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Sweden – from free trade to protectionism?

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Few countries in Europe are as free-trade minded as Sweden. Together with a dozen other countries it has been a vehicle of multilateral trade liberalisation in the GATT/WTO system. In the Uruguay Round of trade liberalisation from 1986 to 1994, Sweden was part of a group of countries pushing fervently for the Round and its successful conclusion. In the run-up to the current Doha Round, Sweden was one of the countries leading the choir for a new multilateral round. Sweden's tariff bindings in the GATT prior to its EU membership were in most cases lower than most other OECD countries. In Europe, Sweden is viewed as a cardy-carrying member of the "Northern liberals" that, in contrast to the "Club Med" group, most often votes for increased trade openness in Europe and with other trade entities.[2] According to an analysis of voting patterns in matters of EU anti-dumping measures, Sweden had in every case voted against the introduction of punitive tariffs.[3]

This bent towards freer trade has largely been supported by most political groups and political interests, by employers and trade unionists alike. It is also a policy with historical roots. With the rise of economic liberalism in the middle of the 19th century, Sweden started a process of successive reforms of its commercial policy. In previous eras of reforms, trade-oriented institutions had been established. But it was the 1800s

SUMMARY

Sweden has been one of the leading voices for freer trade in the post-war era. Its support for the multilateral trading system has been strong. Prior to its accession to the European Union in 1995, unilateral as well as bilateral efforts had been undertaken to further its trading interests. Sweden's support for trade liberalization has been grounded in the mercantilistic interest of its industrial firms. They needed access to foreign markets to grow. Such ambitions fitted well with the domestic desire to build a welfare state. In fact, the combination of outward-oriented industrial firms and domestic regulatory ambitions was conducive to the fundamental trade development and to the "constitutional ideology" of the post-war trading system.

Today is different. Sweden's interest for trade liberalization has somewhat shifted focus. More importantly, in key areas such as liberalization of trade in services, Sweden is no longer a leading liberalizer, as it was when trade reforms in the manufacturing sector occupied the centre ground. A comparison between Sweden and the other EU-15 countries reveals that Sweden made fewest commitments to liberalization of trade in services in the Uruguay Round. A similar analysis of the offers made in the current round of trade liberalization shows that Sweden still has the bottom rank and that its revised offer (as all other EU-15 offers) effectively led to even fewer commitments being offered.

Sweden is defensive in services sector that are protected by regulations, belong to the welfare-state domain, or have been perceived to be a non-tradable sector. If these sectors remain protected, the overall level of protection in the Swedish economy will increase and Swedish providers of key services, such as education and health care, will not be able to exploit their comparative advantages.

that gave birth to Sweden's liberal trade policy. Trade with foreign countries was deregulated and reforms of the domestic economy facilitated a sharp increase in economic integration with other countries, primarily in Europe. Admittedly, trade remained a contentious issue, and often influenced the outcome of elections, particularly in times of sharply falling prices on agricultural produce. But with rising industrialism the source of contention – the agricultural sector – became less influential.

This historic profile of Sweden's free-trade policy can continue for many pages and be turned into a hagiography cherished by free-traders. But this Policy Brief is concerned with the future of Sweden's free-trade policy rather than with its history. In particular it aims at analyzing if – and the extent to which – Sweden is likely to be in the forefront of trade liberalization in this century as much as it was in the previous one. Why is this of interest?

Trade policies, like other policies, are not detached from the structure of the economy. There are several factors that explain political behaviour; ideological preferences and institutional structures, for example. But the economy, and the structure of economic performance, remains powerful tools as far as political performance and outcomes are concerned. The structure of a country's economy changes, and such changes often entail different policy preferences. This is central to the understanding of trade policy. In contrast to age-old insights into the benefits of free trade, trade policy has essentially been mercantilistic rather than liberal in nature. Ideas supporting protectionism still exist, but when such policies are pursued it has much more to do with economic interests than with public interest or autarkic ideologies. At the core of liberal trade reforms have been strong exporting interests that have driven policy in the direction of tariff reductions and opening of markets.

This study analyses the extent to which the exporting powerhouse of Swedish business will remain an influential part in Swedish trade policy. In particular the rising economic importance of the services sector is studied. To that end Sweden's positions in issues concerning trade in services have been scrutinised, as have data concerning the shifting balance between tradable and non-tradable sectors in the Swedish economy. The analysis of this paper is not only of relevance to Sweden. Many other countries exhibit a similar policy development. Yet in Sweden it is more pronounced than in other European countries. Furthermore, the contrast between current positions and policy in the industrial, post-war era of trade policy is sharper.

SWEDEN IN THE POST-WAR TRADING SYSTEM

Trade policy has shifted character in the last decades. When the post-war system of trade policy was designed, tariffs on industrial products and consumer goods were the central issues. International trade was largely confined to industrial Western countries, and they formed the overwhelming part of the membership in the General Agreements on Tariffs and Trade (GATT). Starting its first efforts to reduce tariffs in 1947, the GATT was largely a club for capitalist democracies that shared a similar experience of economic development. The post-war glue helped to hold them together and to advance the agenda for progressive openings of markets.

This is not a bygone era as far as trade negotiations is concerned. Tariffs on manufactures remain a central area of negotiations and disputes. They are still a centrepiece of the Doha Round of trade negotiations. But they are at the centre of negotiations mainly due to an increasing number of members from the developing world and their rising influence on global trade politics. The "old" members have liberalized industrial tariffs to a considerable degree, but developing-country members have industrial tariffs that are considerably higher than in the OECD countries. There are "unfinished businesses" to address in the latter countries as well. But from a systemic point of view they are comparatively small. To give it the proper proportion: since the late 1940s the average applied industrial tariff *ad valorem* has decreased from 40 to about 2 percent.

As the importance and trade-distorting effects of traditional tariffs have diminished, other issues have gained a higher interest. Other sectors have been brought into the trade policy arena and been subjected to trade disciplines. Agriculture became a central area for the GATT/WTO in the Uruguay Round. Service sectors and a number of trade-related regulations have also been given a prominent role in the multilateral trading system. In Europe a similar pattern of an increasing number of sectors and issues entering the field of external commercial policy has been experienced. All efforts, however, have not been successful. Based on the principles of the single market reforms in the early 1990s, the European Commission tried, unsuccessfully, five years ago to introduce a single market for services in Europe.

Despite these developments it has been difficult for *new* market-access issues to be negotiated. The Uruguay Round of trade negotiations led to the establishment of a new agreement for trade in services, GATS, but this agreement is weak. Many service sectors are entirely carved out in many countries' structure of commitments. In areas where commitments have been made, there are often considerable exemptions. For agriculture the last GATT round did not lead to much, if any, actual market-access liberalisation.

There are many reasons behind the problems of expanding the WTO hemisphere into new sectors and areas. But one particular reason of importance to this study is the remaining post-war perception of what fundamentally constitutes the world trading system: especially the separation between external trade policy and the domestic political economy.

The design of the post-1945 trading system rested on one experience and one desire. In the mid-war era, especially in the 1930s, the old pre-1914 era of free trade ended. From the 1870s to 1914 many European countries, which then dominated the international economy, had moved towards a liberal commercial policy based on free trade, free capital movements, free migration and a macro-economic policy based on the gold standard. After the First World War, several countries made efforts to restore that order. But the efforts failed. Following the Smooth-Hawley Tariff Act in the United States, most countries which then were part of the global exchange, introduced considerably higher tariffs. Other barriers to cross-border exchange were also erected. The global volumes of trade and financial flows plummeted. Competitive economic nationalism became a guiding principle.

The Bretton Woods structure of international economic policy aimed particularly at avoiding the negative spiral of competitive economic nationalism: if one country introduces protective measures others follow. Political leaders rather wanted to design a system that would progressively integrate economies with each other and stitch countries together with the help of trade. Economic integration, it was rightly believed, would create a better structure for co-operation, economic growth, and peace.

The experience of the mid-war collapse of the global economy was a strong motivation for opening the borders to other countries in a concerted multilateral forum. Yet this idea was not all-encompassing. The same thinkers and leaders that designed the post-war trading system also desired to reorganise domestic economic policy in the spirit of the New Deal, the Beveridge report, and the rising influence of Keynesianism. Sweden had its own version of the new breed of thinkers behind this policy: Gunnar Myrdal, the Minister of Trade between 1945 and 1947, who headed economic commissions and study groups structuring post-war economic policy.

A group of influential scholars and policymakers desired, and envisaged for the post-war period, increasing government expenditures, expansion of national monopolies, expansion of market regulations (especially labour-market regulation), and the establishment of a welfare state. It was believed, not without historic justification, that a model of laissez-faire was unstable and inherently weak. Keynes had opined this view in several books. Economic stability and rationalism was better served by a government expanding its domain to certain areas.

Furthermore, this emerging trend of the welfare state was not viewed as condradictory to the desire to increase economic integration. The welfare state was rather seen as a prerequisite to increasing global economic exchange. It was supposed to 'cushion' the effects of capitalism. You could have laissez faire abroad, but not at home. Adam Smith might guide external economic policy, but Keynes ruled domestic affairs.

This experience and desire shaped the post-war trading system. Trade became exclusively focused on manufactures – this sector successively became more of a tradable sector – but services were locked into a non-tradable paradigm. The two were kept apart. The cultural order of trade policy became diplomatic rather than political. Often viewed as an arcane world, trade policy was executed in international organisations by diplomats using a jargon alien to domestic politics. After two decades these two tracks disintegrated and became hostile to one another. The tradable sector became the capitalist sector, and the non-tradable remained essentially a protected sector, organized in the spirit of socialism

THE DECLINE AND FALL OF AN ERA

Few countries were as politically inclined towards this post-war model as Sweden. As a small country with outward-oriented companies and an industrial tradition, Sweden favoured economic integration. It needed export markets as well as sources of import in order to sustain economic growth. The rising mid-war influence of the Social Democratic Party and the trade unions was reinforced after the end of the Second World War. This party dominated Sweden's political scene for three decades. Its ideas were also supported by most other parties.

The seperation of external trade policy and domestic policy was conducive to Swedish political ambitions. Sweden's comparative advantages were to be found in the industrial area. The industrial base in Sweden was pro-trade and requested access to foreign markets. Firms and trade unions were in agreement about an outward-oriented policy. A mid-war compromise between the employers and trade unions also led to comparatively few explicit regulations of competitive markets. The manufacturing sector was to remain a capitalist sector generating jobs and fiscal revenues. Outward-orientation was handmaiden to domestic political ambitions: to design new welfare systems, ultimately a welfare state, the government needed to tax the growth-generating industrial base. Without foreign expansion, the revenues would have been considerably smaller.

The focus on trade in manufactures also fitted Swedish domestic politics well. Many of the emerging services at that time were firmly placed in the political sector. The government regulated, produced and/or financed many of the services sectors. Trade could not be an integral part of such production. The non-market principals embodied by these sectors prevented typical trade reforms. Private services sectors were also regulated to such a degree that international trade in these services became an alien concept. The welfare state also gave good inputs into the tradable sector: education was improved and schools were increasingly educating pupils for a career in the internationally-oriented industries. The social-security system could accommodate people who lost their jobs because of international competition. Unemployment was largely a short-time phenomenon. The inter-sectoral trading system – in which countries "exchanged" market access within the industrial sector – did not demand much re-education of unemployed workers; on-the-job training often sufficed. Not having a job was thus more of a temporary rather than a permanent phenomenon. The number of jobs could also grow as the government raised its expenditures in the public sectors.

This model of trade delivered benefits to Sweden and other participating countries. Yet after a few decades it became less relevant and less appealing. The structure of economies changed. There were diminishing benefits from increased market-access reforms in the manufacturing sector. Other countries entered the trading system and requested liberalization in new areas. The industrial model of economic growth that had benefited Sweden well could not deliver as much growth and jobs as it had in the post-war era. The welfare state started to take proportions that were not economically sustainable and the entailing tax and regulatory system damaged the industrial sector.

SHIFTING STRUCTURE OF TRADE POLICY

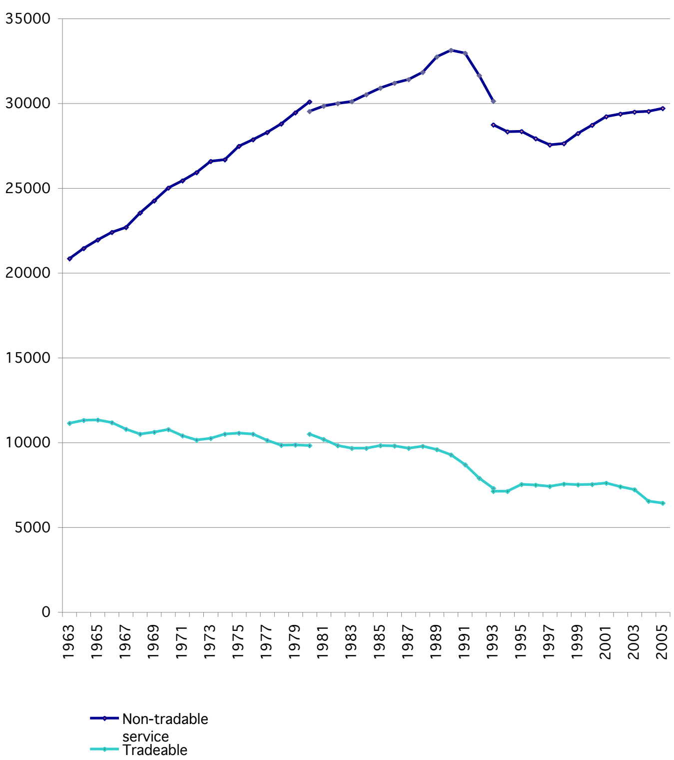
The economic fundaments and the political economy of the trading system have changed. It is clear that the multilateral trading system has not changed sufficiently to take account of the central issues for cross-border commerce. But that reflects the problems of the multilateral trading system rather than the economic fundamentals. Which are the key changes affecting countries like Sweden and their positions on trade liberalization?

Firstly, the industrial-mercantilistic interest in developed countries has diminished. The industrial firms in Sweden remain in favour of freer trade, but the material reasons for this interest is linked to free trade rather than to mercantilism. Firms today have global production networks and have outsourced production to many countries. Supply chains are highly fragmented. Input trade has become ever more important. Access to the supply of other countries (import) is thus as important for a modern industrial firm as export. The interest has also diminished as less people today are employed in the export-oriented manufacturing sector. The value produced in this sector keeps growing, but it is often accounted for by increased productivity and not by more factor input. Furthermore, much of the value accounted for by industrial firms in Sweden does not correspond with the actual value of production in Sweden. To distinguish local from imported value-added production in multinational firms that have "sliced up the value-added chain", to borrow a phrase from economist Paul Krugman, is very difficult.

Secondly, the balance between the tradable sector and what has been perceived as the non-tradable sector has changed in favour of a considerably bigger non-tradable sector. Such perceptions often rest on flawed perspectives or pure errors, but the fact is that many services can be classified as non-tradable sectors since there are regulations preventing them from integration into the world economy.

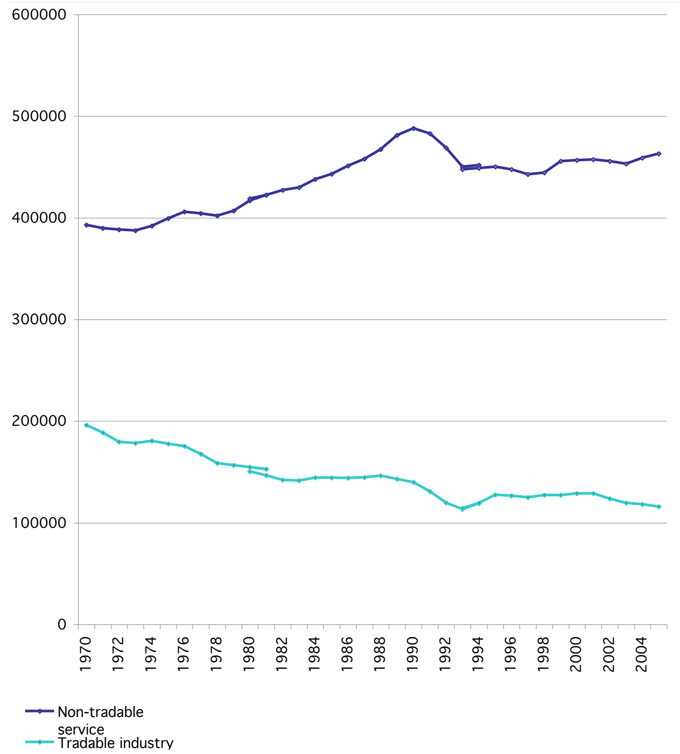
Figure 1 and 2 illustrate Sweden's development of the tradable industrial sector and the non-tradable service sector. Figure 1 exhibits the development of the average number of employed in the tradable industry sector and in the non-tradable service sector. It shows a sharp increase over time for the non-tradable service sector and a continuous decrease for the tradable industries. A similar pattern can also be seen in Figure 2, which covers the number of hours worked in the same two sectors.

Figure 1. Average number of employed 1963-2005 in Sweden (in 100's)



Source: Various publications of Statistics Sweden; author's calculation
Note: To compile this data three different time series have been used. The used time series consist of the most detailed data available. Different categories have been used in the classification of tradable industries and non-tradable services. For some categories, the authors have assessed the share of staff that works either in a tradable or non-tradable paradigm.[4]

Figure 2. Number of hours worked 1970-2005 in Sweden (in 10 000's)



Source: Various publications of Statistics Sweden; author's calculation
Note: To compile this date three different time series have been used. The used time series consist of the most detailed data available. Different categories have been used in the classification of tradable industries and non-tradable services. For some categories, the authors have assessed the share of hours accounted for in either a tradable or non-tradable paradigm.[5]

These two figures give us a better understanding of the interest base in favour of or in opposition to freer trade. Just because the current pattern of trade and production warrants the non-tradable label for many services it does not mean that they cannot be traded. Nor does it mean that such services in Sweden would stand to lose if they were opened up for trade. For example, health care probably is a sector in which Sweden has a strong comparative advantage, but the current regulatory structure of health care prevents Swedish health-care providers to exploit such advantages. Furthermore, many of the non-traded services show a strong opposition to opening them up for trade and international competition.

Thirdly, trade is less today than before about one product shipped from one country to another. Trade is to a higher degree characterized by increasing factor movements – the movement of capital and labour. This shift does not represent a fundamental difference: trade has since long been constituted by the use of cost differences in the factors of production. The difference is primarily functional. But it leads to a greater visibility of actual trade, especially when foreign labour enters a country to provide a service. This is more challenging than when the same cost advantage is used in traditional international exchange. In Sweden it has stirred up anti-trade sentiments and challenged current structures on the labour market.

Fourthly, the vast part of the service sector has not used foreign markets and consumers as the material base for their expansion. Most of the big Swedish firms grew by increasing their export to other countries. That was the main source of their mercantilistic instinct. Some service sectors in Sweden have increasingly engaged in trade and foreign commerce, but the vast part of the service sector remains unaffected by international economic integration. Their material base for expansion has been increasing domestic demand or increasing government expenditures. Therefore, a sizeable part of Sweden's service sector remains inexperienced of international specialization and, overall, hesitant to move closer to market-based trade.

Fifthly, the benefits of future reduction of barriers to trade will to a great extent be accounted for by liberalization of trade in services. Outward-oriented service firms (new and old), together with an increasing number of scholars and observers, put the emphasis on service-trade liberalization and demand rapid action. For countries with a little mercantilistic interest in liberating services trade – perhaps even with a negative mercantilistic interest – this presents a political dilemmas as the material base is suspicious of towards freer trade. It forces some countries to take up defensive positions. Countries that in previous eras were vehicles for liberalization of trade in manufactures have become cautious, let alone hostile. This is the case in Sweden.

SWEDEN'S EXTERNAL TRADE POLICY FOR SERVICES

Sweden's domestic economy and trade patterns have undergone a similar transition to that of most European countries in the past three decades. Services are now the largest and most dynamic component of the economy as, important in their own right, they also serve as crucial inputs into the production of most goods as well as in other services. So how has this been reflected in, or influenced, the government's external economic policy priorities? Recently, Sweden has publicly reaffirmed its belief in the mutual benefits of reciprocal trade liberalisation (including services trade), supported by broader international cooperation.[6] This is unsurprising, given Sweden's history as a trading nation and politically in favour of freer trade.

However, a closer analysis of Sweden's services offers as part of the General Agreement on Trade in Services (GATS) and the ongoing services negotiations in the Doha Round, provides a less straightforward picture. Although the context within which Sweden has been negotiating trade in services has not been ideal, its rhetorical commitment to services liberalisation should be called into question by the reality of its current commitments and the offers on the table. The following section therefore takes a closer look at these commitments and offers within the context of GATS and the so-called Doha Development Agenda (DDA).

Services were introduced into multilateral trade negotiations during the Uruguay Round in the form of the GATS. They have since been part of the DDA, with participants in the services negotiations exchanging initial requests and offers since 2002. However, despite widespread recognition that the potential gains from reciprocal liberalisation of trade in services are significantly higher than in other sectors, services have not featured highly on the agenda, with most of the public discourse to date focusing on protectionist policies in agriculture.[7] This has been the case largely because there has not been much to write home about.

There are two broad problems. Firstly, the request-offer approach agreed on in the GATS has produced lengthy exchanges of offers, based on a negative list of countries' exceptions to free services trade. Anticipated trade-offs in such an offer approach between modes of delivery has not occurred[8], particularly with regard to so-called mode four issues[9], and negotiations have not been successful. If the Doha Round were to finish soon by just wrapping up what has been agreed on so far in the negotiations, there would hardly be any significant market-openings achieved in services trade. This is the effect of an inherent feature of services trade. Trade in services is affected to a greater degree by domestic regulation, than trade in goods. GATS commitments therefore currently tend to reflect existing levels of unilaterally determined policy, rather than liberalisation determined through a reciprocal exchange of concessions. Virtually all GATS commitments reflect a binding of the status quo rather than liberalization. And the status quo is that many service sectors are currently highly regulated.

SWEDEN IN THE GATS AND DDA

In the spirit of the general agreement at the WTO that the DDA should include services negotiations aimed at ensuring domestic regulations support rather than impede the further opening of services markets, the EU put forward a first offer in 2003, which was revised in 2005. However, EU GATS documentation provides a good illustration of the problems mentioned above, dotted as it is with exceptions from individual member states that are so diverse that they can only be explained by factors of domestic politics within each country.[10] This, in turn, makes it very difficult to generally rate how the EU overall fares in terms of the level of services liberalization being offered within the WTO negotiations.

Despite the limitations of the GATS, Sweden has consistently stated positive commitment to services liberalization, giving priority in the DDA negotiations to telecommunications, construction and engineering, environment, professional and financial services. They have also continually argued that the EU must show leadership across the board in terms of promoting services trade, emphasizing especially the development dimension of the current round and the contribution that services liberalisation could make.

Is this rhetoric backed up with actual policy?

In the GATS agreement from the Uruguay Round, Sweden has committed itself to an open and non-discriminatory policy in certain service sectors. When these commitments are compared with the commitments made by other European countries, Sweden does not emerge as a country at the forefront of liberalizing trade in services. In fact, in the EU-15 group, Sweden is the country that has made the least number of commitments.

Table 1 presents the commitments made in the Uruguay Round for EU-15. The table compares market-access commitments as well as commitments to national treatment. Sweden scores 40.2 and has made significantly

Table 1. Commitments of EU and EU member states in GATS by mode of supply

MODE:	MARKET ACCESS				NATIONAL TREATMENT				MA + NT				ALL
	1	2	3	4	1	2	3	4	1	2	3	4	
EU	52.6	68.1	67.1	0	52.3	68.4	67.4	0	52.4	68.2	67.3	0	47
AUSTRIA	55.8	68.7	64.8	8.7	53.5	68.7	67.7	10	54.7	68.7	66.3	9.4	49.8
DENMARK	51.3	67.1	65.8	2.6	51.9	68.4	65.8	3.9	51.6	67.7	65.8	3.2	47.1
LUXEMBOURG	52.6	68.1	66.8	0	52.3	68.4	67.4	0	52.4	68.2	67.1	0	46.9
NETHERLANDS	52.6	68.1	66.8	0	52.3	68.4	67.4	0	52.4	68.2	67.1	0	46.9
UK	52.6	67.7	66.1	0	52.3	68.4	67.4	0	52.4	68.1	66.8	0	46.8
BELGIUM	51	68.1	64.2	0.3	51	68.4	67.4	1	51	68.2	65.8	0.6	46.4
GERMANY	51.6	66.8	65.5	1	50.3	67.7	67.1	0.6	51	67.3	66.3	0.8	46.3
SPAIN	51	68.1	59.7	1.3	52.3	68.4	67.4	1.9	51.6	68.2	63.5	1.6	46.3
IRELAND	50.6	68.1	63.5	0	51	68.4	67.4	0	50.8	68.2	65.5	0	46.1
FINLAND	51.3	58.7	52.3	0.6	52.6	58.7	56.8	36.1	51.9	58.7	54.5	18.4	45.9
FRANCE	49.4	67.4	57.1	6.5	50.6	68.4	66.5	1	50	67.9	61.8	3.7	45.8
ITALY	46.8	67.7	57.4	2.9	47.1	68.4	66.5	7.7	46.9	68.1	61.9	5.3	45.6
GREECE	45.2	67.4	56.1	9	49.4	68.4	66.8	0	47.3	67.9	61.5	4.5	45.3
PORTUGAL	43.5	67.7	51	2.9	49	68.4	67.1	4.2	46.3	68.1	59	3.5	44.2
SWEDEN	47.4	60	50	0.6	48.1	60	53.5	1.9	47.7	60	51.8	1.3	40.2
STANDARD DEVIATION	3.2	3	6.1	3.1	1.8	3.2	4.3	9.2	2.4	3.1	4.7	4.9	2
MEAN	50.2	66.6	60.5	2.4	50.9	67.2	65.5	4.6	50.5	66.9	63	3.5	46

Note: 'EU' is an artificial benchmark schedule that ignores country-specific factors. Source: Eschenbach & Hoekman (2006)

Table 2. EU member GATS offers by mode of supply in the Doha round, 2003-2004

MODE:	MARKET ACCESS				NATIONAL TREATMENT				MA + NT				ALL
	1	2	3	4	1	2	3	4	1	2	3	4	
EU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FINLAND	58.8	77	74.3	0.9	58.8	78.3	75.2	57.1	58.8	77.7	74.8	29	60.1
AUSTRIA	65.5	87.2	82.3	6.2	62.4	88.1	85	1.8	64	78.7	83.7	4	59.8
UK	60.6	89.9	86.7	3.5	59.3	90.3	86.7	0.9	60	90.1	86.7	2.2	59.7
LUXEMBOURG	61.5	89.8	86.7	0.4	60.2	90.3	86.7	0.9	60.9	90.1	86.7	0.7	59.6
DENMARK	60.2	89.4	85.4	2.7	59.3	90.3	84.5	4.4	59.8	89.9	85	3.6	59.5
NETHERLANDS	59.7	89.8	86.7	0	58.4	90.3	86.7	0.9	59.1	90.1	86.7	0.5	59.1
BELGIUM	57.1	89.4	84.5	0.4	56.6	90.3	86.7	2.2	56.9	89.9	85.6	1.3	58.4
IRELAND	56.6	89.9	85.8	0	55.8	90.3	86.7	0.9	56.2	90.1	86.3	0.5	58.3
GREECE	55.8	89.4	83.6	4.9	54.9	90.3	85.8	0.9	55.4	89.9	84.7	2.9	58.2
SPAIN	57.5	89.8	78.3	1.3	57.5	90.3	86.7	1.3	57.5	90.1	82.5	1.3	57.8
FRANCE	51.8	88.5	79.2	9.7	54	90.3	84.5	2.7	52.9	89.4	81.9	6.2	57.6
GERMANY	56.6	87.6	81.9	1.8	55.3	88.5	85	2.2	56	88.1	83.5	2	57.4
ITALY	50.4	88.9	77	5.3	49.1	90.3	85.4	9.3	49.8	89.6	81.2	7.3	57
PORTUGAL	54	89.9	74.8	2.7	53.1	90.3	84.1	6.6	53.6	90.1	79.5	4.7	56.9
SWEDEN	57.5	80.5	74.3	1.3	56.6	81.4	74.8	3.1	57.1	81	74.6	2.2	53.7
STANDARD DEVIATION	3.8	3.8	4.7	2.8	3.3	3.7	3.9	14.2	3.5	3.7	4	7.1	1.6
MEAN	57.6	87.8	81.4	2.7	56.8	88.6	84.3	6.3	57.2	88.2	82.9	4.5	58.2

Note: 'EU' is an artificial benchmark schedule that does not have country-specific factors. Source: Langhammer (2005)

less commitments than the group of "Northern liberals" it usually belongs to. Even countries that are usually categorized as protectionist – France, Greece, Italy, and Portugal – have in total committed themselves to more of open and non-discriminatory policies than Sweden. Sweden does not have the lowest scores in every mode of supply; in mode 1 issues there are a few countries with a lower level of commitments than Sweden. Yet in neither of the categories does Sweden belong to the group of countries with the highest number of commitments.

Admittedly, comparing commitments in GATS is not an ideal method of benchmarking neither actual liberalization of trade in services nor political ambitions in this field. GATS works in the same way as the traditional GATT agreements: countries have committed themselves to an upper level of protection. In the GATT countries have bound their tariffs; in GATS a similar exercise is achieved. However, the bound rate does not necessarily correspond with the applied levels of protection. It is possible that countries have lowered their levels of protection outside the WTO system. In fact, when comparing the bound and applied tariff levels many countries are shown to have a significant difference between the two tariff indicators. If the bilateral or regional trading arrangements a country is subject to are taken into account, the applied tariff levels often become lower as such arrangements have provisions for preferential tariff reductions.

However, this is a bit beyond the realm of trade in services. It is likely that commitments in GATS correspond with applied levels of openness and non-discrimination. Few preferential agreements have strong commitments in services trade. The commitments made in GATS often match the applied level of openness as countries have committed themselves to openness and non-discrimination in areas which have already been reformed or where few regulations existed in the first place. Furthermore, multilateral commitments are good benchmarks for the real interest in services-trade liberalization as this is the purest way of opening markets. Multilateral openings do not discriminate between countries; they open the markets to everyone.

It is also possible to analyse if Sweden's commitments to multilateral reforms of services trade have changed over time. The GATS commitments from the Uruguay Round could have biases and not present a fair profile of a country's level of commitments or desire to advance liberalisation. However, Sweden continues to score at comparatively low levels when its Doha Round offers are compared to the offers of the other EU-15 countries.

Table two presents the same calculations for the offers made by EU countries in the Doha Round as of 2003.

Sweden has increased its level of commitments to 53.7, but it still has the bottom rank. Other countries have also increased their levels and are today prepared to commit to more ambitious commitments than in the uruguay Round. A similar result emerges when the revised offers from 2005 are compared.

A CLOSER LOOK AT SWEDEN'S RESTRICTIONS TO SERVICES TRADE

Through the 2003 and revised 2005 conditional EU offers, Sweden has now had two opportunities to review and amend its original GATS commitments and thereby signal to the rest of the world how far they are willing to go in liberalisation of services. The fact that this is the case places even greater significance on the limitations and exceptions that remain within the offer, as they are obviously important elements of Sweden's services trade agenda. And so it is worth taking to take a closer look at what limitations Sweden places on market access and national treatment within the offers, as well as where they are less willing to make binding commitments as part of an overall agreement.

What becomes clear from an analysis of Sweden's latest offer is that the sectors publicly targeted as priorities for them in the current negotiations also are sectors in which they themselves are most willing to liberalize. But other sectors show much weaker commitments and, overall, a more precautionary approach to services liberalization. An overview of this offer can be found in Annex 1, but several aspects are worth drawing out.

Health and the public sector

Firstly, public-sector related commitments are especially sensitive, e.g. education and health. Sweden is not alone in this respect, but their current commitments under the health sector as an example are decidedly lukewarm (Table 3). No commitments have been made in mode four of any of the sub-sectors, or in hospital and health insurance services. In mode three of the sub-sectors 'Medical, dental and midwife services' and 'Services provided by nurses, physiotherapists and paramedic personnel', the government has included a market-access limitation in the form of the capacity to decide the number of private practices that should be subsidised by them. Such a set of commitments (and exemptions) certainly seem unlikely to have any implications whatsoever.[11] Maintaining Sweden's history of welfare provision may well then take priority over external trade policy in this regard.

Table 3. Specific health-sector commitments under GATS by Sweden

SECTOR OR SUB-SECTOR	LIMITATIONS ON MARKET ACCESS	LIMITATIONS ON NATIONAL TREATMENT
Medical, dental and midwife services	(1) none (2) None (3) Needs test applied to decide the number of private practices to be subsidised through public funding (4) Unbound	(1) None (2) None (3) None (4) Unbound
Services provided by nurses, physiotherapists and paramedical personnel	(1) None (2) None (3) Needs test applied to decide the number of private practices to be subsidised through public funding (4) Unbound	(1) None (2) None (3) None (4) Unbound
Life, accident and health insurance services	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound
Hospital services	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound
Other human health services	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound
Social services	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound
Other (health-related services)	(1) Unbound (2) Unbound (3) Unbound (4) Unbound	(1) Unbound (2) Unbound (3) Unbound (4) Unbound

Source: European Union (2005)

Transport

Transport is another of the key sectors in which Sweden is unwilling to make binding commitments and in which limitations are placed on both national treatment and market access (see Annex 1). Air, rail and road transport are the only sub-sectors in the Swedish offer where mode one (cross-border supply) remains unbound. There are also several specific restrictions placed under mode three. For example, foreign operators are allowed to establish and maintain their own terminal infrastructure "subject to space and capacity constraints". Such limitations can have a considerable effect.

Financial services

Mode three issues also feature in the cultural, distributional and financial sectors. In the financial sector, a founder of an insurance or banking company in Sweden, for example, must be a 'natural person resident in Sweden'. Currently, foreign providers of insurance and banking services must operate through a Swedish agency and are prohibited from offering certain tax beneficial products to investors. Such restrictions are the residue of a troubled history for the banking sector in Sweden, where the 1980s and 1990s witnessed difficulties in establishing competent institutions to regulate the financial sector well during economic upheaval. While domestic regulations should not be directly equated with trade restrictions, the impact has also been to create reluctance within certain parts of the Swedish financial community to open up the financial services sector.

The picture that is building up here is a mix of existing legislation within Sweden which impacts on services trade and which they are unwilling to change, together with a signalled unwillingness to accept multilateral commitments in some sectors, which may impede future domestic policy decisions. According to the political economy of trade negotiation, this trade-off between domestic regulation and external trade policy is a continual and universal process. Thus, Sweden is presumably not unique in wanting to protect some service sectors, but how does it compare with other EU countries in the DDA negotiation process?

COMPARISON WITH OTHER EU COUNTRIES

The three European countries that have displayed the highest levels of commitment to services liberalization in the current negotiations are Finland, Austria and the United Kingdom (UK). A comparison of their latest (2005) offers against that of Sweden could therefore provide some useful insights into what is distinctive about Sweden's stance on services and therefore reinforces the domestic picture already emerging. When comparing the offers, two factors are important.

As previously mentioned, an analysis of the overall EU offer reveals an array of limitations to market access and national treatment explicitly put forward by different member states in sectors where they are not willing to change domestic regulations which impinge on services trade. The most striking aspect of these exceptions is their diversity, and the story they tell of different domestic priorities in different European nations. While this is interesting, it also makes them hard to compare when trying to determine who is offering most and whether these exceptions are a significant factor. However, there are two interesting points that can be made.

Domestic regulations: limitations on market access and national treatment

The first is that it is clear that all countries have areas of their services economy that are more sensitive than others. The UK for example places very few limitations on services trade, but still makes explicit important exceptions in the medical and veterinary sub-sectors. Given the current state of the National Health Service (NHS) in the UK, the first of these examples is perhaps unsurprising. But there are sectors where all are more guarded – legal and financial services are where the least is offered across the board. What also stands out within the context of this narrower comparison is the overwhelming number of Austrian exceptions that are stated. Mainly under modes one and three, Austria places limitations on both market access and national treatment within business, construction, real estate, financial, investment and recreational sectors, i.e. most of those included in the entire offer. However, the UK and Finland stand out very clearly by placing fewer explicit limitations on market access and national treatment for services, the UK being the least restrictive within the EU overall. So there is clearly more to the story and this comparison alone would not suffice in explaining why Sweden appears to fare so much worse than all the other countries.

Level of binding commitments

The other crucial factor that influences the overall status of each country's offer is the level of binding commitments they are prepared to make. Table 4 represents the most recent commitments made by the UK, Austria, Finland and Sweden in the 2005 revised EU offer. The calculation used is identical to that used in the studies of the 2003 offer referred to above, and reveals essentially the same trends, with Sweden's level of commitment to services liberalization remaining below average. Annex 2 further disaggregates this data by sector, further highlighting Sweden's particular relative unwillingness to liberalize in education, health and transport sectors. Trends are emerging as to which services sectors Sweden is most defensive about. And it is the level of this defensiveness that is impacting to a greater degree its external trade policy, not just when compared to Finland, Austria and the UK, but the rest of Europe.

Table 4. EU 2005 offer: commitments by mode of supply

	MARKET ACCESS & NATIONAL TREATMENT				
	MODE 1	MODE 2	MODE 3	MODE 4	AVERAGE
UK	43.5	73.8	69.2	0.0	46.6
Austria	45.8	68.1	64.4	4.6	45.7
Finland	43.5	62.7	58.8	1.2	41.5
Sweden	40.8	65.0	58.1	1.0	41.2
AVERAGE	43.4	67.4	62.6	1.7	43.8

Source: Author's calculations, based on European Union (2005).

Of equal interest are the changes that have been made by other countries since 2003. Using the Langhammer data as a guide to the 2005 offer, it appears that all countries have withdrawn a considerable amount of what they initially laid on the table, particularly under mode four in the case of Finland. The UK and Austria appear to have been less influenced by the rest and retained a relatively impressive overall commitment to services liberalisation, but one that is nevertheless considerably lower than in 2003.

A detailed comparison of the two offers reveals that there are a number of reasons for this. Perhaps most significantly, there are several sectors where entries have been amended from "All members: None", signifying no restrictions to market access or national treatment, to "All members: Unbound", meaning the exact opposite in GATS language. This has been the case for air transport, construction and several professional services, notably engineering and medical services. But the 2005 offer also sees the addition of several sub-sectors, mainly under Transport, in which very little has been offered. Maritime, rail, road and pipeline transport sub-sectors have all seen such additions. The overall effect of these changes has been to reduce the level of services liberalization offered almost to that seen in the initial GATS documentation.

Thus, the level of commitments offered by Sweden has decreased considerably between 2003 and 2005. Other countries, though, have lowered their offers even more, which is why the difference between Sweden and other EU-15 countries is lower than in 1994 and 2003.

NOTABLE CHANGES: GATS-DDA

The 2005 EU conditional offer, which included revisions from all member states was Sweden's most recent opportunity to intensify commitments and relax domestic regulations that impact on trade in services. It is this offer that has been the basis of the analysis in this section so far. Sweden has made several revisions to its original GATS schedule between 1994 and 2005, as have most countries in the EU. Annex 1 shows where these changes have been made, but Sweden's overall score has not changed significantly (from 40.2 in 1994 to 41.2 in 2005), suggesting that they have been largely cosmetic in nature and not changed the substance of the offer.

Domestic regulation: limitations to market access to national treatment

Minor changes such as removal of residency requirements have been made for Travel and News agency service providers, as well as legal professionals. Also in the legal sector, existing requirements for a Swedish law exam and citizenship have been removed in order for admission to the Swedish Bar Association. The near-full commitments now made in the medical sub-sectors have already been referred to above. Under the 1994 schedule for example, Sweden would only accept health personnel with foreign qualifications if they had also completed a compulsory training in Sweden (GATS/SC/82, 1994). This requirement has since been removed. Yet, while such changes are commendable in themselves in terms of easing restrictions, they are still offset by the lack of any commitment elsewhere in the sector. In sum, none of these changes detract or add much to the original offer. Looking at the general trends, the sectors that were the most sensitive remain so, and it is still modes one and four that remain most problematic.

Level of binding commitments

Even less change can be seen in terms of binding future commitments. In fact there has been no discernable movement in terms of committing further to multilateral rules that may impact on domestic regulations. Sweden's continued insistence that Europe must continue to liberalise therefore remains paradoxical in the light of its own unwillingness to demonstrate serious commitment to services liberalisation. And, while full commitment does exist in some service sectors, it is the lack of binding commitment throughout their offers that stands out. This, plus some tricky areas of domestic regulation, means that Sweden finds itself at the bottom of the pile in Europe in terms of future commitments to opening up its services to trade.

Through its consistent support for multilateral trade liberalization efforts and historically high levels of trade openness, Sweden's reputation as a leading free-trade nation is well established. The Swedish government has announced strong intentions to lead the rest of Europe in that direction during its EU presidency in 2009. In this context, the preceding analysis of their current services trade policy has brought up a number of 'sticky' issues related to such strong rhetoric. A detailed look at just where it is willing to commit multilaterally to liberalize its services sector reveals inflexibility at the level of domestic governance that does not fit with opening up some sub-sectors, notably transport, health and education and finance. This is further highlighted when compared to other countries within the EU. Despite some commitments being extended between 1994 and 2005, nothing of significance has changed since its original GATS offer. Such inflexibility has its roots in policy traditions in Sweden, where government intervention and welfare provision has a long history. But it is also attributable to domestic economic interest. It is no coincidence that the services sub-sectors where Sweden has committed the least are also those where local interests are strong and/or feel threatened by the prospect of international competition. While this detail can be brushed over in the context of integrated EU offers and revised offers, what it all adds up to is that Sweden is among the least liberally-minded in Europe when it comes to liberalizing services trade.

WILL SWEDEN BECOME PROTECTIONIST IN FUTURE?

Sweden remains firmly in favour of trade liberalization. It has not succumbed to traditional protectionism and is not about to raise tariffs and other traditional border measures. Yet Sweden finds itself in another position when liberalization of trade in services is concerned. It belongs to the bottom-rank group in the EU-15 when actual commitments to services liberalization are measured and compared. Sweden's initial offer in the Doha Round was significantly lower than offers from other EU-15 countries. Its revised offer in 2005 effectively represented a sharp decrease in its offered commitments.

Sweden has strong defensive positions in some services sectors. Typically, these sectors concern traditional public services and highly regulated sectors. Furthermore, many of these sectors have previously been perceived as non-tradable sectors. Especially some of the trade unions in these sectors have resorted to highly protectionist rhetoric when foreign suppliers have entered Sweden to provide a service. Sweden's sector of non-tradable services keeps growing.

What will this entail for Sweden's trade policy?

Firstly, if the non-tradable sector increases its share of the economy the overall economy-wide level of protection will increase. It will also have distinct effects on the sources of economic growth and the profile of consumption. People will increase its consumption of tradable goods and lower its relative share of consumption of non-tradable services.

Secondly, unless reforms of the non-tradable sectors protected by regulations will occur, Sweden will increasingly become defensive in matters concerning trade liberalization. This will not only affect the Swedish economy; it will also damage Sweden's opportunities to contribute to other policy developments: e. g. deepened integration in Europe and greater benefits to developing countries from international exchange.

Thirdly, Sweden will neglect opportunities to exploit its comparative advantage in key services sectors. It is often assumed that trade liberalization in areas such as education, health care, dentistry and elderly care – representing almost a fifth of Sweden's Gross Domestic product – is detrimental to the staff in these sectors. It is believed that Sweden cannot raise its welfare by exporting such services to other countries. As far as it is possible judge, this viewpoint is wrong. Sweden has comparative advantages in all these sectors. A progressive integration of these sectors could thus help to increase welfare as well as the salaries in these sectors.

Sweden will not be able to considerably improve its commitments in the multilateral trading system unless domestic reforms are pursued. It is not plausible that Sweden can commit to market openings and non-discriminatory treatment, and then undertake these reforms. Reforms would have to be accomplished in politically sensitive areas. They cannot be imposed by international institutions "from above"; they can only occur by "bottom-up reforms" achieved by the government and, to some extent, by local authorities.

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FOOTNOTES

1. Jonas Pettersson and Daniel Capparelli have provided excellent research assistance for this study. A particular thanks to current and previous trade-policy officials in Sweden that have generously shared their experience with us in the research for this study.
2. Ahnlid (2007).
3. Evenett and Vermulst (2005).
4. For the exact methods of the calculations, please contact the authors.
5. For exact methods of the calculations, please contact the authors.
6. Ibison (2008).
7. Mattoo et al (2008).
8. Mattoo et al (2008).
9. Services are divided into four modes of supply under GATS: Mode 1, cross-border supply; Mode 2, consumption abroad; Mode 3, commercial presence; Mode 4, presence of natural persons.
10. European Union (2003) and (2005).
11. Sebastian and Hurtig (2007).

ANNEX
ANNEX 1

The following chart displays the specific sectors and sub-sectors within the 2005 Revised Conditional Offer from the European Communities, in which Sweden explicitly maintains limitations on market access and/or national treatment. This does not include details of bound/unbound commitments, which can be found in Annex Two, except for section 11. TRANSPORT SERVICES, where more detail is given.

Entries in *italics and highlighted in blue* are those which were present in Sweden's original 1994 GATS schedule, but which have since been removed or amended. They have also been ~~*struck through*~~ where amended, to make it clearer where changes have been made. Numbers in brackets refer to mode of supply.

SECTOR OR SUB-SECTOR	LIMITATIONS ON MARKET ACCESS	LIMITATIONS ON NATIONAL TREATMENT
1. BUSINES SERVICES **A. Professional Services**		
a) Legal services - legal advice activities on home country law and international law	*1), 3) An "advokat" (see next column) may not practice his profession neither in cooperation with other persons than other "advokats", nor in the form of a limited liability company (joint stock company).* 4) An "advocat" (see next column) may not practice his profession neither in cooperation with other persons than other "advocats".	1), 3), 4) Admission to the Bar, necessary only for the use of the Swedish title "advokat"
b) Accounting, auditing and book-keeping services - qualified auditors	1), 3), 4) Only auditors approved in Sweden may perform legal auditing services in certain legal entities. Only such persons may be shareholders or form partnerships in companies which practice qualified auditing. Swedish exam, work experience and residency are required for approval.	*1) Residency and Swedish exam required* 3), 4) Residency (and Swedish exam) required
h) Medical and dental services doctors, dentists and other health personnel	3) Needs test applied to decide the number of private practices to be subsidised through ~~*the social security system*~~public funding.	*3), 4) Foreign exams giving equivalent competence are recognised after a compulsory complementary training.*
i) Veterinary services	3) Needs test applied to decide the number of private practices to be subsidised through the social security system.	*3), 4) Foreign exams giving equivalent competence are recognised after a compulsory complementary training.*
E. RENTAL/LEASING SERVICES WITHOUT OPERATORS	3) ~~*Registration of aircraft required. To be registered the aircraft must be owned either by natural persons meeting specific nationality criteria regarding ownership and control (including nationality of directors).*~~To fly the Swedish flag, proof of dominating Swedish operating influence must be shown in case of foreign ownership interests in ships.	
F. OTHER BUSINESS SERVICES r) Printing, Publishing		1), 3), 4) Residency requirements for publisher and owner of publishing or printing company.
4. DISTRIBUTION SERVICES **C. Retailing Trade Services**	*3) Individual municipalities may apply economic needs test to temporary trade in clothing, shoes and foodstuffs that are not consumed at the point of sale.* 3) Economic needs test, when applied, sets a limit on temporary trade in clothing, shoes and foodstuffs that are not consumed at the point of sale. Main criteria: The impact on existing stores in the geographic area in question.	
6. ENVIRONMENTAL SERVICES **D. Other - cleaning of exhaust gases**	3) Government owned monopoly for control services of exhaust-gas from cars and trucks. Such services must be offered on a non-profit bassis.	

7. FINANCIAL SERVICES **A. Insurance**	1) The supply of direct insurance is allowed only through an insurance service supplier authorised in Sweden, provided that the two insurance suppliers belong to the same group of companies or have an agreement of co-operation between them. 3) Insurance undertakings not incorporated in Sweden may establish a commercial presence only through a residential agent.	3) Insurance undertakings not incorporated in Sweden are requried to deposit assets for agencies established in Sweden. Insurance broking undertakings not incorporated in Sweden may establish a commercial presence only through a branch. Non-life insurance undertakings not incorporated in Sweden conducting business in Sweden are - instead of being taxed according to the net result - subject to taxation based on the premium income from direct insurance operations. A founder of an insurance company shall be a natural person resident in Sweden or a legal entity incorporated in Sweden.
B. Banking and Other Financial Services (excluding insurance)	*2) Custody, depository and settlement services re. securities registered in the (Swedish) Securities Register Centre (Vardepapperscentralen) can only be supplied by suppliers who are account operating institutions. A prerequisite is that the supplier is supervised by the (Swedish) Financial Supervisory Authority.* *3) Undertakings not incorported in Sweden may establish a commercial presence only through a branch or, in the case of banks, a representative office.*	2) Account operating institutions in the VPC register who have not got a clearing account with the central bank (Riksbanken) have to make a certain deposit. 3) A founder of a banking company shall be a natural person resident in Sweden ot a foreign bank. A founder of a savings bank shall be a natural person resident in Sweden.
9. TOURISM AND TRAVEL RELATED SERVICES **B. Travel agency and tour operator services**	*1), 3) Requirement of establishment.*	
10. RECREATIONAL, CULTURAL AND SPORTING SERVICES **A. Entertainment services**		3) Targeted financial support to specific local, regional or national activities. 1), 3), 4) Residency requirements for publisher and owner of publishing or printing company.
B. News agency services		3) Targeted financial support to specific local, regional or national activities.
D. Sporting and other recreational services		
11. TRANSPORT SERVICES **C. Air Transport services** sales and marketing	4) Unbound	1) Unbound for distribution through CRS of air transport services provided by CRS parent carrier. 3) Unbound for distribution through CRS of air transport services provided by CRS parent carrier. 4) Unbound
computer reservations systems	4) Unbound	1) Unbound for obligations of parent or participating carriers in respect of a CRS controlled by an air carrier of one of more third countries. 3) Unbound for obligations of parent or participating carriers in respect of a CRS controlled by an air carrier of one of more third countries. 4) Unbound
maintenance and repair of aircraft	1), 4) Unbound	1), 4) Unbound
E. RAIL TRANSPORT SERVICES maintenance and repair of rail transport equipment	1) Unbound (Public utility concession or licensing procedures may apply in case of occupation of the public domain) 3) Operators allowed to establish and maintain their own terminal infrastructure facilties, subject to space and capacity constraints. 4) Unbound	1) Unbound 4) Unbound
F. ROAD TRANSPORT SERVICES freight and passenger transportation	1) Unbound 3) Authorisation required for commercial land transport service operations. Authorisation is based on the applicants financial situation, experience and capability to supply the services. Limitations on the use of elased vehicles for such operations. 4) Unbound	1) Unbound 3) Requirement on established entities to use vehicles with national registration. 4) Unbound
maintenance and repair of road transport equipment	1) Unbound 3) Operators allowed to establish and maintain their own terminal infrastructure facilities, subject to space and capacity constraints. 4) Unbound	1), 4) Unbound

ANNEX TWO

The following tables present calculated index scores from 0 to 100, for Sweden, Austria, Finland and the UK, based on the 2005 EU Revised Conditional Offer on Services as part of the DDA. The calculation follows Langhammer (2005), originally proposed by Hoekman (1996). An index score of 1 is attributed to full commitment ("none" in GATS terminology, i.e. no limitations); 0 to no commitment (i.e. "unbound"); and 0.5 to partial commitment (specific limitations). The total scores for each country are then taken as a percentage of the 130 sub-sectors included in the offer, to give a score out of 100.

Sector	Sweden					Austria				
	Limitation on Market Access and on National Treatment					*Limitation on Market Access and on National Treatment*				
	Mode 1	Mode 2	Mode 3	Mode 4	Average	Mode 1	Mode 2	Mode 3	Mode 4	Average
1. Business Services	27.1	31.2	29.4	0.8	**22.1**	26.9	31.5	30.0	3.8	**23.1**
2. Communication Services	1.2	1.2	1.2	0.0	**0.9**	1.2	1.2	1.2	0.0	**0.9**
3. Construction and Related Engineering services	0.0	0.8	0.8	0.0	**0.4**	0.4	0.8	0.8	0.0	**0.5**
4. Distribution Services	3.1	3.1	2.9	0.0	**2.3**	3.1	3.1	3.1	0.0	**2.3**
5. Education Services	0.0	0.0	0.0	0.0	**0.0**	2.3	2.3	2.3	0.0	**1.7**
6. Environmental Services	0.0	6.2	6.3	0.0	**3.1**	0.0	6.2	6.2	0.0	**3.1**
7. Financial Services	1.0	1.5	0.8	0.0	**0.8**	1.2	1.2	1.0	0.2	**0.9**
8. Health and Social Services	0.0	0.0	0.0	0.0	**0.0**	0.0	2.3	1.9	0.2	**1.1**
9. Tourism and Travel Related Services	1.5	2.3	2.3	0.2	**1.6**	1.5	2.3	2.3	0.2	**1.6**
10. Recreational, Cultural and Sporting Services	2.3	2.3	1.7	0.0	**1.6**	3.1	3.1	3.1	0.2	**2.4**
11. Transport Services	4.6	13.5	9.6	0.0	**6.9**	6.2	11.2	9.6	0.0	**6.7**
12.Other services Not Included Elsewhere	0.0	3.1	3.1	0.0	**1.5**	0.0	3.1	3.1	0.0	1.5
Average by Mode	40.8	65.0	58.1	1.0	41.2	45.8	68.1	64.4	4.6	45.7

Section	Finland					United Kingdom				
	Limitation on Market Access and on National Treatment					*Limitation on Market Access and on National Treatment*				
	Mode 1	Mode 2	Mode 3	Mode 4	Average	Mode 1	Mode 2	Mode 3	Mode 4	Average
1. Business Services	23.1	26.9	26.2	1.0	**19.3**	25.0	31.9	30.8	0.0	**21.9**
2. Communication Services	1.2	1.2	0.8	0.0	**0.8**	1.2	1.2	1.2	0.0	**0.9**
3. Construction and Related Engineering services	0.0	0.8	0.8	0.0	**0.4**	0.8	0.8	0.8	0.0	**0.6**
4. Distribution Services	3.1	3.1	3.1	0.0	**2.3**	2.3	3.1	3.1	0.0	**2.1**
5. Education Services	0.0	0.0	0.0	0.0	**0.0**	2.3	3.1	3.1	0.0	**2.1**
6. Environmental Services	3.8	6.2	6.2	0.0	**4.0**	0.0	6.2	6.2	0.0	**3.1**
7. Financial Services	1.5	1.5	1.0	0.0	**1.0**	1.5	1.5	1.2	0.0	**1.1**
8. Health and Social Services	0.0	0.0	0.0	0.0	**0.0**	0.0	1.5	1.5	0.0	**0.8**
9. Tourism and Travel Related Services	2.3	2.3	2.3	0.2	**1.8**	1.5	2.3	2.3	0.0	**1.5**
10. Recreational, Cultural and Sporting Services	1.5	1.5	1.5	0.0	**1.2**	1.5	2.3	2.3	0.0	**1.5**
11. Transport Services	6.9	16.2	14.0	0.0	**9.3**	7.3	16.9	13.8	0.0	**9.5**
12. Other services Not Included Elsewhere	0.0	3.1	3.1	0.0	**1.5**	0.0	3.1	3.1	0.0	**1.5**
Average by Mode	43.5	62.7	58.8	1.2	41.5	43.5	73.8	69.2	0.0	46.6

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