustainable development. Initiatives are needed for a cleaner Baltic Sea. To prevent discharges of oil, more resources will be invested to sharpen and develop monitoring systems. The fight against hazardous chemicals will continue. On a Swedish initiative, an international conference on education for sustainable development is planned in Göteborg during the spring.

### ***10. Exports must increase and the benefits of internationalisation must be realised***

Companies throughout the country need to be made aware of the advantages of internationalisation. A new Companies Act is proposed giving companies greater opportunities to make use of the new forms of financing that follow from internationalisation. Stronger links will be established between research, technological development, commercialisation and internationalisation of Swedish environmental technology. A centre for environmentally driven business development and exports of environmental technology will be set up. Export sales training undertaken by the Swedish Trade Council will be expanded. A methods development centre will be built up to combat obstructive trade bureaucracy. A new forum should be established for regular exchange with the business sector on issues on the European agenda.

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Mr Speaker,

In the spring, ten new countries will be welcomed as members of the EU, and a historic step will be taken towards uniting Europe. The new members, a new Treaty, a larger internal market and a common currency, will help shape the future of Europe in prosperity, democracy and peace.

Sweden is a small, export-oriented country that is very dependent on its external environment. Our future growth and welfare, irrespective of where in Sweden we live and work, is extremely dependent on European development. Clarifying this link, and demonstrating the importance of the EU for Sweden is the responsibility of many people.

Sweden must play an active and constructive role in EU cooperation, both because it is our responsibility and because it will benefit Sweden. The Government will shape its EU policy on this basis.

The EU has become the employment union that Sweden has striven for. Ambitious goals were established within the framework of the Lisbon strategy. Good results have been achieved. The target is to increase the employment rate to 67 per cent by 2005. This strategy should now be further developed.

As a pioneer for gender equality in the EU, Sweden has a particular responsibility. The Government wants gender equality aspects to be mainstreamed into all EU policy areas.

With more member states, needs and opportunities for strong environmental policy at the EU level will increase. Sweden will continue to press for even higher levels of ambition.

Sweden is well known for its openness, and our credibility is strong when we demand greater transparency within the EU. The general public must be given increased access to public documents. Sweden has gained some support for this view in the EU Convention on the Future of Europe.

The Intergovernmental Conference on the future of Europe will open on 4 October. A communication on the Convention will shortly be presented to the Riksdag. The Government is seeking broad consensus on the shape of the future constitutional treaty. Close consultation will be established with the Riksdag during the negotiation process.

By and large the proposal presented by the Convention for the division of power between the EU institutions is a good one. Unanimity should continue to apply to decisions related to fiscal and defence policies and to major sections of foreign policy. Sweden will continue to work



towards a transparent, democratic Union which combines a common decision-making process with voluntary intergovernmental cooperation.

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Mr Speaker,  
Members of the Swedish Riksdag,

You represent one of the most important things we have in Sweden – our democracy.

You enjoy one of the finest assets a person can have – the confidence of others, a position of trust.

Let me quote former Minister and Member of the Riksdag, Svante Lundkvist. Here is what he said in a general political debate in 1982, as quoted in his collection of poems “Noteringar”:

“Politics,  
this expression of people’s expectations  
their conflicting interests  
their troubles and concerns for the future.

Politicians,  
these creatures slighted by some,  
labour, busy as bees,  
with problems small and large  
in communion with others.

Take a close look  
but don’t deny the role  
you entrusted them to play”.

The Government intends to take initiatives to strengthen democratic government and representative democracy in Sweden.

More people need to have the opportunity to hold political office for some part of their lives. The conditions for elected representatives must therefore be reviewed.

It must be possible to combine elected office with professional and family life, and also with integrity and security. Otherwise the group of people who are prepared to shoulder responsibility as elected representatives – and to share in the pleasure of doing so – will dwindle.

The work that has been started concerning threats to elected representatives needs to be followed up by a task force including representatives of local governments, NGOs, the judicial system and the media.

Even though political parties, voluntary organisations and NGOs are losing members, political involvement in society is increasing. It would be a waste not to draw on people's commitment. The experience of pensioners is an important resource, as, equally, are the perspectives of young people. The Government will initiate an increase in party funding so that the parties will be better able to support the training of new elected representatives in their youth organisations.

The rules for Swedish democracy – our constitution – will soon be thirty years old. During that period society has undergone radical change and democracy has faced new challenges. It is time to review the rules of our democracy. The parties represented in the Riksdag will therefore be invited to talks on a concerted review of the Instrument of Government.

A parliamentary committee is at work on the task of reassessing the division of responsibilities between and structure of the different levels of government. The committee is to identify and shed light on changes in society that have a bearing on the relationship between the state, county councils and municipalities as well as between the Government and administrative agencies. The committee will be given the task of proposing concrete changes.

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The will of the Government to strengthen fundamental democratic values in society has been expressed in various ways, including the work on the Living History project. We must meet intolerance and xenophobia with untiring resistance.

January 2004 will see the fourth and final international conference organised by the Government and based on the Holocaust – the theme will be preventing genocide.

The creation of a new agency – the Forum for Living History – has put in place a forum for national and international work on democracy, tolerance and human rights against the backdrop of the Holocaust.

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Sweden is too small for major conflicts. A new spirit of consensus is needed to make Sweden more modern and more secure.

Sweden must be the land of many opportunities – not a society torn by serious conflict.

A Sweden that stands united in efforts to create good conditions for our nation can develop more strongly. With broader consensus in society we will be better equipped to provide for each other.

The promises the Social Democratic Party made in last year's election and the 121-point programme drawn up by the Government, the Left Party and the Green Party will be carried through during this term of office.

Elderly people deserve to be met with respect and consideration. With more and more elderly people, the financing, staffing and quality of care for the elderly must be secured. Cooperation is therefore being initiated between the Government, the Federation of Swedish County Councils and the Swedish Association of Local Authorities.

Children must come first. All children have the right to grow in knowledge and security. All schools must be good schools. In 2005 an initiative will be started to employ another 6 000 pre-

school teachers and child carers. The initiative for higher quality and 15 000 more adults in schools will continue. Work will be started to reduce the financial vulnerability of children.

Economic investments in the health service will continue. At the turn of the year the basic level of benefit in the parental insurance system will be increased to SEK 180. A new and improved gender equality appendix forms part of this year's Budget Bill. The European Year of People with Disabilities is bringing into focus accessibility for people with disabilities and the fight against discrimination.

Social policy will be sharpened. Action for care of misusers will be implemented. More people will be given care, queues to detoxification will be shortened and post-treatment care will be improved. Implementation of the action programme for alcohol policy will continue and further restrictions will be placed on alcohol advertising. A national action plan for social care for children and young people is being prepared.

Everyone must be able to feel secure in public places.

People in need of psychiatric care must receive care. Psychiatric care must be strengthened. The Government will appoint a psychiatric services coordinator to make proposals on an ongoing basis on forms for psychiatric care and on cooperation between municipalities, county councils and government agencies.

More resources will be allocated to the judicial system. The number of police officers will continue to increase. Tougher legislation on sexual crimes will be proposed. Repeat offending must decrease. The prison and probation service will be developed and sanctions will be modernised.

In our country we now need time to prepare together for future challenges.

Sweden is an important country – both for those of us who live here and for others around the world.

We should feel pride in our country, but at the same time we must make it stronger.

We should feel pride in ourselves, but at the same time we must support one another.

We must develop together.

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Mr Speaker,

On 12 February this year Anna Lindh, the Minister for Foreign Affairs, presented the Statement of Government Policy on Foreign Affairs. This was to be the last time she did so. She said:

“In today’s world, security must be built globally and jointly, and provide freedom and security for all./ /Security presupposes human rights, international law and democracy.”

Our foreign policy will be carried forward in this spirit. On the basis of our non-participation in military alliances we contribute actively to common security in our immediate neighbourhood, in the EU and in the UN.

The fight for disarmament will be pursued energetically. Nuclear weapon states must be made to take responsibility. The issue of North Korea’s possession of nuclear weapons must be resolved. An international commission on weapons of mass destruction is starting work under the leadership of Hans Blix.

A new development policy is bringing together Swedish action for just and sustainable global development. Development assistance is continuing to increase. During this term of office, decisions will be taken to realise the “one per cent” objective for development assistance. Action against HIV/AIDS will be strengthened. The fight against drugs will be given priority. Better coordination of asylum and migration policy in the EU will be promoted, based on humanity and solidarity, the right to asylum and international conventions.

The countries of the world have made a joint commitment to halve world poverty by 2015. The rich world’s trade barriers must be dismantled, including those for agricultural products. After last weekend’s setback at the WTO meeting in Cancun, greater efforts must be made in the negotiating round aimed at fair, free trade and global growth.

Cooperation with major developing countries like Brazil, South Africa and India will be intensified while the dialogue with the United States will remain central.

The efforts of the world community to manage conflicts and global threats must be given our full support. In the Middle East the spiral of violence must be stopped and a Palestinian State must be established. Stability in Afghanistan must be secured and reconstruction and democratisation in Iraq must be speeded up.

We must never give up hope that peace is possible.

We must never give up the fight for democracy and human rights.

I borrow my conclusion from another leading Swedish politician who was also prematurely struck down, Olof Palme.

“This is our world. We are dependent on it. We are accountable to it.”