

**World Trade Institute Workshop**

Berne, 24 November, 2006

# Trade Politics Start At Home

## Actors, Processes and Institutions

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The aim of this intervention is to develop some thoughts about the domestic decision making in the area of foreign economic relations from a Swiss business point of view. The key questions to be addressed are: How is business organised, why is business so interested in foreign economic affairs, what are the main concerns, what are the internal procedures for shaping business positions, how does business communicate its positions and what makes lobbies powerful?

### **1 How is Swiss business organised?**

All over Europe, strong central business federations are the rule, this in contrast for instance to the US, where lobbying is more decentralised. Our members are mainly the sectoral business federations and this country's regional chambers of commerce. They are representing some 30'000 SMEs as well as big companies. The general assembly approves the basic decisions of my federation. The actual monitoring of all political decisions is executed by the board and particularly by the Committee of the Board which meets more or less on a monthly basis. In addition, we have a number of permanent committees and working groups. In the area of foreign economic relations there is a high level committee overseeing all the main developments in this respect. On a lower level there are three working parties: WTO, European affairs and customs.

As in all organisations, the management plays a key role, even though it is not empowered to take positions which are not approved by the board or its committee. Contrary to many NGOs and for instance also to trade unions, members of our management are confined to these functions and cannot be promoted to become board members. This is clearly reserved to business representatives. This can be considered as an important factor of governance or of "associational democracy".

The foreign economic affairs sector of economiessuisse stays in close touch with the colleagues of business federations in countries like Germany, the UK, the Netherlands, Sweden, Norway, the US and Japan, just to name a few. We regularly meet our colleagues from these federations in committees and working parties of international business organisations and keep in touch electronically if the need arises.

**2 What are the main concerns of Swiss business with regard to foreign economic affairs?**

For business, the access to foreign markets and non-discrimination are two key elements. With the continuous shift of the Swiss economy from manufacturing to services, trade in services has become more and more important. Trading of goods remains however a major concern. Direct investments are also of high priority, even though the access to foreign markets is usually rather easy. Particularly developing countries are very keen on getting investments from Switzerland. The problems start rather after the investments have become effective. But there are also some systemic concerns. We are disappointed with the developments around the Doha-Round, i.e. the suspension of the Doha-Round. Multilateralism and the WTO remain - for us – the priority approach in foreign economic relations. Due to the emerging trend towards bilateralism and regionalism, we are now forced to think much more in terms of Free Trade Agreements (FTAs). This takes a lot of our limited resources. With regard to European policy, we are committed to maintain and strengthen the bilateral ties with the EU. My statements would not be complete, if I did not mention agriculture: Agriculture has become a headache for business representatives in foreign economic affairs. We are worried about the impact agriculture tends to have both on our multilateral and bilateral relations.

**3 What are our internal procedures and channels for shaping business positions?**

I mentioned the foreign economic relations commission as well as our three working parties which are very useful fora to provide information as well as to raise and discuss business concerns. These working parties enable us to feel the temperature and to formulate our policy. The final decisions however are reached at the level of the board. In addition, the *economiesuisse* management is in close touch with its own members, with government and parliament. Furthermore, *economiesuisse* is active at the international level. We are linked through organisations in Brussels and in Paris with our peers in Europe and worldwide. It is absolutely crucial to know their positions and to know how they proceed. On the other hand, this provides an opportunity to raise our concerns at the international stage. Our permanent representative in Brussels is a highly valuable relay with European policy makers. It is also useful to have the afore mentioned international ties in case of suddenly arising cross border problems. I happen to be vice president of the international relations committee of UNICE, our European counterpart. Moreover, I am rapporteur for third country relations within the EFTA consultative committee.

In a certain way, foreign economic relations are not comparable to other policy issues. Normally legislation plays a key role in defining new orientations of specific policies. If new draft legislation is presented by government, *economiesuisse* will launch a consultation by written procedure with its members. This is normally not so in foreign economic relations. New initiatives quite often will take the shape of international agreements. In other words, we have to follow the discussions from the outset and stay in touch with the officials in charge to voice our opinions in time. At the same time, we discuss the subjects within our own groups and commissions. Quite often, these subjects are for strategic reasons of internal or confidential nature. All this means that we have to choose different approaches for the internal decision making as compared to the policy making process in other areas.

We also have to distinguish between short and medium term action and longer term strategies. For the latter, we use the tool of position papers. The elaboration of a position paper takes usually a few months, since we have to consult different bodies and to proceed step by step from first discussions to the approval by the board. One recent example was the 2006 report on European policy. This report went through a number of rounds and reviews and was even at the board level discussed intensively and got there the last few touches. This process may seem to be sluggish, but it guarantees a broad-based, representative business position.

#### **4 How does business communicate its positions to the system?**

We try to be as outspoken as necessary and indicated. We communicate mainly with the national authorities, the international business organisations, and of course, with our members. The means of communication are manifold: We use our website, written procedures, open letters, we talk to officials, and we participate in international meetings and in bilateral visits to foreign countries. Furthermore we interact with our so called "counterparts/adversaries": (within the framework of the official WTO NGO meetings or panel discussions). In the case of Europe, we have quite some experience with running public campaigns such as the one regarding the Swiss contribution to Eastern Europe which took place in the second half of 2006.

#### **5 What makes lobbies powerful?**

The goal of our activities in foreign economic relations is to improve the economic environment for our businesses. Open markets contribute to the welfare of the respective nations. Thanks to their membership business federations are constantly updated on the needs of companies. Government officials normally lack this information. Thus they depend on the know how of federations. This means added value for government agencies. The legitimacy of lobbies depends on their membership. The larger it is, the better their legitimacy.

Lobbies cannot act on their own. They need coalitions with those who share their views. They need the support of politicians, of media and of their own members. All in all, it is also a question of trust and reliability. Organisations with a good record and a long standing experience succeed better than those with extreme positions and with unclear goals. We think that we are quite well positioned in the public and in politics.

In recent years, business had to realize that other actors dealing with foreign economic affairs emerged. I am talking about the civil society at large and specialised NGOs in particular. This has changed the environment. The discussions have become more colourful. Business representatives who were not used to this had to learn to live with this new environment. NGOs can act quickly. Contrary to business federations, they are not slowed down by long internal decision making processes. We had to become even more explicit and to try to correct certain misgivings about the role of world trade rules in a more and more globalised world.

In the end, Government's role is the rule making, and businesses' role is acting within the given rules and trying to influence rule making in a way which is in line with the needs of business actors around the world.

#### **6 Summary**

Business favours an open approach in foreign economic affairs. This is in its own interest. We think that we succeed quite often. Disappointments also exist. But in the long run, the common sense of a country which depends heavily on foreign economic relations precedes.