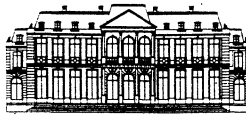


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DIALOGUE SPÉCIAL AU NIVEAU MINISTÉRIEL AVEC DES PAYS INVITÉS

26 MAI 1999

***LA COHERENCE DES POLITIQUES DANS L'ECONOMIE MONDIAL :
AVANTAGES ET ENJEUX DE L'INTERDEPENDANCE***

SUEDE

Déclaration

**Mr. Bosse RINGHOLM
Minister for Finance, Ministry of Finance**

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SPECIAL DIALOGUE AT MINISTERIAL LEVEL WITH INVITED COUNTRIES

26 MAY 1999

***POLICY COHERENCE IN THE GLOBAL ECONOMY:
OPPORTUNITIES AND CHALLENGES OF INTERDEPENDENCE***

SWEDEN

Statement

**Mr. Bosse RINGHOLM
Minister for Finance, Ministry of Finance**



Speech by Mr Bosse Ringholm, Finance Minister of Sweden, at
OECD Ministerial Meeting with Non-Members, 26 May 1999

Mr Chairman,

The process of globalisation that we are witnessing is a positive force. Open markets for goods, services and production factors are vital for a well functioning world economy, helping all countries to increase production and prosperity by seizing the opportunities for specialisation.

However, globalisation makes individual economies and the world economy as a whole more vulnerable to policy mistakes. In my view, this only underlines the need for sound and sustainable macroeconomic conditions, and more transparency and openness in domestic economic policies.

Integration must be accompanied by a comprehensive set of domestic institutional and legal changes that are necessary to economies to adjust to changed external circumstances.

Since experience has shown that the more open economies have grown significantly faster than the relatively closed economies over sustained periods of time, I am also convinced that it is of vital importance that we keep markets open and free from protectionist measures. Therefore, Sweden supports a comprehensive, short and balanced new round of trade negotiations in WTO. The need for more free trade and stronger rules is evident. A new round is the best way to move forward and it should be beneficial to developed and developing countries.

Furthermore, financial turmoil should not distract our attention from the benefits that come from *financial* globalisation. As a key element of an efficient system of allocating resources, the free movement of capital has provided a condition for increased prosperity. At the same time, we need to make renewed efforts in order to strengthen the international financial system. This is a very wide ranging area with many issues involved. In some areas substantial progress has already been noted. In particular, proposals have been implemented to enhance transparency by international financial institutions and individual countries.

However, further work is still needed regarding ways to augment private sector involvement in the prevention and resolution of financial crises. In addition, we also need to find appropriate ways to enhance the functioning of the Bretton Woods institutions in order to increase legitimacy and accountability.

Whatever form the "strengthened international financial system" takes, it must be built on solid foundations of consistent and thereby credible national economic policies. Hence, there is a strong case for strengthened policy dialogue and a need to share experiences with the emerging markets on these matters. I believe that the OECD can play a role in this dialogue, while maintaining an optimal division of labour among different international institutions. Duplication of work is wasteful, and must be avoided.