

## Sweden holds out olive branch to Brexit Britain



Sweden's finance minister Magdalena Andersson says it would be folly to punish Britain CREDIT: SOCIALDEMOKRATERNA

By [Ambrose Evans-Pritchard](#)

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Sweden has warned that it would be a serious mistake to chastise Britain for voting to leave the EU, appealing instead for an amicable settlement to minimise damage for both sides.

“The softer the Brexit, the better. We’re an open country and we are in favour of free trade, and we want to see a solution that is as beneficial as possible for everybody,” said Magdalena Andersson, the Swedish finance minister.

The olive branch from Stockholm reflects the shared view of the Nordic bloc that there is nothing to be gained from a fractious divorce between Britain and the EU.

“I think our basic instincts are the same. We’ve heard some voices from the Continent that now is the time to punish the British, whereas our instinct instead is that this is the new situation and we have to make the best of it. We have to see what is good for jobs and growth,” she told the Daily Telegraph on a trip to London.

The EU itself needs to tread with care since there are large eurosceptic movements in Sweden, Denmark, and Finland. A hard-line stance that ignored the concerns of the Scandinavian bloc would risk opening fresh rifts within an already badly-fractured Union.

The comments came as Swedish companies start to feel the chilling effect of the referendum campaign in Britain and the sharp fall in sterling. Data released this week show that Swedish exports to Britain are in free-fall, with a drop of 19pc over the period from January to July compared to the same period a year ago.



The pound has fallen 15pc against the Swedish krona this year, suffocating exports CREDIT: XE

Pharmaceuticals fell 38pc, chemicals 23pc, and paper goods 15pc. “It’s amazing. If this persists, it will lead to fewer jobs in Sweden,” said Andres Hatzigeorgiou from the Stockholm Chamber of Commerce, speaking to [Dagens Industri](#).

While part of the drop is a mechanical effect due to the stronger Krona, it also suggests that export profit margins are collapsing. This squeeze would be even more severe if a hard Brexit led to a yet weaker pound and to the erection of tariff barriers.

There are over 1,000 Swedish companies operating in Britain, employing 100,000 people, from Saab, Scania, and Electrolux, to Skype and Ericsson, to Ikea and H&M. “They’re worried about potential trade barriers and tariffs, and about the Swedish personnel,” said Ms Andersson.

“A weak British pound affects Swedish exports companies, and that could of course affect the Swedish economy,” she said. Britain is the country’s third biggest foreign market.



The EU mantra is that there can be no cherry-picking on access to the single market, but this ignores the larger relationship with Britain. It is merely an opening gambit

The minister said the initial anger in EU capitals over Brexit has faded but the bloc cannot retreat from the ‘four freedoms’ of goods, service, capital, and movement of persons that come with unfettered access to the single market – though critics points out that this is not in the case with Ukraine, Georgia, Turkey, and other states in the EU’s near abroad that are categorically denied the right of free movement of by the EU itself.

“Sentiments have calmed down a bit during the last few months, but there can be no cherry picking. You can’t just pick the cherries you like,” she said.

The warnings on cherry-picking are part of the joint script agreed by the EU-27 states but it is unclear what this mantra means in practice. Britain has a complex set of diplomatic, defence, and security ties that go far beyond the one-dimensional issue of the single

market. It is ultimately implausible to imagine that Britain could be treated like any other 'third country' in trade talks, as if it were in Latin America or Africa.

Mrs Andersson hinted that there may be some leeway for creative statecraft once Article 50 is triggered and the picture becomes clearer. "We have to know what the British government wants, what is their idea of a new relationship with the EU, and then we can start discussing from there. This is all part of the negotiations," she said.

"I can imagine there might be some cherry-picking within that. We should definitely not underestimate the complexity of the issue, and also the consequences," she said.