

The Swedish Reform Programme for Growth and Jobs – Annual Progress Report 2009

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1 The Swedish Reform Programme for Growth and Jobs – Annual Progress Report 2009

1.1 Introduction

The European Union's Strategy for Growth and Jobs, the Lisbon strategy, is the EU's common framework for promoting long-term development with sustainable growth and full employment. It deals with the creation of macroeconomic stability and the enhancement of competitiveness in the EU by investing in research and education, improving the business climate and implementing the internal market. But it also deals with reforms to improve the functioning of the labour market in the EU and strengthen social cohesion as well as to safeguard environmentally sustainable development.

Under the strategy, the Member States are to draw up national reform programmes showing how the strategy is being implemented at the national level. Sweden's Reform Programme for Growth and Jobs 2008–2010 presented the Government's policy, which is to lay the basis for long-term sustainable economic development. It covers responsibility for public finances, for jobs and for the core welfare activities. These all aim to create room for increased welfare and meet the challenges of the future. The basis for the Reform Programmes and the Annual Progress Reports are the integrated guidelines (see Appendix 1). The integrated guidelines consist of the Broad Economic Policy Guidelines and the Employment Guidelines. Within the framework of the overall target for sustainable development, the guidelines address the most important challenges ahead, such as globalisation, the ageing population and environmental challenges. But they also focus on reforms to promote competitiveness and economic growth as well as more and better jobs.

Under Articles 99 and 128 of the EC Treaty, the Council has been given the opportunity to make recommendations to individual Member States on the design of national policy. The aim is to strengthen the implementation of the Lisbon strategy and fulfil the shared objectives in the strategy. For 2009, on the basis of the Commission's recommendations, the Council decided that no formal recommendations would be directed at Sweden. But it underlined (in its 'points to watch') that even though Sweden's economy is strong and the economic reforms are progressing well, further measures are needed to strengthen competition and increase employment in specific groups. The Council and the Commission argue that enhanced competition can help increase productivity and reduce the price gap between Sweden and other EU Member States. If Sweden succeeds in getting more long-term unemployed, people on sick leave and young people with a foreign background into the labour market, it may lead to increased growth and more sustainable public finances. The Council also underlined that the implementation of the energy and climate change package that the European Council agreed must be followed carefully.

One important aim in establishing national reform programmes is to get the national parliaments and other national stakeholders more

involved in the effort to implement the Lisbon strategy. The Government's Reform Programme for 2006 to 2008 – Annual Progress Report 2009 is presented to the Riksdag as a Government Communication (skr. 2009/10:34) at the same time that it is presented to the European Commission.

During the work on the 2009 Annual Progress Report, the social partners, interest organisations and the relevant authorities were invited to make submissions on how their organisations had contributed to the implementation of Sweden's reform programme in 2008–2009. Their submissions can be found in Annex 4.

To succeed in implementing the Lisbon strategy, it is important for regional and local development work in Sweden to function well. The national strategy for regional competitiveness, entrepreneurship and employment 2007–2013 (see Section 3.3 Regional competitiveness and strong rural development and Chapter 5 The EC Structural Funds Programme in Sweden for the programme period 2007–2013) and the regional development programmes that each county draws up, together with Sweden's rural development programme for 2007–2013 and the associated regional implementation strategies are important instruments for increased interaction at the national and regional levels.

The economic downturn in the past year has hit some parts of the country particularly hard and imposed major demands on regional development to meet the changes the counties face. From January 2008 to February 2009, the Government had given the regional dismissal notice coordinators in 21 counties the task of coordinating local and regional efforts on the Government's behalf. This task has been given to the County Governor and regional political representatives in those counties where they are responsible for regional growth matters. The regional dismissal notice coordinators' task is primarily to meet those businesses and people affected by layoffs and closures. By coordinating actors and existing resources at the local and regional levels, this work will ensure that Sweden becomes more competitive. The Government has on several occasions conducted a dialogue with all the coordinators. The proposals that the regional dismissal notice coordinators have made to the Government have been dealt with in the ministry concerned. Over 200 proposals on the labour market, education, infrastructure, business development, local government finances and financial markets have been received. The Government has accepted and implemented approximately a third of the proposals, a third are being given further consideration and a third of the proposals either are not the Government's responsibility or are deemed inappropriate in this situation. The way in which the regional dismissal notice coordinators work has turned out well. The work is usually organised based on the partnerships and cooperation groups established within the framework of the regional growth programmes. The measures and plans that have been carried out are largely based on regional strategies and programmes already developed in broad partnership with the counties and thus enjoy their support. The work with dismissal notices has demonstrated the value and importance of long-term regional strategies as the basis for prompt decisions on measures in a crisis situation. The coordinators' work has contributed to the focus and

belief in the future on the part of local and regional actors in times of turmoil and crisis.

The 2009 Progress Report is composed of three main sections – Macroeconomic policy, Microeconomic policy and Employment policy. Under each heading covering one or more guidelines, the policy’s aims and orientations and the measures that the Government has taken to achieve them are reported. The Progress Report focuses on the most important measures taken by the Government on account of the financial and economic crisis. All the measures can be found in the Budget Bill for 2010.

2 Macroeconomic policy

As a small, open and export-dependent country, Sweden has been hit hard by the deepest and most widespread economic downturn since the crisis in the 1930s. In a short time, GDP has plummeted. Resource utilisation is low and continues to decline. Employment has fallen sharply. Redundancies and unemployment have increased. Public finances have weakened substantially. GDP is expected to fall by over five per cent in 2009. The recovery is expected to be slow.

Governments and central banks around the world have taken exceptional measures to mitigate the crisis and prevent a collapse. Key interest rates have been lowered to historically low levels. Extensive fiscal stimulus packages have been implemented to stimulate demand and support the financial system. These measures have led to a substantial improvement in the financial markets and lessened the fall in global demand.

In 2010, Sweden's most important export markets are expected to begin growing again, albeit weakly. Aggregate demand is, however, expected to grow so slowly that employment will continue to decline in 2010 and stabilise first around the turn of the year 2010/2011.

Key economic indicators, annual percentage change unless otherwise indicated							
	2006	2007	2008	2009	2010	2011	2012
GDP	4.2	2.6	-0.2	-5.2	0.6	3.1	3.8
Employed ¹	2.0	2.5	1.2	-2.6	-3.5	-0.5	0.9
Unemployment ²	7.1	6.1	6.2	8.8	11.4	11.6	10.9
Hourly wages ³	3.1	3.3	4.3	3.1	2.0	1.9	2.3
CPI, year-on-year	1.4	2.2	3.4	-0.4	0.4	0.8	1.8
Net lending ⁴	2.4	3.8	2.5	-2.2	-3.4	-2.1	-1.1
Central government debt, per cent of GDP	42.1	36.4	33.6	37.8	40.4	40.6	40.3

Sources: Statistics Sweden and Ministry of Finance.

1. 15-74 years.

2. As a percentage of the labour force, aged 15-74.

3. According to short-term wage statistics.

4. General government net lending as a per cent of GDP.

Economic policy

The financial crisis and the subsequent deep economic downturn have led Sweden and other EU Member States to take a number of measures. The crisis has been ameliorated by measures that have stabilised the financial market and measures that have countered the fall in resource utilisation and employment, at the same time that they help increase the labour supply and employability when the economic situation improves. The measures are thus in line with the points to watch that the Commission and the European Council adopted for Sweden.

Ensuring sound public finances in good times has enabled Sweden to radically change course in fiscal policy to one of the most expansive in the EU. At the same time, fiscal sustainability has been safeguarded. Together, the active (discretionary) measures are expected to lead to a 2010 GDP about 1.7 percentage points higher than if they had not been taken and to about 52 000 more people employed than would otherwise have been the case. In addition, the automatic stabilisers, which are relatively strong in Sweden, provide a substantial stimulus. Thus these stabilisers are expected to contribute to an increase in GDP of about 1.4 percentage points over what it would have been otherwise and 43 000 more people employed.

Like a number of other countries, Sweden faces the threat that growing unemployment will become permanently stuck at a high level and result in growing exclusion. The most important economic policy objectives in Sweden are getting more people in work, limiting exclusion, preventing employment from becoming persistent and safeguarding core welfare activities. At the same time, maintaining sustainable public finances is a part of the policy.

2.1 Economic stability, economic and financial sustainability and increased employment

- Guideline 1. To secure economic stability for sustainable growth
- Guideline 2. To safeguard economic and financial sustainability as a basis for increased employment
- Guideline 3. To promote a growth and employment orientated efficient allocation of resources
- Guideline 5. To promote greater coherence between macro-economic, structural and employment policies

One premise of Swedish economic policy is that the deficit resulting from the economic crisis must be temporary and manageable in order to maintain sustainable public finances in the long run. Sound public finances are to be preserved both in good times and in bad. A fiscal policy that is not sustainable in the long term leads to the build-up of public debt and in the long run risks shifting the focus in fiscal policy from measures that contribute to higher growth, welfare and employment to debt consolidation.

Sweden entered the crisis with its public finances in good order. One important explanation is the fiscal framework consisting of several parts: a surplus target for general government net lending, a central government expenditure ceiling and a balanced budget requirement for local governments. For the Government, it is vital for the policy to be based in this framework even in the current situation, as the cyclical situation deteriorates. Confidence in the policy is thus maintained.

Financial market stabilisation

To address the acute problems caused by the financial crisis, the Government's priority in autumn 2008 was to take measures swiftly to get the financial markets functioning better by ensuring financial stability. The financial system has a pivotal role in the economy and a loss of confidence in the system has repercussions throughout the economy. Without a functioning financial market, the rest of the stabilisation policy also becomes less effective. The Government's measures directed at the financial system aim at maintaining stability and sustaining the credit supply and restoring confidence in the financial markets.

The Government has proposed and the Riksdag has decided to take the following measures to counter the financial crisis:

- The deposit insurance guarantee has been raised from SEK 250 000 to SEK 500 000.
- A new act on state aid to credit institutions has been introduced. It makes it possible for the Government to decide forceful measures for stabilising the financial market.

Based on this act, the Government has decided:

- A voluntary bank guarantee programme that guarantees borrowing by systemically important banks and financial institutions.
- A voluntary capital injection programme for banks and other institutions to reduce the risk of a credit crunch.
- The option of exercising squeeze-out rights over financial institutions in acute crisis.
- A special stabilisation fund that has been allocated funding of SEK 15 billion.

Fiscal policy

In addition to the measures directed at the financial sector, the Government's crisis measures are aimed at stimulating demand and stemming the fall in employment with cost-effective job creation measures. The measures can thus help both to lessen the impact of the crisis and speed up a recovery.

Measures in autumn 2008

Already in its 2009 Budget Bill (Govt. Bill 2008/09:1), the Government presented a number of proactive measures totalling SEK 32 billion, or about one per cent of GDP, for 2009. The measures included reduced taxes, particularly for low- and medium-income earners and for pensioners, reduced social contributions, and major infrastructure, health care, research and education initiatives. The measures in the 2009 Budget Bill – reported in the Swedish Reform Programme in autumn 2008 – made Sweden one of those EU Member States that acted early with the strongest stimulus measures to fight the crisis.

Measures in winter 2009

With the deterioration in the economic situation during late autumn 2008, the Government, presented in the Government Bill Measures for Jobs and Adaptation (Govt. Bill. 2008/09:97, Committee Report 2008/09:FiU18, Parliamentary Communication 2008/09:183) further measures totalling SEK 8.4 billion for 2009. The measures included additional infrastructure initiatives and an RMI deduction (repair, maintenance and improvement) and more resources for both the short-term and long-term unemployed.

Measures in spring 2009

To further reduce the impact of the financial crisis, the Government in the 2009 supplementary budget proposed increased resources for the local government sector in the form of a temporary countercyclical support of SEK 7 billion for 2010. In addition, a permanent increase in the general local government grant to municipalities and county councils by SEK 5 billion, beginning in 2011 was announced. Additional measures were taken totalling SEK 2.7 billion, which included an expansion in support for the short-term unemployed through increased resources to support the unemployed in their job search activities, more work experience places and more places in education and training. The number of places in the job and development guarantee and in the job guarantee for young people was also expanded.

Measures in autumn 2009

The low resource utilisation anticipated in the future and the falling employment spurred the Government to present additional crisis measures in September 2009. The measures were aimed at moderating the fall in employment, preventing unemployment from becoming persistent and safeguarding core welfare activities. The measures total SEK 32 billion for 2010.

Measures that stem the fall in publicly financed employment are the most cost-effective crisis measures for stemming the fall in employment generally. The measures therefore include increased resources for local government equivalent to SEK 10 billion and some infrastructure

measures amounting to SEK 1 billion. The measures also include more resources for the judicial systems and initiatives in health and medical care, elderly care and education.

Measures increasing household disposable income will also stimulate demand and employment. A fourth step in the in-work tax credit is being introduced, social contributions by the self-employed are being reduced, pensioners' taxes are being reduced and the housing supplement for people with sickness and activity compensation is being raised.

The in-work tax credit is a key part of the Government's policy to increase employment sustainably. In the 2010 Budget Bill, the Government proposes that the in-work tax credit be expanded by SEK 10 billion. The proposal is justified for both structural and stabilisation policy reasons. A strengthening of the in-work tax credit will make it more worthwhile to take a job. It therefore contributes to higher employment and less exclusion in the long run. The in-work tax credit also induces more people to stay in the labour force in a downturn and improves mobility in the labour market. The in-work tax credit also contributes to greater job search activity, which also promotes a stronger increase in employment in the next upturn. Moreover, the tax credit results in higher disposable income for households with low or average incomes. These households can be expected to consume a relatively large part of the increase in disposable income which contributes to a higher aggregate consumption and demand. This stems the fall in employment and speeds up the recovery in the labour market.

Demand stimulation measures can only stem the decline in employment, but they are not enough to prevent unemployment from becoming persistent. In the 2010 Budget Bill, the policy is therefore supplemented by other measures to prevent unemployment from becoming persistent at a high level and to support a strong and sustainable increase in employment in the next upturn. This is best achieved by measures that improve the employability of the unemployed and make it more worthwhile to stay in the labour force and take a job and that improve the business climate. (These measures are discussed in more detail in Chapter 4).

The Government will have allocated a total of about SEK 48 billion for 2009, or 1.6 per cent of GDP, and a further SEK 35 billion for 2010, or 1.1 per cent of GDP, since summer 2008 to combat the crisis. This clearly exceeds the EU Commission's recommendation of 1.2 per cent of GDP. This means that the measures taken by the Government since summer 2008 to counteract the economic crisis total SEK 83 billion, or 2.7 per cent of GDP.

To ensure long-term fiscal sustainability, a large number of the crisis measures are temporary. This applies, for example, to the increased resources to local government, new activation measures and new places in education and training. Plans are thus to revoke these measures when the economic situation improves, the local governments' aggregate tax base strengthens and the need for extra places in education and training declines. The aim is for general government net lending to increase to its target level equivalent to one per cent of GDP over a business cycle.

Fiscal sustainability in the long run is crucial. The Government therefore intends to conduct a tight expenditure policy for the next few

years so that the budget deficit remains temporary and manageable. To indicate its intention, it proposes setting the expenditure ceiling for 2012, excluding technical adjustments, SEK 10 billion lower than the estimate in the 2009 Spring Fiscal Policy Bill.

2.2 Well-functioning wage formation

- Guideline 4. To ensure that wage developments contribute to macroeconomic stability and growth

The deterioration in the labour market situation is expected to lead to limited increases in wages from 2008 to 2009, which are estimated to largely coincide with the agreement reached in the sectoral wage agreements in the Swedish labour market, i.e. about 3 per cent. As the weak labour market is predicted to continue, wage negotiations after 2009 are expected to result in what are in Sweden historically low wage increases. Hourly wage increases are therefore estimated to be limited to about 2 per cent in both 2010 and 2011.

A number of the mechanisms that give rise to persistent high employment may be partly considered a wage formation problem. Wage formation plays a leading role when the business cycle turns upwards. Increased demand for labour normally then results in both increased employment and higher wages. For wage developments compatible with a good growth in employment, it is crucial to take unemployed people looking for work into account in wage formation. An important task of economic policy is therefore to facilitate wage formation and make it more effective. It is important in labour market policy to ensure that unemployed people compete effectively for jobs both by helping them to maintain or acquire skills that make them employable and by helping them and inducing them to conduct effective job searches.

In recent years, the Government has taken a number of measures aimed at motivating participation in the labour force. The in-work tax credit is an important measure in this connection. It increases the labour supply and improves wage formation and mobility in the labour market. To increase employability and thus promote a sharp and rapid upturn in employment when the economy improves, new proposals have been presented in autumn 2009 for temporary education and training initiatives, expansion of active labour market programmes by putting more focus on work experience placements and practical skills development, labour market training and intensified employment services (coaching). These measures are discussed in more detail in Chapter 4.

3 Microeconomic policy

Sweden has a small, open economy that has been affected by the global economic downturn. The aim of its microeconomic policy is to strengthen Sweden's growth prospects to enable the Swedish economy to meet the challenges posed by the economic downturn, as well as to be well prepared when the economy turns upwards. Growth prospects in the Swedish economy are dependent on a good business climate, conditions that encourage innovation, and high quality education and research. In the Government's opinion, the work-first principle should also be maintained in bad times. A dynamic business sector in all parts of the country enabling entrepreneurs to operate under good conditions, helps maintain employment and strengthens the work-first principle. A forward-looking energy and environment policy and economically viable and environmentally sustainable transport systems enable economic growth to go hand-in-hand with long-term sustainable growth. During Sweden's EU Presidency, an environmentally friendly economy as an integrated approach has become a top priority.

The Government has presented a comprehensive stability plan to reduce the effects of the financial crisis that has spread around the world in recent years. The deposit insurance guarantee has been increased and the Government has introduced both a guarantee scheme for medium-term borrowing and a recapitalisation scheme for the banks. A stability fund has been established to finance the crisis measures. In addition, the resources of supplementary public financing providers have been strengthened to meet firms' increased need of capital.

Sweden has increased the pace of reform work on competition. The work on collusive tendering continues. The competition rules have been amended to prevent public sector commercial activities from distorting competition. The pharmacy market has been re-regulated. A choice of care systems will be introduced. New legislation to open the market for passenger traffic on railways to competition has into force. The Government will also review co-ownership of nuclear power stations as well as the possibilities of increasing competition in the district heating market. In spring 2010, the Government intends to present measures to improve competition that will be important for the economy.

To facilitate commercialisation of innovations, innovation offices have been established at universities and colleges. Furthermore, the Industrial Research Institutes have been restructured and allocated additional resources. To counter the real effects of the economic crisis, the Government gave the regional dismissal coordinators in 21 counties the task, on behalf of the Government of coordinating actors and available resources at the local and regional level to ensure that Sweden retains and improves its competitiveness. The Government has acted on a great many proposals on the labour market, education, infrastructure, business development, local government finances and financial markets. The Government has presented a bill with measures to counter the impact of the financial crisis on the automotive industry, which include initiatives

for research and development with the focus on climate change. Moreover, the Government intends to take broadband measures within the framework of the Rural Development Programme, 2007–2013, as part of the European Economic Recovery Plan. The Government has also allocated further resources for the operation and maintenance of roads and railways and brought forward infrastructure investments.

3.1 Enhanced initiatives for competitive research

- Guideline 7. To increase and improve investment in R&D, in particular by private business
- Guideline 8. To facilitate all forms of innovation

The Government’s goal is to strengthen Sweden’s position as a research nation, thus enhancing competitiveness in a globalised world in order to contribute to higher economic growth and welfare in Sweden. Research is to be of top international quality and is to be largely conducted in areas that are or have the potential to be important for human welfare, social development and industrial competitiveness.

The Swedish business sector invests substantial resources in research and development (R&D) from an international perspective. In 2008, estimated R&D investment by companies with 50 employees or more was equivalent to 2.86 per cent of GDP. Sweden's public investment in R&D is forecast to come to 1 per cent of GDP in 2009. Sweden thus exceeds the agreed EU objective by a good margin.

Research and development

In autumn 2008, the Government decided on research and innovation legislation, A Boost to Research and Innovation (Govt. Bill 2008/09:50). The Riksdag then adopted the legislation on 28 January 2009 (Committee Report 2008/09:UbU4, Parliamentary Communication 2008/09:160).

Estimated public funding of research in 2009, SEK billions	
Central government funds	28.3
EU funds	1.8
Municipal and county council funds	1.5
Foundations	1.3
Total	32.9

In the bill on research and innovation, the Government presented a major programme for research and development totalling SEK 5 billion for 2009–2012.

A new initiative in the bill was the support for strategic measures to meet the challenges at the global level in those areas where Swedish research is world class and measures of importance for industry’s competitiveness. After a competitive call for applications, the Government will decide which academic institutions will get most of the

strategic funding, totalling SEK 1.8 billion annually. Some of the funding for the strategic areas will be used for development programmes on research infrastructure linked to the strategic areas, for example, biobanks, but it will also be used for large research facilities such as the MAX IV synchrotron light facility. About 25 per cent of the increased appropriation for academic institutions will be allocated based on quality criteria.

State funding for research and development is expected to amount to SEK 28.3 billion in 2009, which is an increase of SEK 2.4 billion compared with the previous year. In addition to this funding, investment made in R&D is estimated at SEK 1.3 billion from the research foundations established with state funding in the early 1990s, SEK 1.8 billion from EU research funds and SEK 1.54 billion from local government research funds. In total, public funding for R&D is expected to amount to SEK 32.9 billion in 2009. This is estimated to be equivalent to about one per cent of GDP.

Innovation and commercialisation

The Swedish innovation system gets top ranking in a number of measures of innovation. In the European Innovation Scoreboard, Sweden ranks first, well above the EU average. The strengths of the Swedish innovation system can be found in the level of investment and the ability to create the climate for innovation. There are, however, shortcomings in the ability to commercialise and apply research results. Growth in the innovation system in Sweden is also lower than in a number of other countries.

The Commission and the European Council pointed out in the Progress Report of December 2008 as part of the 'points to watch' that Sweden would benefit by continuing initiatives to commercialise R&D, considering other instruments for innovation in addition to those that are related to R&D and bringing the innovation system more in line with the market's needs.

The bill A Boost to Research and Innovation (Govt. Bill 2008/09:50) that the Government proposed in autumn 2008, presented a new objective for research policy, a key part of which is research that can be used to improve business competitiveness. The bill contains a number of different measures that help improve conditions for research-based innovation and increased commercialisation and application of research results. Academic institutions are important actors and the research conducted at universities and colleges needs to be of use to the business sector and society to a greater extent than it is today. The Higher Education Act (1992:1434) has been changed so that since 1 July 2009 one of universities and colleges tasks is to work to see that research results belonging to the university or college will be used. Work is under way on a proposal to the Council on Legislation on introducing an obligation for university teachers to report to their employer any inventions that can be patented. The Government also presented an initiative to stimulate research-based innovations. Innovation offices are

being established at a number of academic institutions. The Government has also strengthened the long-term financing of Innovationsbron AB.

The Industrial Research Institutes are to work for sustainable growth by enhancing competitiveness and innovation in the business sector. In A Boost to Research and Innovation (Govt. Bill 2008/09:50), an initiative by the Institute for SEK 200 million for strategic skills development was presented. In January 2009 the holding company previously known as IRECO Holding AB became Research Institutes of Sweden (RISE) Holding AB, with an expanded mandate to work to develop the institutes. At the end of 2009, SP Technical Research Institute of Sweden is expected to be transferred from the State to RISE Holding AB.

To improve the innovation, quality and efficiency of public sector activities as well as the capacity to innovate and the potential for structural change in the business sector, the Government intends to appoint a committee of inquiry with the remit to examine what is required in order for public actors' investments to better contribute to the development of knowledge intensive companies than they do today. The potential for such programmes is to be investigated in activities in which public actors are responsible for major sectors such as infrastructure, energy, and health care.

In November 2008, the Government decided an initiative aimed at stimulating the commercialisation of innovations in health care. The initiative has a total funding of at least SEK 40 million over three years.

In December 2008, the Government presented the bill The State's Responsibility for Companies with Research and Development Activities and Other Activities in the Vehicle cluster, etc. (Staten som huvudman för bolag med verksamhet avseende forskning och utveckling och annan verksamhet inom fordonsklustret m.m.) (Govt. Bill. 2008/09:95). The bill contains a major initiative for research and development activities in the vehicle cluster for a total of SEK 3 billion. Behind this initiative is the need to develop new motors and fuels for a more climate-friendly vehicle industry and transport sector. Research and innovation plays an important role in restructuring the industry in the direction of more climate-friendly production and retaining national competitiveness.

In the 2010 Budget Bill, the Government announced a three-year initiative of SEK 20 million a year to encourage young innovators in cooperation with academic institutions, companies and business organisations.

Protection of intellectual property rights

The significance of intellectual property rights for economic growth in society has increased substantially. Therefore, strengthening the protection of these rights is a high priority for the Government. Many measures have already been taken in this area, and more are under way.

In 2008, changes were made in the patent law which involve a significant relaxation of the translation requirements for European patents as well as the introduction of the possibility of sending in patent applications to the Swedish Patent and Registration Office electronically. Both these reforms make it simpler and less costly for firms to protect

their inventions, thus contributing to further stimulating investment in research and development.

Work is currently under way to draft a new trade mark act and extensive amendments to the law on trade names. A bill is planned for spring 2010. The proposal involves a number of improvements and simplifications for applicants and trade mark proprietors and firms. In line with the growth of the information society, and not least with the increased importance of cultural and creative industries, copyright has increasingly come to the fore. In connection with the implementation of the EC Directive on the enforcement of intellectual property rights (ToR. 2004/48/EC), the possibility for the courts to decide whether an Internet provider is to supply copyright holders with information on which subscribers have a particular IP number used to commit copyright violations was introduced on 1 April 2009. The aim of the provisions is to improve the conditions for the legal sale of copyright protected material over the Internet and reduce copyright violations. To achieve the same aim and to contribute to the development of legal user friendly services, the Government also initiated business sector discussions between copyright holders and Internet providers in 2008.

The Government has appointed an inquiry chair to review the provisions of the Act on Copyright in Literary and Artistic Works on the transition of copyright, to review certain issues about contract licences and to review the Act with respect to editing and language. The inquiry chair is to report on its findings with respect to the first two issues no later than 31 January 2010 and on the remaining parts on 31 January 2011.

3.2 A sustainable information society for all

- Guideline 9. To facilitate the spread and effective use of ICT and build a fully inclusive information society

The goal of the Swedish IT policy is for Sweden to be a sustainable information society for all. The aim of the measures taken under the information society policy is to create good conditions for well-functioning markets and effective competition. Swedish companies continue to have a high level of IT maturity compared with other European countries. Ninety-six per cent of companies with 10 or more employees use computers and the Internet. The number of persons having access to the Internet at home is also relatively high. According to statistics from 2009, 88 per cent of people aged 18 to 74 had access to the Internet at home.

In 2008 the possibility of support for channelisation construction when expanding or rebuilding other infrastructure was introduced, for example, by laying empty tubes for IT infrastructure when burying electricity networks. The Government also intends to implement broadband measures within the framework of the Rural Development Programme, 2007–2013, which is part of the European Economic Recovery Plan. The measures make it possible to increase broadband access as part of local development efforts.

The Frequency Inquiry (Frekvensutredningen) (SOU 2008:72) has proposed more effective and more appropriate regulations for awarding licences with market-based allocation of frequencies and state procurement where the market fails. Its report is being circulated for comments and the Government intends to present a bill in 2010. A modernisation of the regulatory framework will contribute to the aggregate social benefit through improved opportunities for development and innovation.

The development of eGovernment has an ever increasing need of IT and electronic communications technology, which makes security, accessibility and robustness of vital importance. The Government's strategy for developing eGovernment is based on a concerted effort by state public authorities for open standards and principles for the utilisation of IT and electronic communication, which individuals and business will ultimately be able to benefit from and which facilitates cooperation between public authorities. By increasing the supply of electronic services for businesses, the public sector can also contribute to more efficient enterprises. To implement the Government's action plan for developing eGovernment decided in January 2008 and to lead and coordinate eGovernment, the Government established an eDelegation in 2009 (ToR 2009:19). Its first task is to draft proposals for a strategy for public authorities' work on eGovernment and propose guidelines on how public sector development of e-services will be able to support the changeover to new technology. The proposal is to be submitted to the Government no later than 30 September 2009. The National Post and Telecom Agency (PTS) has reported statistics showing the expansion of mobile communication networks. All licence holders subject to a coverage requirement meet them, in some cases with a large margin. In 2009 the operators have begun to cooperate more on network expansion.

The provision of services has been expanded to mobile broadband services on a large scale and the number of subscriptions for mobile broadband connection has increased sharply. The permits in the 2500–2690 MHz bandwidth, which were auctioned off in spring 2008 will most likely be used for this type of service, thus giving consumers more access to high speed mobile communications services. In addition, after the National Post and Telecom Agency's decision in March 2009, the operators have been given the opportunity to also offer mobile broadband services in the 900 band width (880–915 MHz och 925–960 MHz). Two of the operators who have permits in this bandwidth have also provided information on their plans to use the bandwidth for mobile broadband networks with high transmission speeds.

The Government decided on 19 December 2007 on the digital dividend, that is to say, the frequencies freed up for other uses upon the changeover from analogue to digital terrestrial TV. The decision means that the 790–862 MHz frequency range will be freed up for applications other than TV. The decision has been followed by several other countries in the EU and the Commission has published proposals whereby Member States will be obliged to use the band in this way. PTS has been given the remit to produce a planning solution that will make it possible to issue licences for the frequencies freed up under the Electronic Communications Act and according to the schedule published by the

authority, it plans to issue permits in autumn 2010. This decision is of great importance to the communications sector, since the frequency range is relatively broad and has particularly good properties for supplying mobile services with good geographical coverage.

On 1 July 2008, the Electronic Communications Act was changed to enable PTS to enjoin the dominant actor who operates, manages and supplies the copper access network to separate these activities from other activities, particularly the sale of subscriptions to the end customer. A decision on functional separation must be preceded by a thorough investigation and consultations with the market parties and the Swedish Competition Authority and others. Before a decision is taken by the PTA, the Commission must also give its approval. The Act also gives the dominant operator the alternative option of implementing functional separation voluntarily. A voluntary separation of this kind can be approved by the PTA in a decision.

3.3 Open well-functioning markets in a sustainable economy

- Guideline 10. To strengthen the competitive advantages of its industrial base
- Guideline 12. To extend and deepen the internal market
- Guideline 13. To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation

One of the 'points to watch' that the Commission and the European Council adopted concerning Sweden is to continue the work on increasing competition, particularly in the service sector. The aim of the Government's policy is open, functioning markets with good competition. This is a prerequisite for long-term sustainable growth. The current economic downturn is no reason to deviate from this policy; on the contrary, it is important that all markets function well when the business cycle turns upwards. Ensuring open markets is the basis for Sweden's actions in the EU and in the WTO. The EU internal market is the engine for growth and job creation and thus one of the cornerstones of European cooperation.

The Government's goal is to create sustainable growth through new and expanding companies and new jobs. Innovation and creativity are to be encouraged through such measures as the action plan for cultural and creative businesses decided by the Government in autumn 2009. The opportunities for new actors and more freedom of choice need to be improved, not least in the area of welfare. To achieve the Government's goal, market efficiency must be ensured. Business policy contributes to this while business sector restructuring supports more sustainable development. An environmentally friendly economy that reconciles business policy with climate and energy challenges is a valuable concept to apply in Sweden and the EU.

The Government established the Globalisation Council in 2006. The Council has now finished its work and recommends in its final report that

the political system and society as a whole give the issues concerning competitiveness, adaptability and attractiveness higher priority to enable Sweden to take maximum advantage of globalisation.

To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation

The Government's policy at both the national and international level continues to be to remove barriers making market access more difficult and to ensure competition on equal terms. A prerequisite for sound competition is a restrictive approach to the use of public support of business. The market must have full confidence in the regulatory framework and in supervision.

Sweden has continued to pursue a policy based on the premise that more trade and economic integration is one of the strongest engines of economic growth and increased welfare. Safeguarding and advancing the work on opening markets both in the EU and elsewhere is thus a fundamental part of Sweden's trade policy. These are the principles that guide Sweden's ongoing work in the WTO, in EU negotiations on bilateral and regional free trade agreements and in the work on the EU market access strategy.

A forward looking policy for more extensive free trade and external openness is fundamental to promoting economic growth, job creation and competitiveness in the EU. But thus far external trade has played a minor role in the EU growth strategy. That a EU strategy for growth and jobs must have a clear external dimension that takes external trade into account is self-evident and advocated by Sweden in the EU. During the Swedish Presidency in autumn 2009, this issue is a priority in the trade policy area.

Sweden in an efficient internal market

The distinguishing feature of the EU internal market is the free movement of goods, services, persons and capital. A well-functioning internal market is an engine for growth and job creation and thus one of the cornerstones of European cooperation. In order for the internal market to function in practice, all countries are required to implement the directives or regulations adopted by the EU. The Government has therefore made the correct implementation and application of EC law a priority during the period. The Commission's recommendation of 30 June 2009 on measures to improve the functioning of the internal market will play an important role in the work in the coming period. Particular priorities are more information on the internal market, better application of the rules systems and removing trade barriers.

Sweden continues to meet the EU objective for implementing the internal market directives. In July 2009 Sweden reported that 99.4 per cent of the directives are implemented (an implementation deficit of 0.6 per cent). Thus Sweden meets the target of an implementation deficit of one per cent. Implementing directives on time is a Swedish priority. One important priority for the EU as a whole is, however, the implementation

of all directives in all Member States in order to realise the full potential of the internal market. The latest measure shows that about six per cent of the internal market directives have not yet been implemented in all Member States. The Internal Market Inquiry presented its report (SOU 2009:71) to the Government on 3 September 2009. The Inquiry proposes an integrated and simplified horizontal regulatory framework for goods and services, including amending Swedish law so it is in accordance with the 'Goods Package'. The Inquiry has also presented proposals and points to consider regarding *inter alia* an increased impact of the EC Treaty's fundamental principles on free movement, a higher profile Swedish internal market authority, clearer roles and responsibilities for local government, expertise and information initiatives that concern the internal market, and better terms for businesses. These proposals will be followed by work drafting a bill in 2009 and 2010.

Measures have been taken to strengthen the ongoing work to disseminate information on the application of the principle of the mutual recognition of product requirements to both the public and private sectors. This principle means that if a good is approved in one EU country, it will then have free access to other EU countries' markets. A contact point for goods is being established at the National Board of Trade. The Swedish ordinance adopted in spring 2009 (2009:52) will be considered part of the follow-up of the internal market inquiry.

The internal market inquiry's proposal for a horizontal regulatory framework includes adjustments to EC regulation 765/2008 on accreditation and market surveillance, both in a material sense and for the legislative structure. Prior to the entry into force of this ordinance, the Swedish market surveillance authorities have prepared material adjustments *inter alia* in the framework of the coordination body, the Market Surveillance Council. The national accreditation organ SWEDAC has on a remit from the Government begun developing a web portal to inform the public and business community about such matters as CE marking and market surveillance.

Work on implementing the EU Services Directive resulted in the Government's presentation of a bill in May 2009 (2008/09:187) to the Riksdag with proposals for a new law on services in the internal market and other arrangements for implementing the Services Directive. In autumn 2009, a large number of training courses for those public authorities that will apply the new rules and adapt to the electronic procedures by way of the contact point for services and the electronic information system IMI are planned. The development of the Swedish contact point for services is progressing and Sweden has consulted a large number of other Member States in the technically complicated development work.

In 2008 the Government presented a communication to the Riksdag on the importance of standardisation in a globalised world. The follow-up will focus in particular on identifying the strategic areas that Sweden should concentrate on from the perspective of increased competitiveness.

In spring 2009, a final agreement was reached on the third internal market package for electricity and natural gas in the EU. In April 2009 the Government appointed an inquiry (ToR 2009:21) that will propose amendments adjusting the Swedish legislation and other regulations to

the revised electricity and gas directives, to the European Parliament and Council regulations on the access rules for cross-border exchanges in electricity and gas and to the proposed regulation on the establishment of an agency for the cooperation of energy regulators. The inquiry report will be presented no later than 1 March 2010. In an important step in promoting an efficient, borderless and sustainable Nordic electricity market with fair competition and efficient exchanges with the neighbouring countries, the Nordic energy ministers decided in September 2009 on a Nordic roadmap focusing on further harmonisation and integration of the electricity market.

Financial market measures to counter the economic crisis

When the financial crisis spread across the world's economies, the functioning of the financial system deteriorated considerably. To mitigate the impact on Sweden's economy, the Government decided at an early stage to take a number of stabilising measures to restore confidence in the financial system.

In October 2008, the Government presented a comprehensive stability plan containing both immediate measures and extensive support legislation (2008:814). The Act on State Aid for Credit Institutions enables the Government to provide various forms of support to credit institutions on short notice in order to avoid a serious disruption in the financial system. The National Debt Office was made the Government's aid agency with responsibility for implementing the measures decided. The Financial Supervisory Authority was given a special task of checking regularly that households and businesses also benefit from the aid measures.

As a first measure, the deposit guarantee was increased (Govt. Bill 2008/09:49, Report 2008/09:FiU14, Parliamentary Communication 2008/09:16) in order to strengthen the confidence of depositors and maintain stable deposits. The guarantee covers deposits in all kinds of accounts except for individual pension schemes (IPS).

To facilitate the financing of solvent institutions and strengthen stability in the financial markets, the Government introduced a guarantee programme for medium-term borrowing. It aims at making it easier for banks to get financing with various maturities and thus makes households and enterprises better able to borrow on reasonable terms. The amount of the programme is SEK 1 500 billion and it will be in effect until 30 April 2010. By 15 June 2009, eight credit institutions had joined the programme. At that time, the total amount guaranteed was SEK 353 billion. The programme is deemed to have had a stabilising impact on the financial markets and thus has been beneficial for all actors. For example, the volume of bond issues increased in the spring, even for institutions outside the programme.

In times of uncertainty, it may be difficult to attract new equity, while the banks' need for doing so increases. Therefore, the Government decided in February 2009 to launch a recapitalisation scheme directed at solvent banks and other credit institutions deemed to be important to financial stability. The purpose of this measure was to avoid a credit

crunch by increasing the banks' ability to provide households and businesses with loans on reasonable terms.

The maximum amount of the recapitalisation scheme is SEK 50 billion and it will be in effect until 17 February 2010. So far, a total of SEK 5.6 billion has been used under the scheme. It is the Government's assessment that the scheme has stabilised the market and contributed to an improved financing situation for banks in the last six months. The reason that so few institutions have applied for capital injections is probably that the scheme was designed to stimulate market solutions.

The Act on State Aid for Credit Institutions also makes it possible for the State to act should a financial institution experience problems that are large enough to pose a risk of a serious disruption in the financial system. There is a broad mandate to take the measures required by the situation, even if the institutions in question would not have applied for support.

Regardless of how the support measures are designed, it is primarily the owners and those who have supplied risk capital who should cover any losses.

A stability fund was established for financing the crisis measures. On 8 October 2009, the Government decided on a Stability Fee Bill (Govt. Bill 2009/10:30) introducing a stability fee. Under the proposal, banks and other credit institutions are to pay a fee to finance the Stability Fund, which will be used to deal with financial crises. Thus a financing system that is sustainable in the long run has been created outside the central government budget.

A competitive and sustainable business sector

The purpose of the move towards an eco-efficient economy is to discuss how Sweden and Europe can increase their competitiveness while meeting the current challenges and common objectives in the areas of climate and energy. Good examples showing profitability and competitive advantages in reducing the impact on the environment in all types of businesses are highlighted.

In the Bill A Boost to Research and Development (Ett lyft för forskning och innovation, Govt. Bill 2008/09:50) major initiatives in climate-related and technical research were presented. In addition, the Government in 2009 took measures in the area of environmental technology, such as export promotion, analysis and the development of expertise. In the Bill A Comprehensive Climate and Energy Policy – Energy (En sammanhållen klimat- och energipolitik – Energi, Govt. Bill 2008/09:163), measures to strengthen the market introduction of energy efficient technology and to promote energy services were presented.

Sweden conducts an active climate policy both at the European and global levels.

An effective implementation of competition legislation

The Competition Authority has continued to fight collusive behaviour, and in May 2009 Sweden's most important cartel case was concluded in

the Market Court. Six out of ten asphalt companies were sentenced to pay almost SEK 500 million in financial penalties.

The Competition Authority has scrutinised collusion within trade organisations and has found that every third trade organisation is engaged in activities that may be in conflict with the competition rules. Examples of such activities are price recommendations to member companies or collection and distribution of information about prices, sales and costs. The Competition Authority has intensified its supervision of the procurement rules and has placed particular emphasis on drawing attention to prohibited direct procurements, for example municipal procurement of waste services, where the Authority has established that almost every third municipal waste contract was procured without any competition. Furthermore, the Competition Authority has examined incorrect procurement in a number of cases. In some of these cases, the procurers have even defied court orders.

More competition with more players and greater freedom of choice

It is the Government's view that it is important to solve the problems which arise when public actors engage in commercial activities that distort competition in the market and displace business activities in the private sector. To create the conditions for more small businesses to grow and to conduct business, the Government in 2009 presented the bill Conflict Resolution in Public Sector Commercial Activities in the Market, etc. (Konfliktlösning vid offentlig säljverksamhet på marknaden m.m.) (Govt. Bill. 2008/09:231) with proposals to supplement the Competition Act with rules that prohibit the State, municipalities or county councils in their commercial activities from following a particular practice if it distorts the conditions for effective competition. A municipality or county council may also be prohibited from conducting activities not compatible with the Local Government Act. It is proposed that the new provisions come into effect on 1 January 2010.

The Act on Systems for Freedom of Choice (LOV) (2009:962) came into force on 1 January 2009. LOV regulates what applies to those local governments that want to introduce freedom of choice and competition test services by delegating the choice of provider of elderly care, support for people with disabilities and health and medical care services to the user or the patient. Both private companies and NGOs can apply for approval as providers. The law is based on the lack of price competition between suppliers. An individual is instead given the opportunity to choose the provider that she or he perceives provides the best quality. On 10 September 2009, the Government decided on a proposal that had been referred to the Council on Legislation under which beginning 1 December 2010, the Swedish Public Employment Service will be obliged to offer some newly arrived immigrants freedom of choice systems with establishment pilots. Under the proposal, the Public Employment Service will thus also apply LOV. The aim of the proposal is to facilitate and speed up the establishment of newly arrived immigrants in working and community life (see also Section 4.2). The proposal is in line with the

Commission and the European Council's 'points to watch' on increasing the labour market participation of people with a foreign background.

On 1 January 2010, changes in the Health and Medical Services Act (1982:763) will come into force, whereby county councils will be obliged to introduce a system for choosing a health care provider that gives the public the opportunity to choose between different primary care providers. Systems like this can now be found in some counties. The new system for choosing a primary care provider will make the rules for choosing a primary care provider more uniform than they are today. Companies and organisations will have better opportunities to establish a primary care practice and patients will have more health care providers to choose between. All health care providers who meet the requirements decided by the county councils will have the right to establish a primary care practice with public compensation. The basis for the compensation system will be that the money follows the patient's choice and that private and public health care providers are to be treated equally.

The effects of the system for the choice of health care provider on competition will be carefully evaluated and the Competition Authority has therefore had a remit in 2009 and 2010 to monitor the introduction from the point of view of competition to ensure that public and private health care providers can compete on equal terms.

On 1 July 2009, new legislation re-regulating the pharmacy market came into force. The aim of the re-regulation is to make pharmaceutical products more accessible to consumers and provide them with better service and more selection. Apoteket AB's monopoly has been replaced by a system whereby those who obtain a permit from the Medical Products Agency may operate a pharmacy. State ownership of Apoteket AB will be gradually reduced by selling off parts of it. The equivalent of 150 pharmacies will be transferred to a new state-owned company and will be able to have private entrepreneurs as co-owners. A special restructuring company will ensure that the restructuring of Apoteket AB will be transparent, competitively neutral and independent and that there will be a market valuation before any pharmacies are sold. At the request of the Government, the Swedish Competition Authority will follow and analyse developments in the pharmaceuticals market during the reregulation period. It is to present a final report of its findings on 31 December 2009.

On 1 November 2009, new legislation will come into effect permitting retail trade in some non-prescription medicines in places that are not outpatient pharmacies. The regulations in principle mean that a large proportion of the non-prescription medicines most in demand will be made available in other retail outlets.

On 16 June 2009, SJ AB's exclusive right to operate railway passenger traffic was cancelled for commercial reasons. This is the beginning of a process to open the railway passenger market to competition. Beginning 1 July 2009, this market was opened for travel on weekends and on 1 October 2009, the entire Swedish railway network for international passenger traffic with the right to cabotage was opened. This means that a company that principally provides international traffic is allowed to take on and let off passengers not crossing a national border. On

1 October 2010, the market for passenger traffic on railways will be completely liberalised.

In addition, the Government intends in autumn 2009 to come back to the Riksdag with proposals that may open the motor vehicle inspection market to competition beginning 1 July 2010.

The Competition Authority has observed that co-ownership of nuclear power plants has disadvantages from the point of view of competition, since the three large electricity companies together own and control all nuclear power plants in Sweden. Co-ownership should therefore cease. The Government is of the opinion that a well-functioning electricity market strengthens Swedish competitiveness and is of great importance to prices of electric power both for businesses and households. The Government has therefore appointed two negotiators who have the task of presenting proposals no later than 31 December 2009 for a settlement on co-ownership of nuclear power stations.

On 1 July 2008, the new district heating law entered into force. An inquiry chair will analyse the potential for a statutory third party access to the district heating network, thus creating the conditions for competition in the district heating market. If deemed appropriate, the inquiry will also present a proposal for a regulatory framework for third party access. The aim is to further strengthen the position of district heating customers and bring about lower district heating prices, a more efficient heating market and a better environment.

Competition policy takes a broad approach based on taking every opportunity to consider measures to improve competition in all parts of the economy. Even though Sweden has a strong economy and from an international perspective, a deregulated and competitive business sector, compared with other countries, price levels in Sweden are high in many areas. The Commission and the European Council pointed out these high price levels as a 'point to watch' for Sweden. One of the main reasons for this is a lack of competition, which also means there is a risk of price increases becoming more marked and long lasting. The Government therefore sees a need for measures that improve competition in a number of areas and has for this reason given the Competition Authority the task of presenting concrete proposals ranked according to priority on measures to improve competition. On 31 March 2009, the Competition Authority presented final reports on 59 measures for better competition in Sweden that span large parts of the economy. Taking a comprehensive approach to competition issues is necessary to improve the possibilities of pushing through reforms that yield clear and long-lasting results for the whole economy. Work is under way to put the Competition Authority's proposed measures into practice in the best way. In spring 2010 the Government intends to present the measures taken to improve competition of importance for the economy.

Increased competition with improved public procurement

In a future bill, the Government intends to implement the EC's revised Remedies Directive (2007/66/EC) in Swedish law (the proposal is described more fully in New Remedies in the Public Procurement Area

(Ds 2009:30)). The aim of the proposal is to rectify the situation in which a contracting authority signs a public procurement contract in order to end the possibility of review. The proposal also deals with the problem of a lack of effective remedies for unlawful direct award without prior contract notice. The introduction of a market damage fee for unlawful direct procurement will be proposed and the Swedish Competition Authority is being given the right to make motions in court on market damage fees. According to the proposal, the amendments should enter into force on 1 June 2010. The proposals also contain administrative simplification proposals for procurement both above and below the threshold values in the EC directives.

Regional competitiveness and enhanced rural development capacity

National economic growth is based on competitive regions and is the sum of their growth.

The national strategy for regional competitiveness, entrepreneurship and employment 2007–2013 is comprised of the national strategic reference framework (NSRF) for the regional development work. The Government points out the following priorities in the strategy: innovation and renewal, skills provision and improved labour supply, accessibility, and strategic cross-border cooperation. These priorities guide the work on regional growth and the regional and national Structural Funds programmes. For example, the transition to a more sustainable energy system is seen as an opportunity to strengthen regional growth by using the transition as an incentive for the development of technology, products and services. The Government's recent decision on an action plan for cultural and creative industries is also important for regional growth. In 2009 a strategic follow-up of the strategy has been conducted to highlight the Government and the regions' work on competitiveness and growth. The follow-up is also a review of the strategy in accordance with guidelines from the Commission and will be submitted in December 2009. In their dialogues with the Government Offices, regional actors have emphasised the need for better national and regional coordination of labour market policy, education policy and regional growth policy. Safeguarding regional skills provision and labour supply has become even more important in connection with the current economic downturn.

Funding for regional project activities has been granted at the regional level by county administrative boards, coordination bodies and regional autonomous bodies. The projects in the regional growth policy are run in accordance with the regional development programmes, the regional growth programmes and the regional Structural Funds programmes for competitiveness and employment. The total volume of funds allocated to regional project activities in 2008 amounted to SEK 5 025 million. Out of this funding, 39 per cent (about SEK 2 billion) comes from the central government, 36 per cent (about SEK 1.8 billion) from the EU and 9 per cent (about SEK 466 million) from private sources. About SEK 4 billion has been allocated to the development of entrepreneurship and innovative environments, SEK 504 million to regional enlargement and an expanded

information society, SEK 266 million to cross-border cooperation and SEK 245 million to skills provision and an increased labour supply.

In 2009 the Government decided on the Government Communication 2008/09:167 A Strategy for Strengthening the Ability to Develop in Sweden's Rural Areas (En strategi för att stärka utvecklingskraften i Sveriges landsbygder).

The Communication's aim is for the rural perspective to be included in all policy areas where it is relevant. Transforming the resources of the rural areas into sustainable growth and employment, however, requires more extensive measures in many policy areas. Thus, the Government's focus is to do better at introducing the rural perspective as a natural part of all policy areas, where it is relevant, and to create value added through cooperation between the various areas. The measures included in the strategy mean developing certain industries, such as the mining and mineral extraction industry, tourism, and cultural and creative industries, increased use of renewable energy also linked to entrepreneurship and employment in rural areas, an inquiry into the future labour supply in rural areas, continued broadband expansion, promotion of commercial and public services and promotion of entrepreneurship by general administrative simplification. Sweden's Rural Development Programme is an important instrument in this work. Programme funds amount to more than SEK 35 billion, of which about SEK 6 billion are allocated to measures to diversify the economy and improve the quality of life in rural areas. Among the programme's national priorities is a clear focus on concrete measures to promote entrepreneurship, growth and employment in rural areas and to strengthen the competitiveness of agriculture and other rural enterprises, economic sustainability and contributions to the transition to a sustainable society and use of resources. As part of the European Economic Recovery Plan, the European Council decided in 2009 to reinforce the rural programmes. Sweden is now working to implement this reinforcement, which will mean that more than SEK 250 million will be used for broadband in rural areas; see also Section 3.2. The ongoing regional work on a changeover to alternative energy sources, which is done in cooperation with other regional programmes, strengthens the work for sustainable regional growth. In the 2010 Budget Bill, the Government proposes to allocate more funds in 2010–2014 to the energy related change-over work at the regional level, for example by allocating funds to the county councils' work on further developing regional climate and energy strategies and increasing support for regional cooperative projects on efficient energy use. These initiatives are part of the five-year energy efficiency programme announced by the Government in the Bill A Cohesive Climate and Energy Policy – Energy) (GovtBill 2008/09:163) (see Section 3.4). Cooperation between the energy strategy and the regional plans and programmes strengthens the work for sustainable regional growth.

In view of the economic downturn in Sweden, the Government between January 2008 and February 2009 appointed regional dismissal notice coordinators in order to meet the needs that may arise and ensure Sweden's competitiveness. Their task is to coordinate actors, available resources and initiatives locally and regionally. The work on dismissal

notices demonstrates the importance of functioning regional partnerships and regionally based long-term strategies as a basis for rapid decisions on measures in a crisis situation. The work has furthered cooperation and led to increased coordination and more efficient use of local and regional resources. More than 200 proposals have been submitted in various policy areas. About a third of the proposals have been accepted and implemented by the Government, a third are being given further consideration and a third of the proposals have not been deemed relevant in the current situation. Among the proposals accepted by the Government are increased lending to SMEs, increased export financing through the Swedish Export Credit Corporation, initiatives for the vehicle industry by way of an R&D corporation, possibilities for state credit guarantees for loans from the European Investment Bank and rescue loans for companies in financial difficulty. Measures in other areas are, for example, tax deductions for repairs and maintenance, infrastructure measures, new start jobs, tax deferrals for employers, skills development and work experience, support for the local government sector to protect the welfare systems and initiatives for matching and coaching jobseekers at the employment offices. The Government's support for banks has been particularly important for ensuring the functioning of the financial system.

3.4 Environment and climate policy for sustainable growth

- Guideline 11. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth

In the European Economic Recovery Plan, the Commission pointed to the possibility of restructuring the economy and going green. The Government is convinced that the climate challenges can be turned into an opportunity for Sweden. The concept of an eco-efficient economy that reconciles business policy with climate and energy challenges is a valuable concept to apply in Sweden and the EU. Financial policy instruments such as emissions trading and taxes are important tools in breaking the link between economic growth and increased greenhouse gas emissions.

Sweden has implemented measures dealing with increased energy efficiency in buildings and environmentally friendly innovations such as second generation biofuels. Sweden is currently also taking measures in many other areas such as sewage treatment and conservation of biodiversity.

Climate

In 2007, total greenhouse gas emissions in Sweden came to 65.4 million tons of carbon dioxide equivalents, which was 9.1 per cent lower than in

1990. From 1990–2007, GDP increased by about 48 per cent. Total greenhouse gas emissions have thus deviated considerably from economic growth. Sweden also has low national emissions per capita and per unit of GDP compared with most other industrial countries. The relatively low emissions are largely due to a high proportion of hydro and nuclear power in electricity production and substantial use of biofuels, which in turn is due to the energy and climate policy in effect.

Emissions from various sectors of the Swedish economy differed considerably between 1990 and 2007. In Sweden, most greenhouse gas emissions currently come from transport and industry. Emissions from electricity and heating production and from residential and commercial heating are, however, very low compared with emissions for the same purposes in other industrial countries.

In March 2009, as a step in developing the climate and energy policy and meeting the required emission targets, the Government presented A Cohesive Climate and Energy Policy (Govt. Bill. 2008/09:162 and 2008/09:163) which was adopted by the Riksdag in the summer of 2009 (Committee Report 2008/09: MJU28, Riksdag Communication. 2008/09:300 and Committee Report 2008/09: NU25 Riksdag Communication 2008/09:301). Under this policy, greenhouse gas emissions in Sweden in 2020 should be 40 per cent lower than in 1990. The target refers to those activities not covered by the emissions trading scheme. To meet this target, it is the Government's intention to supplement policy instruments with financial policy instruments in the tax area. The Government also intends to implement reductions promptly and in full, in line with measures decided by the EU. Furthermore, within the framework of the national target, Sweden will implement measures reducing emissions in other countries, such as green investments in developing countries or measures in other EU countries.

The national interim target for 2008–2012 remains firm. This means that Swedish greenhouse gas emissions in 2008–2012 will be at least four per cent lower than in 1990.

The use of fossil fuels for heating will be phased out by 2020. This development is of considerable importance to the impact buildings have on the climate. The Government intends to gradually improve energy efficiency in the transport system, end dependence on fossil fuels and thus reduce their impact on the climate. In the climate bill, A Cohesive Climate and Energy Policy – Climate (Govt. Bill. 2008/09:162), the Government presented an action plan for a fossil-fuel independent fleet of vehicles by 2030, which includes both tax proposals and initiatives for renewable fuels and alternative technology. With these sustainable energy and sustainable transport targets and measures and those reported in the following sections, the Government's aim is that by 2050, Sweden will have a sustainable and resource-efficient energy supply without any net emissions of greenhouse gases in the atmosphere.

Sustainable energy

With the Riksdag's approval of the bill A Cohesive Climate and Energy Policy – Energy (Govt. Bill. 2008/09:163, Committee Report

2008/09:NU25, Riksdag Communication 2008/09:301), a number of new renewable energy targets have been established for Sweden. By 2020, the percentage of renewable energy is to be at least 50 per cent of total energy consumption. In the same year, the percentage of renewable energy consumed in the transport sector is to be at least 10 per cent. Both these targets are based on the requirements established for Sweden in the Directive on the promotion of the use of energy from renewable sources (dir. 2009/28/EC).

The consumption of renewable energy is increasing in all sectors owing to a number of different measures, above all, as a result of the carbon dioxide tax and the electricity certificate system. Sweden's percentage of renewable energy compared to final energy consumption has grown steadily since the beginning of the 1970s and in 2007 came to 43.9 per cent. Bioenergy and hydro power account for most of this change.

The Riksdag had previously adopted a target for renewable electricity in the framework of the electricity certificate system that involved an increase of 17 TWh by 2016 compared with the 2002 level. The Government has recently estimated (see Govt. Bill 2008/09:163) that a new target to be achieved by 2020 should be established corresponding to an increase of 25 TWh compared with 2002. In 2008 a total of 14.2 TWh of renewable electricity was produced in the framework of the electricity certificate system, which is deemed to be in line with the Riksdag's target. Biofuels-based electricity production accounted for the largest part of renewable energy production. Wind power was the fastest growing source of renewable energy at 39 per cent compared with previous years.

In 2007, renewable vehicle fuels made up about four per cent of the transport sector's energy consumption, primarily via low-level blends of gasoline and diesel, corresponding to 3.6 TWh, an increase of 0.9 TWh from the year before. The Riksdag in 2002 established a planning target for wind power of 10 TWh until 2015. In 2009, the Riksdag approved a national planning frame for wind power equivalent to an annual production capacity of 30 TWh through to 2020, of which 20 TWh is land based and 10 TWh is sea based. In the March 2009 bill Wind Power Assessment (Prövning av vindkraft) (Govt. Bill. 2008/09:146) several reforms were proposed to facilitate the expansion of wind power and reduce administrative costs and increase predictability for businesses without lowering the requirements for a legally secure and scrupulous assessment. An example of the changes proposed is that an integrated assessment of wind power plants will be made at the environmental permit hearing and that the current requirements for detailed development plans and building permits have mostly been eliminated. Another proposed rule change is that matters concerning the installation of power lines that have been authorised under the Environment Code will not need to be examined in a proceeding on network concessions.

More efficient energy use can help reduce the impact on the climate. With the Riksdag's approval of the bill A Cohesive Climate and Energy Policy – Energy (Govt. Bill 2008/09:163, Committee Report 2008/09:NU25, Riksdag Communication 2008/09:301), a national energy efficiency energy target has been established for Sweden. The

target will lead to a reduction in energy intensity expressed in terms of energy consumption in relation to GDP of 20 per cent by 2020 compared with 2008. In the above-named bill, the Government also presented a national action plan for energy efficiency, which is to help achieve the national energy intensity target and the target of a 9 per cent energy savings by 2016 relative to the annual energy consumption average in 2001–2005, in line with the directive on energy end-use efficiency and energy services (dir. 2006/32/EC).

In the 2009 Budget Bill, the Government appropriated SEK 320 million for the years 2010–2011 for future energy efficiency initiatives at the local and regional level and for initiatives for sustainable energy consumption. Within the framework of this work, the Swedish Energy Agency has presented several concrete tools and programmes for energy efficiency in SMEs, which are currently designed for the energy intensive industry and have produced excellent results. The initiatives also include, for example, measures to promote the market introduction of energy efficient technology (particularly in dwellings and business premises) and municipal energy and climate advice.

In the 2010 Budget Bill, these measures were allocated an additional SEK 255 million for 2012. Moreover, the Government will allocate SEK 300 million annually for the financing of a five-year programme for energy efficiency in 2010–2014 to reinforce and broaden energy efficiency measures, over and above current policy provisions. The programme includes increased action on energy and climate on the regional and local level work, initiatives for information, consultation, support for technology procurement and market introduction of energy efficient technology, network activities and the introduction of a support system with energy audit vouchers.

Sustainable transport

As seen in the bill on transport policy objectives, Objectives for Future Travel and Transport (Mål för framtidens resor och transporter) (Govt. Bill. 2008/09:93), adopted by the Riksdag in March 2009, transport policy is an important part of the Government's policy for more jobs and growing companies.

Carbon dioxide emissions from domestic transport made up close to 32 per cent of total emissions in Sweden in 2007. Firm action is needed to reduce emissions in the transport sector. The Government intends to gradually improve energy efficiency in the transport system, end dependence on fossil fuels and thus reduce their impact on the climate.

To encourage and increase the pace of the shift to more environmentally sound vehicular traffic, it was proposed in the bill A Cohesive Climate and Energy Policy – Climate (Govt. Bill. 2008/09:162) that new green cars be exempt from the vehicle tax for the first five years. The green car rebate introduced on 1 April 2007 to speed up the market penetration of green cars in Sweden for a limited time was thus replaced by a long-term tax exemption. According to the Government, the proposal should come into effect on 1 January 2010, but apply retroactively to cars that first came into service on 1 July 2009. One

difference compared with the green car rebate is that the tax exemption applies not only to cars purchased by private persons but also to those purchased by businesses, for example, company cars. The green car rebate has had the desired effect. In April 2007 when it was introduced, there were about 68 000 green cars in Sweden. By summer 2009, there were 228 000. More than 30 per cent of new car sales are green cars.

With the ordinance on environmental and road safety requirements for government agency cars and car travel (SFS 2009:1), environmental requirements were further tightened beginning 1 February 2009 and far-reaching traffic safety requirements were introduced. The general rule now is that all cars purchased or leased by central government agencies are to be green cars.

Environmental technology

In the 2010 Budget Bill, the Government proposes, within the framework of a new five-year programme for energy efficiency (2010–2014), expanded measures to promote the development, use and spread of new energy efficient technology by means of technology procurement and associated measures for market introduction. The emphasis is on energy efficient road transport vehicles and energy efficient machines in agriculture and forestry.

Since the growth of cities and built-up areas has a major impact on climate, competitiveness and quality of life, the Government appointed a commission of inquiry, the Delegation for Sustainable Cities, in autumn 2008. The Delegation has a broad remit to work for two years towards sustainable urbanisation. By using integrated, sustainable city planning and new environmental technology, cities' environmental impact will be reduced at the same time that attractive and competitive environments are created. The Delegation deals with issues concerning how more private and public cooperation can be achieved and how expertise in architecture and city planning can be further improved and be a part of climate related environmental technology exports. The Delegation also deals with and decides on the financial support for the development of sustainable cities that was introduced in 2009. In 2009 and 2010, a total of SEK 340 million is available for support to urban development projects that have considerable potential for reducing climate impact and that may make internationally advanced, attractive and sustainable urban environments to be used for demonstration purposes to support cooperation and exports. Swedish expertise on sustainable urban development and environmental technology has international exposure in the form of SymbioCity, which has been developed by the Swedish Trade Council in cooperation with the Government Offices and the environmental technology sector.

The Government and a number of public authorities also participate in various forms of international cooperation on sustainable urban development, such as EU informal cooperation in the area, the UN-HABITAT and the OECD. Cooperation with China on environmental policy and sustainable urban development has been initiated. The Government has appointed a special coordinator for this work.

The Government has also been actively pursuing more international cooperation in other areas related to environmental and energy technology. For example, it has entered into agreements with the United States, Brazil and China.

Climate initiatives in development cooperation

In international development cooperation, the Government has announced a special climate initiative amounting to approximately SEK 4 billion from 2009–2012. The objective is primarily to contribute in an effective manner to long-term efforts to adapt to climate change in the poorest countries, but also to contribute to developing countries' measures to limit the percentage of greenhouse gases by such means as increased energy efficiency, enhanced access to better technology and alternative energy sources and reforestation projects. Contributions will primarily be made through existing multilateral initiatives, but also in bilateral cooperation with the focus on Africa.

In October 2007, the Government appointed an international commission for climate change and development. The aim was to increase the focus on the link between climate change and development in poor countries. One of the main tasks was to ensure that future development assistance takes into account climate impact and the risk of disasters in developing countries. The results of the Commission's work were presented in the spring of 2009. The Commission has focused on adaptation to climate changes and its links to risk reduction. In its final report, the Commission points out that adaptation is context specific and that in the work to address climate change, it is essential to emphasise the importance of the local level and the human dimension in adapting to climate change. Development cooperation should be used as a catalyst to generate other types of financing for adaptation: financing with and without aid and public and private funding. The Commission thinks that no new mechanisms and institutions are needed but that governance and coordination of existing ones must be improved.

Maritime policy

In spring 2009, the Riksdag approved the bill A Coherent Swedish Maritime Policy (Govt. Bill. 2008/09:170, Committee Report 2008/09:MJU29, Riksdag Communication 2008/09:299). The aim is for the resources of the sea and coastal areas to be used in a sustainable way to ensure that the ecosystems are maintained and restored while allowing industries that are linked to the sea to develop, grow and contribute to strengthening Sweden's competitiveness. In the bill, the Government presents instruments for supporting the development of new activities linked to the sea. The Government also mentions high priority measures required to increase employment and develop entrepreneurship and infrastructure in the maritime sector.

Environmentally friendly management – non-toxic and resource-saving ecocycles

In March 2008 the Government presented a bill on chemicals registration (Govt Bill 2007/08:80), with proposals to change provisions in Swedish law on chemicals when the new EU legislation on chemicals Reach comes into effect. With Reach, people's health and the environment will be better protected, while the European chemicals industry will become more competitive and the development of alternative and safer substances will be encouraged. The Government has also begun work on the follow up of the Reach Inquiry's final report which was presented in June 2008. This work includes proposals for an organisation for effective supervision of adherence to Reach and other legislation on chemicals. Harmonised legislation together with effective supervision creates the basis for good competition for the actors concerned, in this instance mainly the chemicals industry.

Effective policy instruments

Environmental taxes and other economic policy instruments are of major importance in achieving future climate and energy targets. Different economic policy instruments provide different incentives and need to be coordinated in order to be effective. One important premise of environmental policy instruments is that to the extent possible, they should be designed so that the polluters pay for their impact on the environment. They should as much as possible be cost effective, technology neutral and administratively simple.

The Government in the bill A Cohesive Climate and Energy Policy – Climate (Govt. Bill. 2008/09:162) announced some structural changes to the tax system with the aim of making it simpler to implement well-targeted and appropriate changes in policy instruments. Based on the changes made to the tax structure, the Government has announced tax proposals that are estimated to reduce greenhouse gas emissions and help achieve the targets for the percentage of renewable energy and increased energy efficiency.

To eliminate any possible gaps in information or knowledge, taxes and emissions trading or other market-based instruments should be supplemented with other policy instruments in order to implement Swedish climate and energy policy. The bill A Cohesive Climate and Energy Policy – Energy (Govt.Bill 2008/09:163) presented principles and supplementary measures needed to resolve gaps in information and knowledge in various sectors so that the market-based instruments are given a chance to function better. The work on eliminating gaps in knowledge about the climate and energy develops gradually from general information about the climate issue to more detailed information and advice to households, property owners and companies in various sectors about possibilities and measures to reduce energy consumption and thus the impact on the climate. A support system for energy audits of SMEs will be created and better information portals developed for the construction sector and other sectors. In this work, the Government will also promote the possibilities of mobilising and making use of the

knowledge and drive that can be found in different actors at the local, regional and national levels.

The Swedish Environmental Management Council is a key actor in pushing ahead with the work on environmental standards in public procurement. Working methods and quality assurance in the development and updating of environmental criteria have been further elaborated. In view of the current economic crisis, the Environmental Management Council has focused even more on providing guidance to contracting authorities to enable them to combine financial and environmental gains. The Environmental Management Council has continued to introduce cutting-edge criteria in its work on environmental standards in public procurement. As a result, environmental standards are divided into three different levels with the highest level of environmental performance (the cutting-edge level) trying to reach the best environmental technology available in the market. In this way, contracting authorities are given the chance to provide encouragement to the market for environmental innovations by giving these goods and services preferential treatment in procurement. The Environmental Management Council has initiated an innovation forum where various stakeholders meet to discuss the design of an appropriate cutting edge criterion which is desirable and possible to meet. In June 2009, the Government decided on an ordinance on energy efficiency measures for public authorities. This involves requirements that may give additional incentives to authorities to specify environmental standards in public procurement.

3.5 Easier and more attractive to start and run a business.

- Guideline 14. To create a more competitive business environment and to encourage private initiative through better regulation
- Guideline 15. To promote a more entrepreneurial culture and to create a supportive environment for SMEs

The Government's ambition is for Sweden to have the best business climate in Europe. Economic development in Sweden depends on having a businesses climate that allows businesses to start up, survive and grow, as well as on how well the potential for innovation is used. Given the current economic situation, it is particularly important to support the development of entrepreneurship in Sweden and to give high priority to measures to stimulate growth in more companies.

In order to improve companies' possibilities to grow and be active in the global market, the Government intends to draw up an internationalisation strategy with particular focus on SMEs. The strategy will support SMEs the courage to act internationally. This will be achieved by a review of all Government measures in order to ensure that they are adapted to SMEs' needs.

The work to improve business conditions has continued, including the Government's administrative simplification. Measures have been taken to facilitate the participation of small enterprises in public procurement. The policy is also directed at improving social protection systems,

encouraging women's entrepreneurship and increasing access to capital. As to the financing of new SMEs, the ambition is to coordinate resources, ensure a geographic presence and define central government measures in the area more clearly.

In 2008, over 58 400 new companies were started in Sweden, about the same number as in 2007. The percentage of companies started by men declined by two per cent while the percentage started by women increased by three per cent. In 2008, 32 per cent of start-ups were started exclusively by women and 6.5 per cent of start-ups were started jointly by men and women.

Easier to run a business

The Government's approach to the work on administrative simplification underlines the connection between administrative simplification, economic growth and increased employment. As a result of the extensive work on administrative simplification, which was initiated in autumn 2006, the necessary tools for a systematic regulatory reform are now in place. For the first time, the Government can see a trend break, with administrative costs for business declining. A four per cent reduction between 2007 and 2008 is, however, only a step in the right direction towards the Government's ambitious target of a 25 per cent reduction in administrative costs for business in 2010 compared with 2006. On 4 June 2009, the Government submitted the Communication Regulatory Reform (Regelförenklingsarbetet, Govt. Comm. 2008/09:206) to the Riksdag. The Communication describes the Government's administrative simplification, which includes 940 measures. In 2008, over 290 simplification measures were implemented or finalised. The Government gave a new remit to the ministries and certain central government authorities in August 2009 to augment the basis for the Government's 2009 action plan on administrative simplification. Work is under way on the process associated with the action plan (dnr N2008/4837/MK) which provides the basis for the Communication with the aim of achieving greater efficiency and faster results. It is, for example, made clear that the administrative costs following from a proposed law must be reported. Furthermore, the ordinance (2007:1244) on impact analysis of regulations ensures that the important work under way on impact analyses of proposals for new or amended rules is carried out in a similar way throughout the regulatory chain. A regulatory council, the Swedish Better Regulation Council, was established in 2008. It is the Council's task to ensure the quality of impact assessments of acts, ordinances and regulations as they are being prepared by the Government and public authorities. The Council will also scrutinise the formulation of proposals for new and amended rules that may have important effects on companies' working conditions, ability to compete and so forth. The Council will work for a limited time to accelerate regulatory simplification. The Council's work will be evaluated in 2009. As of 2 September 2009, the Council had expressed an opinion on 135 proposals for new or amended rules. Of these, 61 have been approved. In 45 cases the Council has opposed the proposed regulations in their entirety. In 61

cases, the Council's scrutiny has resulted in criticism of the quality of the impact analysis conducted.

Guidelines for Consequence Analysis in the Government Offices and Guidelines for the Government Offices' Submission of Background Material to the Better Regulation Council in effect from 15 June 2008 to 1 October 2008 will form the basis for the 2009 evaluation of the Government Offices' work on impact analyses. Measuring companies' administrative costs is a central part of the work on administrative simplification. It is carried out in close contact with the business sector. At the request of the Government, the Swedish Agency for Economic and Regional Growth has updated some older measurements. The results of these measurements will be used to simulate administrative costs associated with the development of new regulations. Sweden is one of the few countries now able to simulate the costs. For further information on the measurements, refer to Govt. Communication 2008/09:206.

In April 2009, the Swedish Companies Registration Office presented a proposal on a reduced reporting requirement by companies by way of increased coordination between central government authorities (Reg. no N2009/4509/MK). The point of departure was that a business will only have to provide one particular piece of information once to state public authorities. Other authorities will then not need to solicit the same information from that business as the information already submitted will be available to all authorities.

Simpler accounting rules expected to reduce businesses' costs are currently under preparation in the Government Offices. The work focuses primarily on smaller businesses. The aim is for a bill to be decided around the turn of the year 2009/2010.

The interim report Share Capital in Private Limited Liability Companies (Aktiekapital i privata aktiebolag, SOU 2008:49) proposes that the minimum share capital requirement for private limited liability companies be reduced. The work in the Government Offices now aims to have a bill ready that can be decided around the turn of the year 2009/2010.

Increased access to capital

The ongoing financial crisis has temporarily increased the need for supplementary market measures regarding investment and working capital for day-to-day activities. Owing to the situation in the banking sector, banks have been unable to meet the increased demand for credit among the country's new companies and SMEs. The Government has therefore made a major effort to meet businesses' demand for capital, with measures such as giving Almi Företagspartner AB (Almi Business Partner) a capital injection of SEK 2 billion and deciding on greater flexibility in Almi's lending. Thus Almi is now able to finance a greater proportion of SMEs' capital requirements. Furthermore, projects have been approved in most of Sweden's Structural Funds Regions that with the help of EU funding and national and regional co-financing, aim at increasing the availability of risk capital for SMEs.

Also, the demand for export credits has increased markedly during the crisis. Consequently, the Riksdag in accordance with the Government's proposal, decided at the end of 2008 to increase the capacity of the Swedish Export Credit Corporation (SEK) with both a capital injection as well as opening up the possibility of borrowing from the National Debt Office in 2009 on market terms. This was done in the bill Measures for Increased Export Financing (*Åtgärder för förstärkt exportfinansiering*) (Govt. Bill. 2008/09:86). The Riksdag thereby authorised the Government, via the National Debt Office, to extend a line of credit to the Swedish Export Credit Corporation of SEK 100 billion and a credit guarantee frame for borrowing up to a SEK 450 billion. At the same time, the frame for export credit guarantees provided by the Swedish Export Credits Guarantee Board (EKN) was raised from SEK 200 billion to SEK 350 billion (Govt. Bill 2008/2009:86). In the 2010 Budget Bill, the Government has proposed a further increase in the EKN's limit for export guarantees from SEK 350 billion to SEK 500 billion and an extension of the Export Credit Corporation's borrowing limit of SEK 100 billion and credit guarantee limit for borrowing to a maximum of SEK 250 billion (compared with SEK 450 billion for 2009).

Business advisory services for entrepreneurs

A review has been conducted of the state-financed business advisory services measures. The findings were reported in February 2009. The remit included instructions to analyse the design of advisory services aimed at the self-employed and the potentially self-employed, to examine whether there were any overlaps or displacement of private actors, and to propose how public administration of the advisory services can be made more efficient. This matter is being studied by the Government Offices. The ambition is to more clearly define the central government's commitments and achieve efficiency gains and coordination of the advisory services measures and increase the presence of private providers.

Social protection system for the self-employed

In the 2010 Budget Bill, the Government announced reforms in the social security system for the self-employed. The reforms cover the unemployment insurance, sickness insurance and parental insurance systems. The proposals aim at the establishment of clear and predictable rules, more equal treatment of the self-employed and the employed, and more freedom of choice for the self-employed.

Proposals on the parental insurance systems will lead to more equal treatment of the self-employed and the employed. Unemployment insurance proposals will provide more security for the self-employed, making the transition from employment to self-employment safer. Changes proposed in sickness insurance will also provide more security for those moving from employment to self-employment and reduce companies' risk in taking on employees. One example is that all the self-employed will have sick leave of at least seven days and better

possibilities of choosing more qualifying days than they can today. Sickness insurance contributions have been reduced for all the self-employed and the contribution for those choosing many qualifying days has been reduced the most. The Government intends to come back with these proposals in spring 2010 and they should be able to come into effect no later than 1 July 2010.

Public procurement and SMEs

Under the Competition Authority's strategy for procurement issues, priority will be given to supervision with a special focus on paving the way for small companies to participate in procurement frameworks. The framework agreements entered into by the State are regulated in the Ordinance (1998:796) Central Government Procurement Coordination. As for central government procurement frameworks, the Swedish Agency for Public Management has had the task of reviewing central government procurement coordination. The findings were reported in June 2009. In its report, the Swedish Agency for Public Management argues that the central government procurement coordination does not exclude SMEs in general, but that there are areas of framework agreements where SMEs are underrepresented. The Swedish Agency for Public Management proposes that a new agency for central government procurement coordination be established to administer framework agreements. The report has been circulated for comment and the proposals will be reviewed in the Government Offices in autumn 2009.

The Legal, Financial and Administrative Services Agency has been given the remit to provide practical guidance to contracting authorities and divisions and to suppliers on how an efficient and legally secure procurement process should be implemented. In cooperating with contracting authorities and divisions and representatives from the business sector and interest organisations, the Agency is to develop instruments, methods and systems for more efficient procurement. A guide to procurement of health care and social services is also being compiled. In its appropriation directions for 2009, the Agency has also been instructed to work to ensure that procuring organisations and agencies take quality and sustainable development into account and to make it easier for SMEs to participate in procurements.

Women's entrepreneurship

Women showed considerable interest in the national programme for women's entrepreneurship in 2008 and there was a high level of activity. The measures included advisory services, information dissemination, training advisers, training in entrepreneurship and mentor programmes. Evaluation halfway through the programme shows that the programme is developing in accordance with the Government's ambitions to increase awareness of women's entrepreneurship, that it is progressing well and has been positively received. In addition to this programme, the Government's measures also include research and an ambassadors' programme for women's entrepreneurship. Sweden's ambassadors

programme has served as a model for an ambassadors' programme at the EU level launched in October 2009.

In December 2008, the Government gave Almi Företagspartner AB funding to coordinate a national programme for training women board members. This is an initiative aimed at raising the profile of women who have the requisite expertise to sit on company boards. The programme makes it possible for 200 women to participate in a mentoring programme and scholarships are awarded for elective training for board members.

Entrepreneurship in health care and social services

In 2006 the Government decided on measures for the development of entrepreneurship and enterprise in health care and social services, with the aim of increasing diversity, improving quality and providing greater freedom of choice (see also Section 3.3). In 2009, the Swedish Agency for Economic and Regional Growth on a remit from the Government, drew up an action plan for entrepreneurship and innovation in health care and social services. Between 2006 and 2009, over SEK 100 million has been allocated to measures that enhance entrepreneurship in health care social services, the pharmaceutical sector and other areas of welfare. The Government now intends to strengthen measures in these areas in order to further encourage a diversity of providers and innovation in the welfare sector. This is being accomplished by such measures as the establishment of a welfare development council that will bring together actors in the market and maintain a dialogue on barriers to market development and work on proposals on how these can be removed. In the Budget Bill for 2010, the Government has proposed allocating SEK 10 million for the purpose of entrepreneurship and innovation in the welfare sector.

Young entrepreneurship

To promote entrepreneurship among young people, the Government in May 2009 presented a strategy for entrepreneurship in the field of education. The strategy emphasises the key role education plays in encouraging entrepreneurship. School lays the groundwork for an entrepreneurial approach and the Government has used the strategy to put measures into practice to encourage entrepreneurship at all levels of the education system.

Entrepreneurship among people with foreign backgrounds

The Government has allocated SEK 20 million annually between 2008 and 2010 to encourage entrepreneurship among people with a foreign background. The Agency for Economic and Regional Growth is coordinating the initiatives. The initiatives are primarily directed at established entrepreneurs with a foreign background that want to get help developing and expanding their companies. Many more entrepreneurs with a foreign background have gained access to loans and business

development via Almi Företagspartner AB. Between 2007 and 2008, lending to this target group increased by 61 per cent. Furthermore, the Agency for Economic and Regional Growth has started a researchers' forum with the task of compiling information about entrepreneurs with a foreign background and disseminating it to advisory and financing actors and the general public. The purpose is to increase awareness of and to improve attitudes towards these entrepreneurs. The Agency for Economic and Regional Growth has also initiated cooperation with commercial banks in an attempt to improve their financing situation.

In 2008, the Government decided to make greater use of entrepreneurs with a foreign background in trade and investment promotion. Many entrepreneurs with a foreign background have a good knowledge of the business culture, politics, religion and language in their countries of origin and can therefore help Swedish companies to reach new markets and improve trade relations between Sweden and other countries. The Swedish Trade Council has been instructed by the Government to form, develop and support networks for entrepreneurs with a foreign background with the aim of increasing foreign trade. Conferences have been held at which entrepreneurs, public authorities such as Almi Företagspartner AB and Swedfund, and Government representatives have had opportunities for the direct exchange of ideas and experiences that will form the basis for future work.

Cultural and creative businesses: initiatives and an action plan

Improved conditions for cultural creators and creative entrepreneurs and increased cooperation with the business sector may contribute to both regional development and increased competitiveness. The Government presented an action plan for cultural and creative businesses in autumn 2009. The action plan is part of a long-term programme for the cultural and creative industries totalling SEK 73 million in 2009–2012, of which SEK 60 million is intended for a new initiative for 2010–2012. The action plan involves a broadening of the culture creators' labour market and a wider distribution of culture in society. The aim of the action plan is to create a good entrepreneurial climate in cultural and creative industries for developing business ideas and entrepreneurship. Initiatives in the action plan are to be based on entrepreneurs' specific needs and potential. Additional aims of the initiatives in the action plan are to improve business advisory services, increase knowledge about the significance of these industries for growth and improve the capacity to measure it. The initiatives also cover incubators and network creation as well as innovation and design.

In the new owner's directives for Almi Företagspartner AB, the Government has specified that the company is to implement a group-wide skills development initiative in the cultural and creative industries to provide business advice and financing in an appropriate manner. This means that companies with good business ideas will have more opportunities to get financing.

3.6 Sustainable infrastructure for increased competitiveness, growth and welfare

- Guideline 16. To expand, improve and link up European infrastructure and complete priority cross-border projects

Transport infrastructure

A well-functioning infrastructure is a basic precondition for enterprise and long-term sustainable growth in all parts of the country. A region's chances of retaining and attracting businesses depend on the availability of well-functioning transport and communication systems. The transport system should make everyday life easier for people and for businesses by providing efficient travel and transport with less impact on the climate. Regional expansion can be one way of improving the business sector's access to labour with different expertise while it presents new opportunities for individuals to find attractive work places and living environments within commuting distance. Larger regions are less vulnerable since they have the prerequisites for a more differentiated labour market and a higher degree of specialisation that enhances their competitiveness. The infrastructure bill that the Government presented in September 2008 has been approved by the Riksdag (Govt. Bill 2008/09:35, Committee Report 2008/09:TU2, Riksdag Communication 2008/09:145). The authorities and regions are currently implementing an analysis and setting priorities that will result in proposals for national and regional infrastructure plans for 2010–2021. Seeking co-financing from other interested parties who are willing to contribute funding is also included in the remit to the authorities. Co-financing can take such forms as direct financial grants or user fees. In 2010 the Government will adopt the national plan and decide the definitive frameworks for the regional plans.

Implementation of the special short-term package of SEK 7.6 billion for investments in the transport infrastructure that the Government proposed in the 2009 Budget Bill (Govt. Bill. 2008/09:1) is under way. Together with the ambitious increases for operation and maintenance decided earlier, the initiative totals SEK 10 billion. Special measures have subsequently been taken to maintain existing infrastructure and at the same time provide employment to construction workers. The Riksdag's decision on the bill Measures for Jobs and Adaptation (Åtgärder för jobb och omställning) (Govt. Bill. 2008/09:97, Committee Report 2008/09:FiU18, Riksdag Communication 2008/09:183) resulted in the allocation of SEK 1 billion for 2009–2011 to infrastructure for the operation and maintenance of roads and railways. In its 2010 Budget Bill (Govt. Bill 2009/10:1), the Government proposes allocating an additional SEK 1.6 billion to infrastructure in 2009–2011. The increased resources are to be used for both roads and railways with the aim of reducing the downturn in employment. Initiatives for enhanced cooperation on cross-border infrastructure have been taken with neighbouring countries in Scandinavia. Sweden is currently working with Norway to extend the existing highway E16 from Oslo to Gävle. Another example is the

initiative that will be taken to review how capacity utilisation on the Öresund link can be improved.

During its EU Presidency, Sweden intends to highlight the Commission's work on a white paper on EU transport policy after 2010. The Swedish Institute for Transport and Communications Analysis (SIKA) has been instructed by the Government to conduct a SWOT analysis describing European transport policy's strengths, weaknesses, opportunities, and threats. Starting with SIKA's work, Sweden will put particular emphasis on the importance of a cohesive and efficient European transport system in which the introduction and use of new technology will play a substantial role.

The Commission has also begun work on revising the guidelines for the trans-European transport network (TEN-T). On a Swedish initiative, Nordic-Baltic cooperation has been established aimed at cooperating and taking joint initiatives on TEN-T matters. An important starting point for Sweden is that TEN-T is better able to contribute to the creation of a joint European transport system.

Energy infrastructure

As a step towards adapting the Swedish and Nordic electricity transmission grid to the European energy and environmental policy in the future, extensive work is under way to further increase transmission capacity and robustness in the power system. In this way, there will be more potential for efficient use of joint production resources in the Nordic region, which gives competitive advantages and creates better conditions for energy supply, the environment and growth.

The Nordic action plan for the electricity market, decided by the Nordic energy ministers in 2008, includes supporting future network investments and implementing investments already agreed that have been circled as strategically important for the Nordic electricity market.

4 Employment Policy

In autumn 2008, the positive employment developments in Sweden in recent years changed as a result of the financial crisis. Despite the rapid deterioration in the labour market situation, there was high employment and low unemployment in 2008 as a whole. The number of permanently employed also increased sharply. The labour market situation has, however, continued to worsen during the first half of 2009. The number of employed has declined, unemployment has increased, and the number of dismissal notices has continued to be high.

In Sweden's Reform Programme for Growth and Jobs 2008–2010, the Government presented proposals and measures planned or taken to reduce exclusion and enable more people to get jobs. This year's employment chapter focuses on the measures that have been taken since

last year and, to the extent available, on the results obtained and on the evaluation of these measures.

The Government's measures to counter the economic crisis are key components of this year's reform programme. The employment chapter also focuses on the challenges handed Sweden in the Commission and Council recommendations in 2009 on getting more of the long-term unemployed, those on sick leave, young people and people with an immigrant background into the labour market.

The goals of the Government's initiatives are a well-functioning labour market and a sustainably higher level of employment achieved primarily by reducing exclusion. The most important objective of the unemployment policy is to increase the level of employment that is consistent with stable inflation and economic equilibrium, i.e. an increase in sustainable employment. The long-term policy has concentrated on measures that increase the labour supply since it is the supply that determines employment in the long run. The most important reform has been the in-work tax credit, which strengthens the incentives to work by making it more worthwhile. Other important measures have been the changes in the unemployment and sickness insurances. A number of other measures have been taken to increase access to good quality education.

The supply side reforms, however, need to be supplemented with measures that stimulate the demand for people who are particularly detached from the labour market. New start jobs reduce the costs of employers who hire such people. Measures that improve matching between jobseekers and job vacancies increase employment. The Swedish Public Employment Service has been given a clearer remit as an intermediary and labour market programmes now focus more sharply on job search activities. The Government has taken special measures for dealing with the high youth unemployment that has existed for a long time. A job guarantee for young people is one such measure. The aim of the job guarantee is for young people to find jobs or enrol in the regular education system.

Employment policy's most important objective in the current economic situation is to try to stop the crisis from having a long-term impact on the labour market. It is the Government's opinion that the long-term policy pursued thus far is also appropriate in this economic situation since these measures help make the labour market more adaptable. The Government believes, however, that the long-term employment policy needs to be supplemented with measures that stimulate demand, stem the fall in employment and counteract persistence in unemployment. The Government's measures to stimulate demand include a permanent tax reduction for repair, maintenance and improvement (the RMI deduction) and more resources for infrastructure investments. The Government's measures to dampen the fall in employment include increased local government grants.

Labour market policy has been adjusted by putting a strong focus on active initiatives for both the short- and long-term unemployed to prevent unemployment from becoming persistent at high levels for a long time or people from being excluded from the labour market. Support for the short-term unemployed has primarily been in the form of measures that

support and encourage people who lose their job to continue looking for work and the offer of work experience places to enhance skills or maintain contact with the world of work. To improve the long-term unemployed's competitiveness, it is important to ensure the quality of the job and development guarantee and the job guarantee for young people. New start jobs have been strengthened with the aim of maintaining the competitiveness of people most detached from the labour market.

As to the long-term measures discussed in this chapter, a reduction in sickness absence is a key part of the Government's policy to reduce exclusion. The Government has implemented a comprehensive package of measures aimed at providing incentives to make use of the individual's ability to work, improve the support given individuals and offer more opportunities to get back to work. Young people are an important target group in the Government's work to end exclusion. To make it easier for young people to enter the labour market and get work experience, the Government has taken such measures as lowering the social contributions for young people in order to reduce the costs of employing them. Moreover, employing people on fixed-term contracts has become easier. Newly arrived refugees have difficulty getting a job regardless of the economic situation and therefore have been made an employment policy priority. Among other things, the Government has introduced a special subsidised employment, step-in jobs, offered to unemployed recent immigrants along with Swedish lessons.

4.1 Targets for employment policy

- Guideline 17. To implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion

The Government's objective to increase the level of employment that is consistent with stable inflation and economic equilibrium in general remains firm, i.e. an increase in sustainable employment. Thus the long-term direction of the policy for growth and employment will also continue well in line with the overall goals of the European Employment Strategy: full employment, higher quality and productivity at work, and strengthened social and territorial cohesion.

Objectives of the European Employment Strategy and the outcome for Sweden

For sources, see Annex 3 – Indicators for following up the employment strategy.

By 2010, every unemployed person, before reaching four months (young people) or twelve months (adults) of unemployment, is to be offered a job, apprenticeship position, supplementary education and training or other measure that aids employability.

In 2008 1.4 per cent of unemployed adult men and 1.1 per cent of unemployed adult women had not been offered a job, apprenticeship position, supplementary education and training or other employability

measure. For young men, the corresponding proportion was 3.6 per cent and for young women 3.0 per cent.

Source: see indicator 19.M3.

By 2010, 25 per cent of the long-term unemployed should participate in an active measure in the form of education and training, retraining, work practice or other employability measure, with the aim of achieving the average of the three most advanced Member States.

In 2008 a total of 76.9 per cent of long-term unemployed men and 75.6 per cent of long-term unemployed women participated in some kind of labour market programme.

Source: see indicator 19.M4.

Jobseekers throughout the EU are to get information on all job vacancies advertised through Member States' employment services.

All job vacancies registered with the Swedish Public Employment Service are announced in the EURES system.

Source: there is no indicator.

The effective average exit age from the labour market will have been lengthened by five years at the EU level by 2010 compared with 2001 (59.9 years). Govt. communication 2008/09:34 51

The effective average exit age from the labour market was 63.9 years in 2007, compared with 62.1 years in 2001, an increase of 1.8 years.

Source: see indicator 18.M4.

By 2010, childcare is to be made available to at least 90 per cent of all children between 3 years of age and the mandatory school age and at least 33 per cent of all children under 3 years.

In 2008, 85.6 per cent of all children aged 1 to 5 (78.1 per cent of all children from 1 to 3 and 97.3 per cent of all children between 4 and 5) were enrolled in a preschool or family day care home.

Source: the National Agency for Education

The proportion of students who drop out of school early should on average in the EU not exceed 10 per cent.

In 2007, 7.0 per cent of young women and 10.2 per cent of young men aged 18 to 24 had completed compulsory education (ISCED level 2) or less and were no longer in education.

Source: see indicator 23.M3.

By 2010 at least 85 per cent of all 22-year-olds in the EU are to have completed an upper secondary school education.

Among women aged 22, 89.7 per cent had completed an upper secondary education in 2008. The corresponding figure for men aged 22 was 86.2 per cent.

Source: see indicator 23.M2.

Participation in lifelong learning in the EU should on average be at least 12.5 per cent of the adult working-age population (the group aged 25 to 64).

In 2008, the proportion of men and women aged 25–64 who had participated in some form of education or training in the previous four weeks was 25.8 per cent and 39.3 per cent respectively.

Source: see indicator 23.M4.

Putting Sweden to work

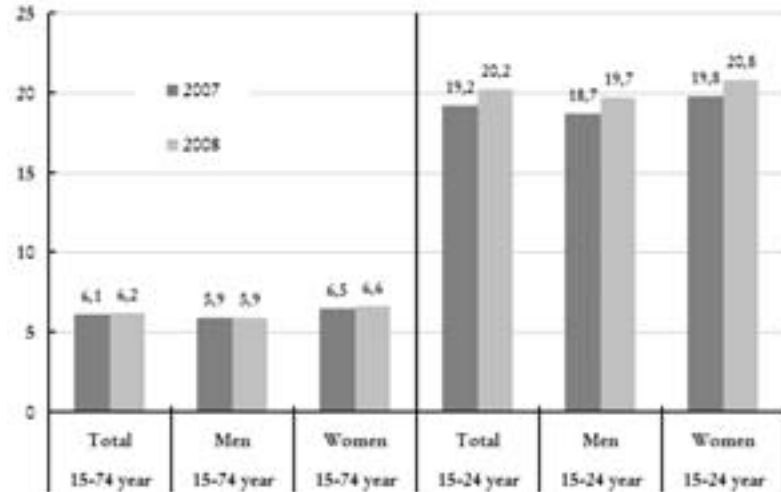
A number of permanent reforms have been made with the aim of increasing the labour supply in the long run and enhancing the competitiveness of those most detached from the labour market. The policy thrust is well balanced since the labour supply determines employment in the long run. The most important measures taken by the Government are the in-work tax credit, which reduces income taxes for all wage earners, changes in the unemployment and sickness insurances, the introduction of new start jobs, which lower the employer's costs when they hire those most detached from the labour market, and the restructuring of labour market policy. The Government has also revised labour policy, which involves giving the Public Employment Service a clearer remit as an intermediary. There is now a clearer focus in labour market programmes on maintaining job search activities. The measures taken to strengthen groups with a relatively weak foothold in the labour market have largely dealt with increasing employers' willingness to recruit from these groups. In times when unemployment is increasing rapidly as a result of the dramatic fall in demand, the policy needs to be supplemented with temporary measures aimed at preventing unemployment from getting stuck at a high level and people from being permanently excluded from the labour market. It is also quite important to enhance the competitiveness of those with a weak foothold in the labour market.

The Government has therefore introduced measures to help the short-term unemployed increase their chances of quickly getting a new job, and thereby avoiding long-term unemployment, through intensified intermediation/coaching, traineeships and education. The national Structural Funds Programme for regional competitiveness and employment complements the regular labour market policy. The initiatives in the programme, which now focus on skills development in firms where a large number of dismissal notices have been issued, plays an important role in the current economic situation.

From 2006–2008, the trend in the number of employed and unemployed was very positive in Sweden. This trend was, however, broken in autumn 2008 when the financial crisis contributed to a rapid deterioration in the labour market situation, most of it in the fourth quarter. However, on an annual basis, 2008 saw high employment and low unemployment. The percentage of employed in the population (aged 15–74) was 66.8 per cent in 2008, according to Statistics Sweden. The employment rate among women was 63.8 per cent and 69.6 per cent among men. Compared with 2007, the employment rate was largely

unchanged for both sexes. The employment rate among young people (aged 15–24) increased somewhat for women while it declined slightly among men. The number of unemployed as a percentage of the labour force (aged 15–74) came to 6.2 per cent in 2008. Unemployment was lower among men (5.9 per cent) than among women (6.6 per cent). Compared with 2007, relative unemployment for both women and men was almost unchanged. Youth unemployment (aged 15–24) was 20.2 per cent, which was an increase of 1 percentage point compared with 2007. The increase occurred among both young women and men.

Figure 1. National unemployment 2008, per cent



Source: Statistics Sweden.

Employment growth among those born abroad was positive in 2008. The percentage of the population employed came to 58.1 per cent, which was an increase of 0.8 percentage points compared with 2007. The increase was primarily among foreign-born men. The unemployment rate among those born abroad was 12 per cent in 2008 (12.8 per cent for women and 11.3 per cent for men). Compared with 2007, there was a slight increase in unemployment among foreign-born women while unemployment among foreign-born men declined somewhat.

Table 1. EU employment target and outcome for Sweden in 2008, per cent

	Total	Men	Women	Older workers, aged 55 to 64
Employment rate, aged 15–64	74.3	76.7	71.8	70.1
EU target for 2010	70.0	-	60.0	50.0

Source: Eurostat.

Compared with 2007, the size of the labour force relative to the size of the population (aged 15–74), the relative labour force participation, remained unchanged at 71.2 per cent for both women and men in 2008. The relative labour force participation among young people increased by

0.5 percentage points to 52.4 per cent. It increased somewhat more among men. Among the foreign born, the corresponding increase was 1.0 percentage points and relative labour force participation totalled 66.1 per cent. The increase in the labour supply was primarily among men born abroad. As a result, the gap in labour force participation between foreign-born women and men is increasing.

The deterioration in the labour market in autumn 2008 has gathered strength in the first half of 2009. Employment has declined, particularly among young people and men. Unemployment has increased sharply in the first half of 2009 to 8.5 per cent. The largest increase has been among young people (aged 15–24), particularly among young men. The serious deterioration in the economic situation is expected to lead to a continued increase in unemployment among both women and men for the rest of 2009 and in 2010. According to the Government's latest forecast in the 2010 Budget Bill, unemployment is expected to increase to 11.4 per cent in 2010.

Productivity growth

Productivity developments are of considerable importance in GDP growth and the development of welfare. Some important determinants of productivity growth are technological development, the quality of the labour force, research, competitive conditions, infrastructure and a labour market that functions efficiently without blocking or delaying structural change.

Production in the business sector and the economy as a whole has declined on account of sharp falls in the demand for Swedish export products and services in 2008 and 2009. The greatest part of this decline is in industry where the fall in production is expected to come to 18.6 per cent in 2009. The following year, the demand for export goods is expected to grow and industrial production that year is expected to increase by 3.1 per cent. Total production in the business sector is expected to increase by 0.5 per cent in 2010. The reduced production in industry and in large parts of the service sector has involved substantial reductions in staff and consequently the number of hours worked. The number of hours worked in the business sector is expected to decline by 5.2 per cent in 2009 and by another 2.3 per cent in 2010.

The decline in the number of hours worked, which is common in the early stages of an economic downturn, has been slower than the decline in the business sector's aggregate production, which caused a fall in productivity. In 2008 productivity declined by 2.7 per cent in the business sector and by 1.7 per cent in the whole economy. In 2009 productivity in the business sector and in the economy as a whole is expected to continue to fall.

In 2010 productivity is expected to start to rise again as production increases more rapidly than employment. Productivity is expected to increase by 2.9 per cent in the business sector and by 2.1 per cent in the economy as a whole in 2010.

Table 2. Productivity growth, annual percentage change, constant prices

	Average 1980–2007	2008	2009	2010	2011
Total economy	1.8	-1.7	-1.3	2.1	2.7
Industry and trade		-2.7	-1.5	2.9	2.5
General government agencies		1.2	-3.3	0.4	2.1

Note: Labour productivity measured as value added at base price per hour worked.
Source: 2010 Budget Bill.

The Government has taken a number of measures that strengthen long-term productivity growth. These measures include research initiatives, measures to increase competition, infrastructure measures and tax measures. New state funding amounting to SEK 2.4 billion will be allocated for research beginning in 2009 and will gradually increase to SEK 5.0 billion by 2012 as a permanent addition. Most of the initiative consists of increases in appropriations to universities and colleges and strategic initiatives in medicine, technology and the climate area. To improve competition, SJ AB's exclusive right to operate passenger traffic on weekends and holidays was ended on 1 July 2009. Apoteket AB's monopoly was also abolished as of 1 July 2009. Other actors, under certain conditions, are now eligible to conduct retail trade in pharmaceutical products, which was previously Apoteket's exclusive right. The Government has also taken measures to increase diversity in the health care and social care sectors.

To improve the conditions for jobs and business development and generally greater accessibility, an extensive state planning frame for infrastructure for 2010–2021 has been decided. The frame amounts to SEK 417 billion, whereof SEK 217 billion is intended for the development of the transport system. Beginning in 2009, there will be an increase of SEK 3.8 billion a year in the appropriation. Infrastructure initiatives are expected to increase efficiency in the entire transport system and help increase productivity in the economy in the long run.

The corporate tax rate and the expansion fund tax were cut from 28 to 26.3 per cent from 1 January 2009. The tax reduction is expected to make companies more apt to locate, invest and report income in Sweden. Increased investment can be expected to contribute to more rapid productivity growth.

The Government has also set a target for reducing the administrative burden for business caused by state regulations by 25 per cent during its term of office. A reduced administrative burden contributes to higher productivity by freeing up firms' resources. There is also an initiative for training in entrepreneurship in higher education.

Social cohesion

To counteract the economic crisis, the Government has taken several proactive measures in the form of tax relief as well as education, infrastructure and welfare initiatives. Labour market policy has been strengthened with the aim of preventing the short-term unemployed from becoming long-term unemployed and maintaining the competitiveness of the long-term unemployed. There has also been a focus on continuing the work to make it easier for groups that often have difficulty getting established in the labour market. Local government is responsible for core welfare activities such as schools, childcare, elderly care and social services; see also Annex 2 on structural indicators. To safeguard these activities, the Government has temporarily increased support to the local government sector.

Territorial cohesion

Reduced regional differences in the labour market help strengthen territorial cohesion. The current economic downturn in Sweden has contributed to a slight increase in the differences between counties in unemployment and employment on account of regional variations in the economic cycle. The economic downturn began early in some counties, while in other counties it has not yet been fully felt. Employment increased in most counties between 2007 and 2008, with some exceptions, primarily in the forested counties in northern Sweden.

In 2008 unemployment in the 15–74 age group was 6.2 per cent nationally and varied between 4.6 per cent in Jönköping County and 7.9 per cent in Norrbotten County. The same year, the employment rate for those aged 15–74 was highest in Gotland County at 71.7 per cent and lowest in Västernorrland County at 61.7 per cent. The difference between the counties with the highest and the lowest employment rates was almost 10 percentage points in 2008, which was an increase compared with 2007, according to Statistics Sweden.

There are also substantial regional differences in dismissal notice statistics. Dismissal notices issued in autumn 2008 have primarily affected counties with large manufacturing industries. The regional differences in unemployment are also likely to rise in the future.

The Government's labour market initiatives are of key importance for both those regions affected early on in the business cycle, for example, forested and manufacturing counties, and for the service-producing metropolitan counties that may be affected later. For the Government's national strategy for regional competitiveness, entrepreneurship and employment for 2007–2013, see Section 3.3 Open, well-functioning markets in a sustainable economy and Chapter 5 The EC Structural Funds Programme in Sweden for the Programme Period 2007–2013, both important tools in this work. The strategy lays the groundwork for the implementation of EC Structural Funds and serves as a guide for the work on regional growth and for national public authorities. In the strategy, the Government identifies skills provision and an increased supply of labour as one of four national priorities in the years to come.

(See also Chapter 5 The EC Structural Funds Programmes in Sweden for the Programme Period 2007–2013).

4.2 A labour market for all

- Guideline 18. Promote a life cycle approach to work
- Guideline 19. Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job seekers, including disadvantaged people and the inactive

The Government's policy objective is for the measures to contribute to a well-functioning labour market to overcome exclusion and achieve sustainably high employment. Labour market policy has been adjusted for the deterioration in the cyclical situation by means of a forceful initiative with active measures for both the long-term and the short-term unemployed.

More routes to employment

An active labour market policy forms the basis for maintaining the work-first principle in an economic downturn. A number of reforms have strengthened the role of unemployment insurance as an adjustment insurance. It is also important in the current economic situation that as many people as possible have the opportunity to participate in the insurance. The Government has also introduced a number of other reforms to overcome exclusion and increase the employment rate, such as income tax cuts for all wage earners, the in-work tax credit, lower costs for employers who hire people who are most detached from the labour market, new start jobs and reforms of the social insurance system. As a result of the reforms in the social insurance systems, a large number of people whose entitlement to sickness benefit or sickness compensation has run out will receive support from the Public Employment Service in returning to the labour market.

People with disabilities and newly arrived immigrants are two groups that have more difficulty getting established in the labour market no matter what the economic situation is and have been made a high priority. Young people are also an important target group in the Government's efforts to overcome exclusion.

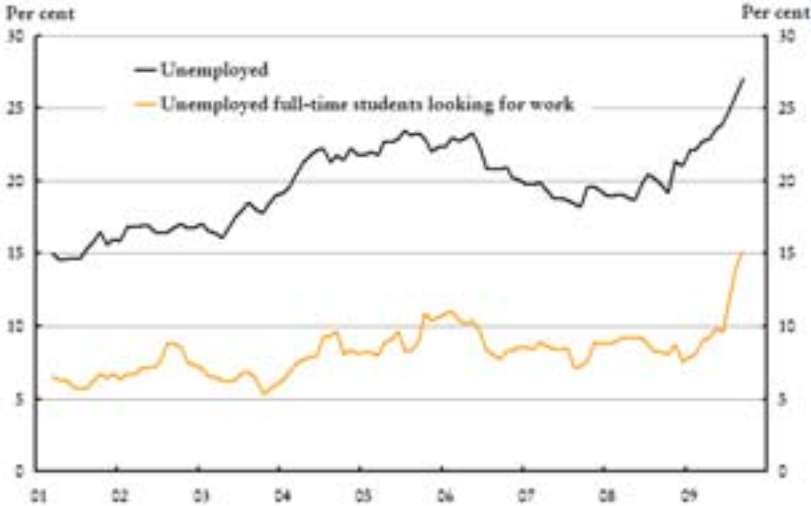
Measures for young people

Young people, like other groups with a weak foothold in the labour market, are hit hard by global crises and economic downturns. Conversely, employment among young people increases more rapidly in economic upturns. One explanation why they are hit hard in economic downturns is that young people are more apt to have temporary jobs than are older age groups, and therefore tend to be affected first. The priority rules in effect in Sweden in the event of redundancies, which are based on the 'last-in-first-out'- principle, are often given as a reason why

permanently employed young people are also hit harder than their permanently employed elders, as young people often have been employed the shortest time at the workplace.

The negative effects of the current crisis and the economic downturn on youth unemployment can be clearly seen in the statistics; see Figure 2.

Figure 2. Unemployment in Sweden, persons aged 15–24
(Seasonally adjusted, three-year moving average)



Note: Chain-linked values
Source: Statistics Sweden.

To make it easier for young people to enter the labour market and get work experience, the Government has halved the social contributions for all people under the age of 26. The result is a substantial reduction in the costs of employing a young person. Furthermore, the rules in the Employment Protection Act for those who are temporarily employed have been changed with the aim of making it easier to employ people for a limited time.

During 2009 through 2011, it is possible for unemployed young people to participate in an expanded matching activity with personal coaches early in the unemployment spell. From 1 March 2009, the age limit for qualifying for a new start job has been adjusted to the level in effect for the reduction in social contributions. A person who has turned 20 but not 26 and has been unemployed for at least six months now qualifies for a new start job. Under new start jobs, the employer is compensated with an amount equivalent to the normal employers' social contribution. The reduced social contributions, together with the reductions associated with new start jobs for young people, mean that the wage cost of hiring a young person in a new start job is about 40 per cent lower than it would be without these changes.

The job guarantee for young people is directed at unemployed young people who have been registered with the Public Employment Service continuously for three months. The aim of the job guarantee is to offer

unemployed young people activities to enable them to get a job as quickly as possible or alternatively to begin or resume an education in the regular education system. The focus in the guarantee is on job search activities, since research and experience from other countries shows that this is an effective way of getting young people into work. These activities can then be combined with work experience placements and education.

In the 2010 Budget Bill, the Government announced that it intends to introduce further measures as part of the job guarantee for young people. New initiatives in the job guarantee include the new activation measure *Lyft* (the 'Boost'), support for starting a business and vocational rehabilitation. The Government will also give participants in the job guarantee the opportunity to participate in the guarantee part time so that they can use the remaining time to study in the municipal adult education system. Likewise, participants in the job guarantee will be able to take part in Swedish for Immigrants (SFI) part time while devoting the rest of their time to other activities that are part of the guarantee. To supplement the training offered in the job guarantee for young people, the Government now also intends to introduce an extra initiative with an incentive to study for unemployed young people who have not finished compulsory or upper secondary school. This is in the form of a special initiative in the folk high schools.

The public education system has a very important role in mitigating the effect of higher unemployment. People should be able to update and enhance their skills so that they are better equipped for the labour market. The public education system has already earlier been allocated additional resources and there is an extensive education initiative in the 2010 Budget Bill.

In recent years, youth unemployment has increased in all EU countries and youth unemployment in Sweden is among the highest in the EU. Youth unemployment in Sweden has increased more among men than among women. However, international comparisons may generally speaking be problematic as described in Statistics Sweden's *Statistical Reports AM 11 SM0903*.

Institutional factors governed by political decisions, for example, the way in which the labour market functions (labour legislation), the education system and the forms and extent of student aid probably explain a large part of the difference between the countries' level of youth unemployment and/or developments. The incentives structure, the incentives to look for work and register as unemployed, may be one important explanation and may be governed by political decisions. There are, however, a number of factors and country-specific aspects that covary. It is difficult to isolate the effects these aspects have on unemployment. However, various factors are usually emphasised as likely explanations for part of this variation, even though there is no concrete evidence to support them.

One of the aspects most often discussed is the differences in labour legislation in various countries. Sweden is considered to have one of the stronger employment protection schemes for the permanently employed in the OECD. Priority rules in particular are emphasised as an important factor in the difficulties young people have getting established in the

labour market. Comparing countries' labour law protection is, however, problematic due to the differences in implementation, i.e. the exceptions and the opportunities available for negotiating exceptions from the legislation, and result in agreements and applications that differ from the formal rules.

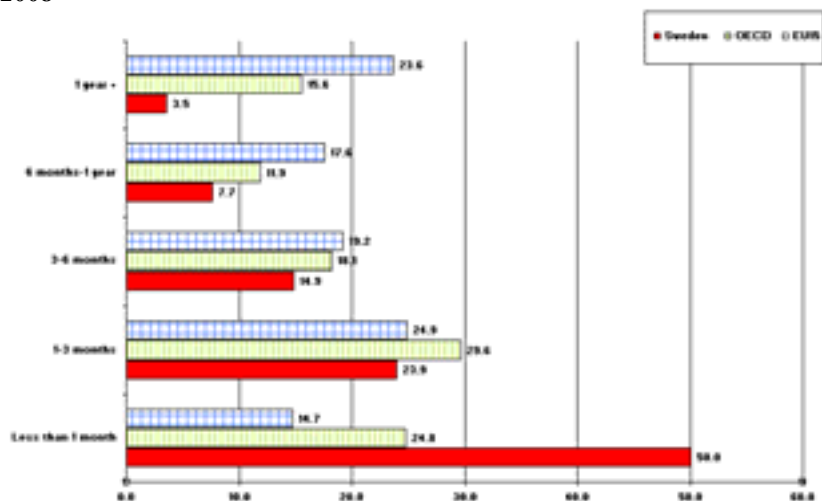
The degree of decentralisation in wage formation is also thought to play a role. Compared with other countries, wage formation in Sweden is considered less decentralised, the wage spread is less and starting salaries are higher and appear to have increased over time. This, combined with strong employment protection, is believed to drive up youth unemployment more in Sweden than in many other countries. The increase in youth unemployment may, however, have been reduced by the cut in the social contributions made by the incumbent government.

One more aspect that is usually put forward is the sluggishness in the transition from school to work. In Sweden, vocational training is mainly school based, while in countries where unemployment is low, apprenticeships are more common. This difference may on the one hand explain the sluggish transition from school to working life in Sweden but it may on the other hand make comparisons more difficult. The reason is that apprentices are counted as employed in the statistics since they work and earn a wage whereas students in school-based vocational training do not participate in the labour force.

The growth in youth unemployment in Sweden is serious and the current level is cause for concern. However, there are aspects that the definition of unemployment does not cover, but are important to highlight in this context. From a national perspective, it is important to understand that a great many of the young people defined as unemployed are full-time students looking for work and who primarily consider themselves to be students. During the second quarter of 2009, 45.5 per cent of unemployed young people aged 15–24 were full-time students.

Another important aspect that should be highlighted is the duration of unemployment. When one talks of the impact of unemployment on the individual as well as society, one is most often referring to long-term unemployment since it is the most deleterious and most in need of remedy. Short-term unemployment is less worrisome as individuals change employment and it may take a little time to find the right job. The distinction between long-term and short-term unemployment is particularly important when speaking of young people. They use trial and error in the labour market more than adults do, which means they change jobs more often (between studies and jobs or between different jobs), which in turn implies more short unemployment spells between various jobs. OECD statistics for 2008 show that unemployed Swedish young people had much shorter unemployment spells than young people in other countries; see Figure 3.

Figure 3. Duration of unemployment for young people aged 15–24, 2008



Source: OECD

Fifty per cent of unemployed young people (48.5 per cent of men and 52.1 per cent of women) were unemployed for less than a month, compared with 24.8 per cent for the entire OECD and 14.7 for the EU15. Only 11.2 per cent of unemployed young people (there was no significant difference between men and women) were unemployed longer than 6 months, compared with 27.5 per cent for the OECD and 41.2 per cent for the EU15. If one looks at the very long-term unemployment (longer than one year), statistics show that only 3.5 per cent of unemployed young people in Sweden (3.9 per cent of men and 3.1 per cent of women) were unemployed longer than one year in 2008, compared with 15.6 per cent for the OECD and 23.6 for the EU15. Statistics from Statistics Sweden (second quarter 2009) show that 46 per cent of unemployed young people aged 15–24 were unemployed 4 weeks or less and that 13 per cent were unemployed longer than 26 weeks. There are still no comparable international statistics for this period.

Implementation of the European Youth Pact

In 2009 the Government has continued to focus sharply on education initiatives and measures aimed at supporting young people's establishment in the labour market and reducing youth unemployment. As in previous years, measures in accordance with the goals of the European Youth Pact can be found in Guidelines 14–15 and 17–24.

In 2008 the National Board for Youth Affairs had the remit to conduct an analysis of young people's living conditions in a number of areas of social exclusion, with a particular focus on young people's education and jobs. In 2009 the National Board for Youth Affairs is expanding this analysis in a new study on young people in areas of social exclusion. This time public authorities will draw attention to good examples from

selected EU countries of initiatives and ways of working aimed at fighting youth exclusion.

In addition, the National Board for Youth Affairs has a remit to conduct a study highlighting the methods whereby municipalities, in cooperation with other actors, can support young people between the ages of 16 and 25 who neither work nor study to enter the labour market or resume their studies. The Board is to provide information on how different municipalities organise and finance these activities and the focus here is also to be on drawing attention to good examples.

In autumn 2009 the Government intends to present a youth policy strategy. The strategy's aim is to report on the direction of youth policy and on an action plan with measures addressing high priorities in youth policy.

During the Swedish Presidency of the EU in autumn 2009, a decision on a new framework for youth policy cooperation in the EU for 2010–2018 is planned. The Youth Pact and its future are an important part of these discussions.

Equal opportunities for women and men in the labour market

Labour force participation by women in Sweden is among the highest in the world, but it is nevertheless lower than for men. This corresponds to 68.3 per cent of the women and 74 per cent of the men aged 15–74. Women and men are unevenly represented in various sectors, industries, occupations, executive positions and forms of enterprise. In 2008, 51 per cent of women worked in the private sector and 49 per cent in the public sector, while 82 per cent of men worked in the private sector and 18 per cent in the public sector. Average pay is generally higher in male-dominated occupations than in female-dominated occupations. Women's pay is on average 16 per cent lower than men's, as it has been in recent years, according to Statistics Sweden's labour force surveys. When monthly pay is adjusted for occupation, age, education and working hours – 'standard weighting' – women's monthly pay came to just over 93 per cent of men's in 2008. The remaining difference, almost 7 per cent, may be due to reasonable pay differences explained by factors that are not included in the model used, for example, supervisory responsibility and experience or to discrimination against women. More women than men are on long-term sick leave, collect sickness and activity compensation or are part-time unemployed. More women than men have temporary employment or work part-time. Women are absent from the workplace caring for children or the elderly to a greater extent than are men.

The international financial crisis and the subsequent economic downturn that began in 2008 have so far followed the same pattern as they did in the 1990s crisis with respect to gender equality. In the 1990s crisis, male-dominated occupations were affected first. In a later phase of the crisis, female-dominated occupations were also affected and the gender difference in unemployment subsequently levelled out. Thus far

in the current crisis, it is manufacturing, which is male-dominated, that has been hardest hit and a large proportion of those given dismissal notices have been men. In a later phase of the economic downturn, the public sector will likely be affected. Municipalities are major employers of women. The majority of those with temporary work are women and two out of three employed on an hourly basis are women.

In June 2009, the Government presented the Government Communication, An Equal Labour Market – the Government's Strategy for Equality in the Labour Market and the Business Sector (En jämställd arbetsmarknad – regeringens strategi för jämställdhet på arbetsmarknaden och i näringslivet) (Govt. Comm. 2008/09:198) to the Riksdag. In the Government Communication, the Government sets out what it believes are the most important challenges for gender equality in the labour market and in the business sector and what direction the policy should take to meet these challenges. These include counteracting the gender segregation in the labour market and the business sector and promoting gender equal terms for work and entrepreneurship.

The Government intends to come back to the Riksdag in 2011 with a report on the measures that have been taken and the results obtained compared with the aims of the strategy set out in the Government Communication.

The follow-up to see that the initiative has not treated either gender unfairly will primarily be done within the framework of the public authorities' day-to-day activities. But there is also a need for comprehensive follow-ups of the state of the gender equality policy and policy developments. A follow-up system needs to be developed for the gender equality policy that can provide a stable basis for insight into developments. A special initiative has therefore been started in the Government Offices to ensure that the state of the gender equality policy and policy developments can be reported to the Riksdag.

A comprehensive programme in line with the European Pact for Gender Equality

Gender policy will include all policy areas and permeate all government policy. When men and women share power and influence in all aspects of society, it will be more just and democratic. Gender equality contributes to economic growth by supporting people's skills and creative powers. Since 2007, the Government has sharply increased resources for gender equality measures that have helped reduce the differences between women and men's opportunities for gainful employment, starting and running their own business, studying and earning their own livelihood.

The Government wants to end the gender segregation in the labour market and the business sector. An initiative was begun in 2008 to reduce the gender differences in various parts of the education system. In 2008 the Government appointed a delegation for gender equality in schools and in 2009 a delegation for gender equality in higher education.

Initiatives that improve the possibility of starting and running a business help make better use of women and men's potential. The Government has appropriated SEK 40 million for measures to provide greater diversity in health and medical care, primarily to provide training and counselling to employees who want to start their own business. Measures to increase entrepreneurship among women, including analysing regional business support and increased representation of women on company boards, have been taken.

Increasing women and men's opportunities for gainful employment promotes gender equality while reducing exclusion. There are a number of initiatives to achieve this. The work-first principle is being strengthened, for example, by changes in the unemployment insurance and measures supporting labour force participation by foreign-born women. The distribution of paid and unpaid work is being evened out by such measures as the gender equality bonus and the tax reduction for household-related work. Initiatives such as opportunities to try new jobs while still on sick leave and the rehabilitation guarantee make the return to work after sick leave easier.

A new anti-discrimination act and the establishment of the Ombudsman against Discrimination improve protection from discrimination in working life. The Government has in addition given the Swedish Work Environment Authority the task of carrying out a special initiative on exposure to attack in working life.

A longer working life

Sweden is currently undergoing a demographic change. Thanks to better health, women and men in Sweden are living longer. Consequently, the proportion of older people in the population is rising. From 2009 to 2050, the percentage of the population over the age of 65 is expected to increase from 17 to 23 per cent, according to population statistics from Statistics Sweden. To meet the challenge of an ageing population, more people need to participate actively in the labour market. More hours worked (a higher employment rate does not necessarily mean an increase in the number of hours worked since it requires only a 1 hour job to be considered employed) in the Swedish labour market lead to better public finances, thus making it easier to fund the social welfare systems.

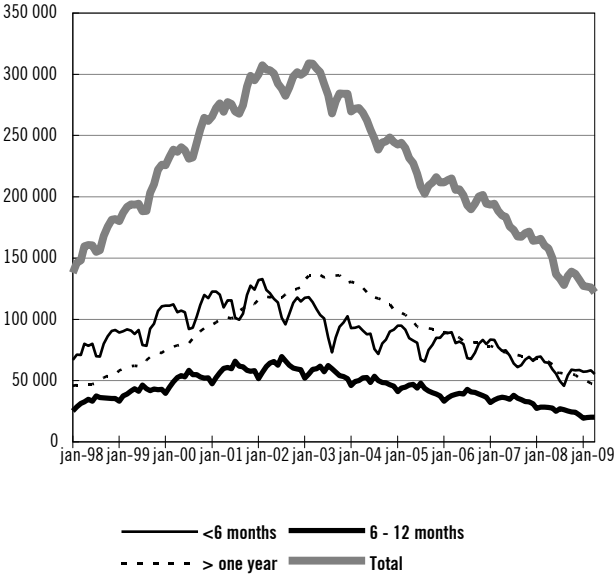
The Government is pursuing an active policy. One of its aims is to reduce exclusion among older people and extend working life. The Government's policy has led to the abolition of the special employer's contribution on earned income for workers who have turned 65 by the beginning of the year. However, the special employer's contribution is still payable on pension provisions. It is also more advantageous for employers to hire people over the age of 55 in new start jobs. Older workers have the right to new start jobs for double the length of time that they have been out of the labour market. Almost 26 per cent of those holding new start jobs at the end of June 2009 were over the age of 55. The corresponding proportion for June 2008 was close to 22 per cent.

On 1 January 2009, the new anti-discrimination legislation (2008:567) entered into force. The new legislation strengthens the prohibition against age discrimination. The new law against age discrimination covers working life, the education system, labour market activities and employment services having no public contracts, the start-up and operation of a business, professional qualifications and membership in certain organisations. The Government appointed an inquiry, Strengthened Protection against Age Discrimination (Ett stärkt skydd mot diskriminering på grund av ålder) (dir 2009:72), in August 2009. The inquiry is to review how protection against age discrimination will be introduced in those parts of society – except national military service and civilian service – currently lacking such protection in anti-discrimination legislation.

Less sickness absence

In the past decade, Sweden has experienced extensive exclusion which is primarily connected to the high level of sickness absence as seen from an international perspective. When the Government took office in October 2006, 554 000 people were receiving sickness or activity compensation. Moreover, about 80 000 people had been on sick leave for more than one year. Sweden had one of the highest sickness absence rates in the OECD.

Figure 4. Absences due to illness, by month, Jan. 1998 – April 2009



Source: Swedish Social Insurance Agency

The Government has taken a number of measures to bring about prompt action with the aim of counteracting long-term sickness absence. A rehabilitation chain with fixed time limits for testing work capacity has been introduced from 1 July 2008. A rehabilitation guarantee has been

created, which means that those on sick leave will have better access to medical rehabilitation. Measures have been taken to support the workplace-based initiatives by expanding occupational health services. County councils have allocated SEK 1 billion annually for health and medical care to improve the work with those on sick leave, the 'medical care billion'. Medical insurance decision support tools for doctors and the Swedish Social Insurance Administration were introduced in 2008 to provide guidelines on the sick leave periods for various diagnoses.

The Government has also taken measures to make it easier to return to work after a long absence due to illness. From 1 January 2009, new rules apply to people who have been awarded a permanent sickness benefit before June 2008 whereby such people may work, do volunteer work or study without having their right to sickness benefits reviewed. A pilot project where private and social firms help people on long-term sick leave return to work has been initiated and operated in 2008 and 2009. The Government has taken measures to lower the thresholds to the labour market for people with disabilities or long-term sickness absence and to encourage employers to hire people on long-term sick leave. Employers do not have to pay sick pay for anyone who works while receiving sickness benefits. Beginning 1 January 2010, there are plans to introduce special high risk protection for sick pay costs for people who have had activity compensation.

Ending what was previously a very lengthy and passive sick leave that often led to permanent exclusion has been an important part of the Government's sickness insurance reform. One reform limits the period during which a person can get sickness benefits to 2.5 years. From 1 July 2008, sickness compensation will only be considered if the work capacity of the insured person is permanently impaired. Temporary sickness compensation has thus been abolished. Interim provisions apply for people who on 1 July 2008 collect temporary sickness benefits. Thus temporary sickness benefits will gradually come to an end in 2010–2012. In 2010 about 54 000 people are expected to stop receiving sickness benefits because their entitlement will run out. The Government therefore intends to take measures to ensure a smooth transition to the Public Employment Service and provide support and help to return to work after long-term sick leave. On 1 January 2010, the Government intends to introduce a new labour market introduction programme aimed at supporting the return to working life of those whose entitlement to sickness benefits has expired. Activity support is paid for the duration of a person's participation in the introduction programme and other labour market programmes. There will, however, be people whose illness requires that they be hospitalised or receive some other form of extensive care at home or via medical care and are unable to return to their jobs or participate in any of the Public Employment Service activities. These people will be eligible to continue receiving benefits from the sickness insurance at the same level as before until they are well again.

The Government's policy objective is a long-term stable and low level of sickness absence. With the substantial reduction in sickness absence in the last few years, the chances of achieving this goal in the future are good. The number of new sick leave cases will decline and sick leave periods will become shorter. This is especially true of sick leave cases

that exceed six months. There has been a decrease in new sickness and activity compensation awards. They are now at approximately the same level as they were in the 1970s. The growth trend in the number of people with sickness and activity compensation has been reversed conclusively since the close of 2007 and the rate of decrease has risen and is expected to continue to rise. Sickness absence is expected to continue to decline in the next few years. The reduction in the number of new cases of sickness absence, combined with the changes in the rules that the Government has made, will lead to a continued decline, particularly with respect to the number of individuals with sickness benefits. In recent years, the regional differences in sickness absence have decreased, but the differences are still significant. The same is true of the difference between women and men, with women's absence due to illness almost twice that of men.

Special measures for people with disabilities

The aim of the special measures for people with disabilities that decrease their capacity to work is to reduce unemployment among these people, increase productive employment, and increase their transition to a job without support.

In 2008, the rate of increase of several of these measures aimed at people with disabilities that decrease their capacity to work declined more than in the last few years. The exception is secure employment, which continued to increase.

The number of participants in employment with wage subsidies has declined since 2008. Employment with a wage subsidy involves financial compensation in the form of a wage subsidy to an employer who hires a person with a reduced work capacity referred by the Public Employment Service. In some cases, the wage subsidy may also be given for someone with a reduced work capacity who is already employed. The size of the wage subsidy is based on the wage cost for the employee and on his or her capacity to work. The decline in the number of participants is primarily due to the difficulties experienced in getting employers to hire jobseekers with a wage subsidy. Another explanation for the decline may be that new start jobs and secure employment are replacing employment with wage subsidies. Something that also could have contributed to the decline is that the Public Employment Service and the Social Insurance Administration in their joint action plan have agreed that as many participants as possible should get employment without support.

Development employment is a labour market initiative that concerns work adapted for jobseekers who have disabilities that reduce their capacity to work and who need to develop skills and increase their work capacity by on-the-job training.

Secure employment can be found throughout the labour market and is an alternative to sheltered jobs at Samhall, a state enterprise with the remit to provide jobs for people with disabilities that entail a reduced work capacity. The aim is to give other employers the opportunity to offer jobs adapted for people with disabilities. Secure employment is aimed at people whose work capacity is reduced to the extent that they

need more adjustments made to their work situation and more long-term support than are provided with the wage subsidy.

Public sector sheltered work aims at providing employment that features development to particular groups of people having disabilities that decrease their capacity to work. This employment is intended in the long run to lead to a job in the regular labour market.

Jobs with support for people with disabilities consistently have an unequal gender distribution (60 per cent for men and 40 per cent for women), which may be compared with the total number of people registered as disabled, 55 per cent of whom are men and 46 per cent are women. The most unequal gender distribution occurs in public sheltered employment, where not quite 30 per cent are women.

At the end of June 2009, the percentage of those disabled with a reduced work capacity made up over 23 per cent of all those who had a new start job. This was an increase of close to 7 percentage points compared with June 2008.

In September 2009, as part of a review of the support for people with disabilities that reduce their capacity to work, the Government gave the Swedish Agency for Public Management (a public authority with the mandate to provide the Government with the basis to enhance the ability of the central government administration to perform its tasks in a legally secure, effective and efficient manner for the benefit of the public and business) a remit to examine the issue of special support for self-employment for this target group. The aim of potential support should be to increase this group's chances of overcoming exclusion and entering the labour market by starting and running a business.

At the end of 2008, 19 400 people with disabilities were employed by the public enterprise Samhall. One of the Government's goals for Samhall is for the number of transitions from Samhall to the regular labour market to equal at least five per cent of those permanently employed by Samhall. The outcome for 2008 was 4.9 per cent, which is somewhat lower than for 2007. In spring 2009, however, a positive trend could be discerned. In the second quarter of 2009, 339 people left Samhall for another employer, which is an increase of 168 people compared with the first quarter of 2009.

Social firms

Social firms are started and run to create employment opportunities and offer a working life to those who for various reasons do not enter the labour market.

Social firms vary in nature. The majority of the employees in social firms are people who on account of disabilities/obstacles to work, previous addiction and abuse, criminality, long-term sick leave, long-term unemployment, homelessness or other form of social vulnerability have not had the chance to get established in the labour market or have lost contact with it.

Improving integration of people born abroad.

On an annualised basis, Sweden experienced positive employment growth during 2005–2008. In the same period, the employment rate increased more among men born abroad than among men born in Sweden. Employment among women born abroad has also increased, but the increase has not been as rapid as among women born in Sweden. Regardless of background, the employment rate is lower for women than for men and the difference in employment between women born in Sweden and women born abroad is greater than the difference between men born in Sweden and men born abroad.

Table 3. Employment rate, aged 15–74, per cent

	Women born in Sweden	Women born abroad	Men born in Sweden	Men born abroad
2005	64.4	52.6	69.2	59.5
2006	65.0	52.3	69.9	60.6
2007	65.9	53.3	70.8	61.8
2008	66.0	53.2	70.7	63.6

Source: Statistics Sweden.

Unemployment also fell sharply between 2005 and 2008, particularly among foreign-born men. Unemployment continues to be considerably higher, however, among people born abroad than among those born in Sweden. The employment rate is low and unemployment is high among newly arrived immigrants, but the employment rate rises with the length of residence. There is also a significant positive correlation between the level of education and the employment level. At the end of June 2009, 233 600 people were registered as unemployed with the Public Employment Service. About 73 200 people or 31 per cent were born abroad. Of the 57 000 long-term unemployed, 38 per cent were born abroad. Young people under 25 who have been unemployed more than 100 days and people over 26 who have been unemployed for at least six months are counted as long-term unemployed.

Table 4. Unemployed, aged 15–74 years, per cent

	Women born in Sweden	Women born abroad	Men born in Sweden	Men born abroad
2005	6.8	13.5	6.8	14.8
2006	6.3	13.0	5.9	13.2
2007	5.4	12.4	5.0	11.4
2008	5.5	12.8	5.0	11.3

Source: Statistics Sweden.

It is still not clear if the economic downturn that began in 2008 is having any greater negative impact on the foreign-born population than on those born in Sweden. In earlier economic downturns, employment in the foreign-born population has declined more than in the Swedish-born population. One reason for this was that the foreign born worked largely in sectors that were hit hard in the downturn. Now more foreign-born people are working in the service sector which has not been as badly affected as manufacturing. More foreign-born people have temporary employment and thus have a weaker attachment to the labour market than people born in Sweden.

Efforts by the Public Employment Service to improve the labour market situation for the foreign born primarily consist of general measures aimed at the unemployed or long-term unemployed in general. Special measures aimed at people born abroad are only justified during their initial period in Sweden when their needs may differ from those of other jobseekers. This refers in particular to knowledge of Swedish, a contact network and experience in the Swedish labour market. Measures targeted at newly arrived adults born abroad should be clearly focused on rapid establishment in the labour market.

In connection with the 2009 Budget Bill, the Government presented a comprehensive integration strategy (Empowerment against Exclusion—the Government’s Strategy for Better Integration, skr. 2008/09:24). The main focus of the strategy is to increase labour supply and demand and improve matching between available labour and the needs of the labour market. Particular focus is put on newly arrived refugees and their close relatives' establishment in the labour market.

In 2008–2010 there is a programme to strengthen entrepreneurship among people with a foreign background. The initiatives are primarily directed at established entrepreneurs with a foreign background that want to get help developing and expanding their companies. At least 40 per cent of the participants are to be women.

Of the 19 900 people employed in new start jobs in June 2009, a third – 6 500 people – were born abroad. About two thirds of the people born abroad who are in new start jobs are men. Newly arrived immigrants are eligible for new start jobs. Step-in jobs are a special subsidised employment that newly arrived immigrants may be offered, together with Swedish language training. After a slow growth in the number of places, the terms for step-in job were changed as of 1 June 2008. The aim was to

make it easier for newly arrived immigrants to get this kind of job. The number of participants has subsequently increased and in June 2009, 2 600 people, three quarters of whom were men, were employed in step-in jobs. Under the job and development guarantee, long-term unemployed people looking for work are offered individually tailored activities to help them find a job as quickly as possible. Jobseekers are referred to activities where they receive activity support. At the end of June 2009, 55 000 people participated in the programme, 16 600 or 30 per cent of whom were born abroad. At that same time, 7 300 people participated in various forms of work experience placements. Of these, 3 200 or close to 44 per cent were born abroad. The participants, both those born in Sweden and those born abroad, include approximately as many women as men. The Public Employment Service refers young people who have been unemployed for three months to the job guarantee for young people. The aim of the guarantee is to offer special initiatives to enable unemployed young people to get a job matching their job skills as quickly as possible or to begin or resume an education in the regular education system. At the end of June 2009, 33 300 young people participated in the programme, whereof 4 600 or 14 per cent were born abroad. There are slightly more men than women participating, both among the Swedish and the foreign born.

The focus of the Public Employment Service's integration efforts in recent years has been newly arrived immigrants. This should be seen against the background of the Government's strategy for integration mentioned above. The percentage of foreign born among participants in various labour market programmes is about the same as the percentage of foreign born among the unemployed, although there are large differences between various programmes. The Public Employment Service thus does a good job in reaching those born abroad. Men, however, participate in measures or have subsidised employment more often than women, even though unemployment is higher among women. It is not yet possible to get an overall picture of the results of these labour market initiatives for people born abroad.

A special pilot project with establishment consultations for newly arrived people in need of protection and their relatives is being implemented in three municipalities in 2009 and 2010. The establishment consultation gives the Public Employment Service responsibility for drawing up an establishment plan for newly arrived immigrants as soon as a residence permit is granted. The intention is that early information about where in Sweden there is a demand for the skills the newly arrived immigrant possesses will have more importance in the choice of a place of residence. The pilot project is to be evaluated by the Institute for Labour Market Policy Evaluation.

With the aim of further improving opportunities to get skilled work, resources for supplementary university training for foreign university graduates have been increased substantially, beginning in 2009. The training programmes are aimed, for example, at teachers, lawyers and health care professionals. The Government, in a special bill, Knowledge without Borders – Higher Education in the Era of Globalisation (2008/09:175) has therefore presented proposals on a legally certain and effective track for recognising health care professionals' training from

third countries. In the bill, the Government also presents proposals on how the assessment of foreign training should be coordinated and streamlined to facilitate labour market entry.

State support for upper secondary and post-secondary vocational education for adults has increased substantially. The expansion in the number of study places is considered of great importance in enabling newly arrived adult immigrants to acquire or supplement a vocational education and training in Sweden. A special public authority, the National Agency for Higher Vocational Education, has been formed to coordinate post-secondary vocational training that does not consist of higher education programmes. The Authority has been given a special national responsibility for the validation of foreign post-secondary vocational education and training.

Efforts have also been made to improve the quality of Swedish for Immigrants (SFI), basic Swedish language training for adults whose mother tongue is not Swedish. Teachers' skills are to be improved and national final exams are being introduced. The objectives of the instruction have also been clarified. A pilot project with performance-based incentive compensation in SFI (the SFI bonus) has been introduced to encourage a more rapid throughput.

To clarify municipal and the central government's respective responsibility for development in city quarters where exclusion is widespread, local development agreements are being made with some municipalities in metropolitan regions. The Swedish Social Insurance Administration and the Public Employment Service have been instructed to enter local partnerships with municipalities that have signed local development agreements.

In autumn 2009 the Government intends to present a bill with proposals to speed up the labour market establishment of newly arrived refugees and their relatives. The aim is to develop a system that provides the individual with both more responsibility and stronger incentives for a rapid labour market establishment. The reception system can thus become more stable in the face of swings in the business cycle and in the number of new arrivals granted residence permits, at the same time that it is made more flexible from the perspective of each individual's needs. One premise is that it should be worthwhile to move to areas with a good labour market or the potential to offer some other relevant introduction to accelerate entry into the labour market.

There is a proposal to give the Public Employment Service coordinating responsibility for other actors as well as responsibility together with a newly arrived person to draw up and, when necessary, revise an individual plan to facilitate and accelerate the newly arrived person's establishment. The Public Employment Service decides the benefits to be paid newly arrived people, assigns residence and is also responsible for the procurement of so-called pilots who work at the behest of the Public Employment Service to provide guidance and support to new arrivals in getting a job. The Public Employment Service should also be able to offer new arrivals participation in the different programmes that it has available based on what has been agreed in the establishment plan or put forward by the pilot. The Public Employment Service decides who will participate in the programme.

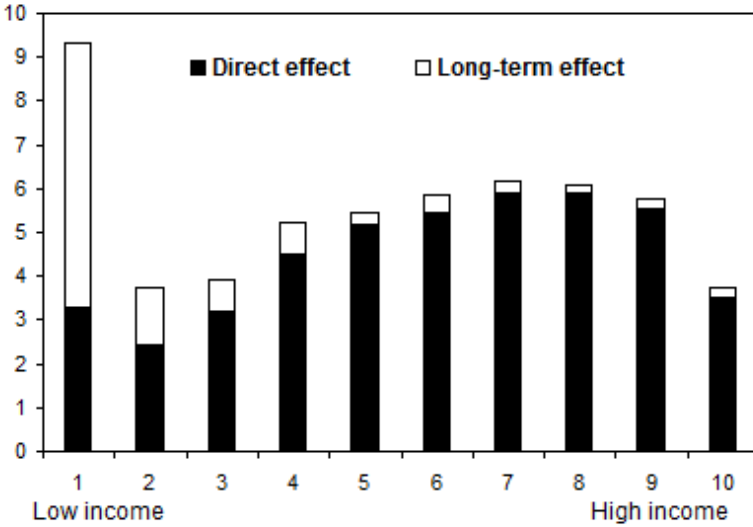
Strengthening the work-first principle

Making it more attractive to work and strengthening the work-first principle is an important goal of the Government. A fundamental part of this effort has been to reduce the tax on labour. Moreover, measures have been taken to enhance unemployment insurance's role as a readjustment insurance at the same time that measures for reducing the prevalence and volume of incorrect payments have been strengthened. High legal certainty is a prerequisite for maintaining confidence and legitimacy in the social insurance systems.

Tax measures

The in-work tax credit was introduced on 1 January 2007 to increase the incentives to work. It has since been expanded to include another two steps in 2008 and 2009. A fourth step is planned for 1 January 2010. The in-work tax credit makes it more worthwhile to work for those currently excluded from the labour market since the average tax is reduced for all wage earners. By lowering marginal taxes, the in-work tax credit also helps strengthen the incentives for those who already have a job to work more hours. For low- and middle-income wage earners in particular, such as women working part-time, the lower marginal taxes are expected to have positive effects on the number of hours worked. All in all, the Government estimates that the three steps implemented in the in-work tax credit will lead to an increase of almost 1.6 per cent in the number of people employed in the long run and about a 2.4 per cent increase in the total number of hours worked. GDP is expected to increase 1.9 per cent in the long term as a result of these reforms. External forecasters who have evaluated the Government's policy, such as the National Institute of Economic Research, the Swedish Centre for Business and Policy Studies (SNS) and the Fiscal Policy Council, have made similar estimates. Employment and earned income may in the long run be expected to increase most for those with the lowest incomes (see Figure 5).

Figure 5. Percentage effect of the in-work tax credit on the financial well-being of the population as a whole in different income groups



As part of the efforts to provide a greater stimulus to the labour supply and increase sustainable employment, the Government will present a bill in autumn 2009 to further strengthen the in-work tax credit within the framework of a fourth step. The proposal means a reduction in the marginal tax of about 1–1.5 percentage points for low- and middle-income wage earners. For example, for a nursing assistant with a monthly wage in 2009 of almost SEK 22 000, this reform, together with the two previous reforms, means a 6.1 percentage point reduction in the marginal tax and a 6.8 percentage point reduction in the average tax.

Growth in society is affected not only by the number of hours worked, but also by productivity. Against this background it is also important for the tax system to be designed so that it pays for people to get a higher education or further training as part of their working life. The Government has therefore combined the in-work tax credit with a limit on the tax take from the state income tax on earned income. On 1 January 2009, the marginal tax was lowered by 20 percentage points on taxable earned incomes between SEK 349 500 and 367 600 per year. The cut in the state income tax is thus aimed at the lower part of the state state income tax scale. The intention was to increase the incentives to work and raise the premium on education, which in the long run can raise the productivity of large groups of the employed.

The unemployment insurance system

Unemployment insurance is an adjustment insurance aimed at ensuring income protection during a period of transition from one job to another. One of the prerequisites for obtaining income related unemployment benefits when unemployed is that the jobseeker is a member of an unemployment insurance fund and has had a continuous membership

equivalent to at least twelve months ('membership requirements'). In recent years, the number of members in the unemployment insurance funds has declined sharply. Since October 2008, however, the decline has been reversed and the number of members has increased. The main reason for the membership increase is the deterioration in the labour market, which has been a factor in making it more important to belong to an unemployment insurance fund, but the Government's reforms described below have also contributed to the membership increase. At the end of April 2009, the unemployment insurance funds had almost 3 809 000 members, or 69 per cent of the working age population.

To encourage new and returning members in the unemployment insurance funds, several changes in the unemployment insurance were made in 2009. A temporary change in the membership requirements was introduced to increase people's eligibility for income-related unemployment benefits. In determining membership requirements, a member in an unemployment insurance fund will be able to count one month extra for each month of membership in 2009. With this temporary change, a member can fulfil membership requirements in six months instead of the twelve months normally required. The change also makes it possible to qualify for income-related unemployment benefits sooner.

The entrance requirements to become a member of an unemployment insurance fund have also been changed by eliminating the requirement for how much one has to work and the requirement for the job to have immediately preceded membership. The change encourages more people to participate in the unemployment insurance while it helps simplify administration of the insurance.

Another change introduced is that the unemployment contribution is now tax deductible for employed members. Since the unemployment contribution is only paid by employed members, the reduction means that the marginal effects of the transition from unemployment to employment decrease while the change encourages increased membership in the unemployment insurance.

Lastly, new rules for unemployment benefits after temporary or part-time absence have been introduced to improve the incentives to work. The rules have been changed so that certain social insurance benefits can be included in the unemployment insurance.

In the 2010 Budget Bill, the Government proposes several changes in the unemployment insurance aimed, *inter alia*, at making use of the labour supply in groups who have been on long-term sick leave and whose entitlement to sickness benefits or sickness compensation has run out. An extension of the time exemption in unemployment insurance from five to ten years during a transition period for people who have been absent from the labour market on account of attested illness has been proposed. Under this proposal, someone who has been on sick leave for many years whose capacity to work is not permanently reduced will become eligible for unemployment benefits. A shorter qualification period is also proposed for previous members in an unemployment insurance fund whose entitlement to sickness benefits or temporary sickness compensation has expired. People who have left an unemployment insurance fund between 1 January 2007 and 30 September 2009 and who rejoin a fund between 1 October 2009 and 31

December 2010 should be able to meet membership terms in three months. It is also proposed that in order for this group to be allowed the right to income-related benefits, it should be able to rejoin under the terms that prevailed under the earlier membership requirements. This should apply to benefit periods granted beginning January 2010 and ending January 2013.

There are also proposals for improved and simplified rules for entrepreneurs in the unemployment insurance. Under the proposals, the concept of entrepreneur in the unemployment insurance is linked to the Income Tax Act. The rules for unemployment benefits in the event of a temporary suspension of business activities should be clarified, as should the rules for aggregation of income from periods of business activity and from periods of employment. The entrepreneur's daily earnings should be based on the most recent tax assessment or if it is more advantageous, on the average of the two years that immediately precede the income year in the most recent tax assessment. An entrepreneur who closes a business within 24 months of its start should be able to receive benefits based on income during previous employment if it is more favourable than basing benefits on income from his or her own company. In the event of unemployment, a business that is run alongside full-time employment or alongside full-time entrepreneurship should not be considered, regardless of how much income the parallel business generates. The proposals should be able to come into effect by 1 July 2010 at the latest.

Finally it is proposed that time that a person has been prevented from working on account of an assignment by the social welfare committee of a child to a family or emergency foster home should be viewed as exempt from the determination of the time frame. The change should be able to apply beginning January 2010.

Better control of the insurance systems

The Government's efforts to maintain confidence in the social protection systems and their legitimacy by preventing erroneous payments from these systems continues. In its 2009 Budget Bill, the Government reported a number of measures aimed at preventing erroneous payments from the social protection systems in the unemployment insurance. Also in the 2010 Budget Bill, the Government reported measures aimed at preventing and blocking erroneous payments.

As part of the Government's efforts to prevent erroneous payments, the Public Employment Service and the Unemployment Insurance Board (IAF), together with most other agencies dealing with payments from the welfare systems, have been given the task of collaborating on developing methods for the work on erroneous payments and reporting results. The Authorities' work is to be reported annually in a joint communication to the Government, beginning 22 February 2010.

The Public Employment Service and IAF have also been instructed to report measures planned and taken for implementation in view of the legislative amendments made to enable more electronic exchange of information between authorities with the aim of increasing effectiveness

and efficiency and reducing erroneous payments and improving service to the individual.

IAF reports indicate that development work aimed at developing systems and finding forms for an electronic exchange of information between the Swedish Federation of Unemployment Insurance Funds (SO) and the Swedish Enforcement Authority has begun but it is too early to establish a timetable for implementation. They also indicate that work has begun on expanding the unemployment insurance funds' information exchange with the Public Employment Service. In addition, work is under way with the aim of providing IAF with direct access to Public Employment Service databases and the Public Employment Service with direct access to information in IAF's statistical and supervision database. The Public Employment Service has reported that the exchange of information will result in considerable simplification and operational efficiencies and ensure uniform and legally secure treatment. The earliest that the expanded information exchange can be established, however, is November 2009 (dnr A2009/2492).

4.3 A well-functioning labour market.

- Guideline 20. To improve matching of labour market needs
- Guideline 21. To promote flexibility combined with employment security and reduce labour market segmentation, with due regard to the role of the social partners

The sharp deterioration in the labour market situation poses major challenges. Since the fourth quarter of 2008, the number of people employed has declined, unemployment has increased and the number of dismissal notices is still high.

Labour market policy has been adjusted for the worsened economic situation by means of forceful measures for both the short- and the long-term unemployed. As a result of the adjustment, resources are not focused solely on those most detached from the labour market.

A well-functioning matching is a prerequisite for improving the functioning of the labour market. The Government has taken various initiatives to strengthen matching, particularly in view of the worsened labour market situation.

A new rules system for labour immigration was introduced on 15 December 2008. It puts more weight on the employers' assessment of the need to employ people outside the EU/EEA and makes it possible for all occupational groups to get permits to work in Sweden.

According to OECD indicators, employment protection in Sweden is now more flexible. In its latest measurement published in spring 2009, Sweden was shown to have the 21st strongest employment protection of 30 countries.

To give work environment policy a more proactive and positive content, intentions are to begin a new phase in the development work in this area, with the aim of drawing up a long-term strategy for future policy.

Modernising labour market institutions

The goal of the Public Employment Service's new organisation as a nationally integrated public authority in 2008 was to establish a uniform, legally secure, and effective and efficient operation with more transparent management and governance. The Public Employment Service regularly follows up the reorganisation, which will also be evaluated by an external consultant. It is clear from the final report that the Public Employment Service submitted to the Government in May 2009 (dnr A2008/1704) that the Public Employment Service thinks that many of the problems identified by the Government in the old organisation have now been wholly or partly solved.

The Government is of the opinion that the establishment of the new authority, the Public Employment Service, has now made it possible to achieve a more uniform, legally secure, and effective and efficient operation with more transparent management and governance. The Government, however, will wait for the external consultant's final report on the evaluation before a final assessment is made as to whether the reform of what was previously the Swedish Labour Market Administration has achieved the intended result.

An extensive effort is under way to increase cooperation between central government agencies. The goal is to have one place where the public is better able to get comprehensive support from several central government agencies. The Public Employment Service, together with the Tax Authority and the Social Insurance Administration, has reached an agreement on offering services on the same premises and coordinating certain simpler administrative tasks in a large number of places around the country. On 1 May 2009, 171 of the offices originally planned had opened.

Improving matching of jobseekers and job vacancies

During the first half of 2008, the work of the Public Employment Service was most affected by the shortage of labour in certain sectors whereas in autumn 2008 there was a decline in the inflow of job vacancies. The rapid downturn in the economy during the second half of 2008 resulted in a high number of dismissal notices in all parts of the country. The Public Employment Service's new organisation has made it better able to adapt its organisation to the demands made of the Service, for example, in connection with dismissal notices.

In early 2009, the Government presented a number of new initiatives to counter the rising unemployment in the Government Bill, Measures for Jobs and Adaptation (Govt. Bill 2008/09:97) and in connection with the 2009 Spring Fiscal Policy Bill (2008/09:100). These initiatives include a focus on personal coaches and work experience placements expanded to include skills development, where the jobseeker is given the opportunity to maintain contact with working life and establish and develop his or her skills. The Public Employment Service, with its new organisation, has been better able to redistribute resources to those places where efforts needed to be expanded.

The Public Employment Service has been given a remit to expand its matching activities and provide early and individually tailored support to be able to help jobseekers return to work. In 2009 the Public Employment Service is to give special consideration to the demands made on the authority by the labour market situation. This means setting priorities for the distribution of resources on an ongoing basis to regions suffering more seriously from dismissal notices and ensuring that early coaching initiatives take place. In this effort, support professionals who increase and diversify the services offered by the Public Employment Service, are of great importance, for example, by providing jobseekers with a personal job coach. In the 2010 Budget Bill, the Government presents measures to further strengthen active labour market policy. In the current economic situation, there need to be measures that prevent people from being without work for a long time and measures that enhance competitiveness among those most detached from the labour market. The Government is announcing 8 000 more coaching places in the Public Employment Service itself and a total of 4 000 more places in the work experience placement and practical skills development initiatives in 2010. Furthermore, labour market training volumes should be able to increase by 1 000 places in 2010. To further strengthen labour market policy, the Government also intends to introduce a new activation initiative, Lyft ('Boost'), in state and municipal companies and activities and NGOs with relevant activities. The Government estimates that Lyft will include about 40 000 places in 2010. The Government also intends to introduce more initiatives under the job guarantee for young people, Lyft, for support to start a business and vocational rehabilitation. The Government will also give participants in the job guarantee the opportunity to participate in the guarantee part time so that they can use the remaining time to study in the municipal adult education system. To supplement the training now offered in the job guarantee for young people, the Government also intends to introduce an extra initiative with an incentive to study for unemployed young people who have not finished compulsory or upper secondary school. This will be in the form of a special initiative at folk high schools.

To accommodate the increased inflow of jobseekers and maintain quality in the job and development guarantee and the job guarantee for young people, the Government also proposes to increase the Swedish Public Employment Service's administrative resources.

Removing obstacles to labour mobility in the EU

A number of activities to promote labour mobility have been taken within the EURES framework. In seven large cities in Sweden and in four small communities in Tornedalen's Cross Border Area, European Job Days have been arranged in cooperation with EURES advisers from ten other Member States and employers from other countries.

The Public Employment Service has taken the initiative to make EURES services accessible at all Public Employment Service offices. To achieve this, it was decided in 2008–2009 to introduce EURES assistants in the larger employment service offices. In April 2009, there were 160

people trained in EURES basic services. Staff at the Public Employment Service call centre have also been equipped to enable them to offer EURES basic services. Other types of information about jobs and recruitment in other countries will also be accessible in the reception area of all the country's employment services offices.

Recruitment to and from other countries has continued. This involves doctors from Germany, veterinarians from Belgium and the Netherlands and Swedish teachers to Great Britain. The inflow of workers from other Member States to Sweden has continued to be low. The reduced demand for labour is obvious in the statistics; the number of workers from other EU Member States who have come to Sweden to work longer than three months has fallen by 40 per cent during the first half of 2009 compared with the same period last year.

Facilitating labour immigration

The aim of introducing new rules for labour immigration has been to create an effective and flexible system focused on employers' labour requirements. At the same time, the system is to be sensitive to the business cycle in that it is the employers' demand for labour that drives it. Increased labour immigration is one of several measures for counteracting the impact of an ageing population and a reduced labour supply in the short and long run.

After the new labour immigration rules were introduced in December 2008, the number of workers coming from countries outside the EU/EEA was about the same in the first seven months as in the same period one year earlier. This is a large difference vis-à-vis the inflow of workers from the EU/EEA which declined by 40 per cent in the first six months of 2009 compared with the same period in 2008. One explanation why there has been no decline is in third world labour immigration is that by far the largest group are pickers of wild berries working in a sector that is more weather than cyclically dependent. In addition to these people, the dominant occupational group granted work permits is IT specialists.

Labour law: flexibility and security

Labour legislation's goal is to lay the foundations for a working life that meets both employees' and employers' needs for flexibility, security and influence. It is to be possible for both women and men to combine work and family life in all phases of life while taking into consideration individual circumstances. A well-balanced and predictable labour law system is also an important prerequisite for sustainable growth and full employment. Labour legislation is to provide a stable foundation for conditions in the labour market.

Earlier reform programmes have described planned and implemented reforms with the aim of increasing the opportunities for temporary employment while simplifying the regulatory framework. Since the mid-1990s, the OECD has measured the strength of employment protection in member countries. According to the OECD, Sweden was previously among those countries with the most extensive employment protection.

In 2004 Sweden was deemed to have the seventh strongest employment protection of 28 countries. According to OECD indicators, employment protection in Sweden is now more flexible. In its latest measurement published in spring 2009, Sweden was deemed to have the 21st strongest employment protection of 30 countries.

Like other national employment legislation in Sweden, the reforms consist of optional laws that may be replaced by collective agreements. The National Mediation Office, a central government public authority, has conducted a survey of the extent to which the reforms have been included in collective agreements. In the 2007 wage negotiations, the reforms were introduced in some agreements in the private sector that were completed after the Riksdag's decision on the reforms. The new rules had still not entered into force, however, when the majority of the parties in the private sector concluded their new agreements this year. The reforms have had more influence on collective agreements in municipalities, county councils and the central government than on private sector agreements.

Challenges for the work environment policy in a weak economy

The Government thinks that the work environment policy ought to be given a more proactive and positive content. It should not only concern preventing a bad work environment but also, to a much greater extent, view the work environment as a factor in the development of both the individual and the business activity and as a factor for success and as a competitive instrument. The main premises and reasoning stated in the memorandum *The Work Environment and Exclusion – a Conceptual Framework for Future Work Environment Policies* (Ds 2008:16) have provided a basis for discussion with the relevant actors and parties. A new phase in this work is now about to get under way, with the aim of drawing up a long-term strategy for the future policy.

In recent years, the number of people on sick leave has continued to decline. Substantial changes have been made to sickness insurance. These have probably had a strong influence on the decline. Measures have also been taken aimed at increasing the opportunities for those most detached from the labour market to enter working life. In an economic downturn, a propensity for sickness absence to decline has also been linked to employees' feeling that being absent from work when there are layoffs poses a greater risk. This means that there will be more people with some form of health problem in the workplace. It is important during the next few years to be particularly observant of developments in terms of the work environment.

With respect to the effects of an economic downturn on occupational health, previous experience shows that these effects primarily occur at a later stage. It is important to heed experience from previous economic downturns.

A number of initiatives aim at improving knowledge and awareness of the importance of occupational health and safety. One such initiative is the remit the Government has given the Institute for Labour Market Policy Evaluation (IFAU) on offering research funds in the area of

occupational health and safety – profitability and the initiative on increased dissemination of information and knowledge for a three-year period that the Swedish Work Environment Authority has been given special funding for since 2009.

4.4 Well-functioning wage formation

- Guideline 22. Ensure employment-friendly labour cost developments and wage setting mechanisms

Wage formation and labour costs are of critical importance for competitiveness, employment, inflation and other important factors in economic development. The forms of wage formation in Sweden are primarily a matter for the social partners. Agreements are preferred to legislation since understanding between the partners adds stability to signed agreements. The central government's role is limited to a basic rules system.

The economic contraction now under way will lead to trend breaks that are difficult to draw immediate conclusions from. There are, however, long-term signs indicating that wage formation in the past ten years has had a positive impact on employment. For the greater part of the 1990s, unemployment stood at over nine per cent and labour costs increased by four to seven per cent a year. In recent years unemployment has been considerably lower, ever since breaks in the time series in the labour force surveys were taken into account. Nevertheless, the rate of increase in labour costs has been lower than in the 1990s. The lower rate of increase in labour costs combined with lower unemployment may indicate that the Government's measures such as reduced employers' social contributions in conjunction with falling demand for labour have contributed to lower unemployment now being consistent with stable inflation.

4.5 Increased knowledge and quality in the educational system

- Guideline 23. Expand and improve investment in human capital
- Guideline 24. Adapt education and training systems in response to new competence requirements Improve the quality and increase the extent to which objectives are achieved in the education system

Sweden's chance of meeting the global challenge lies in focusing on knowledge. Our primary competitive advantage must be innovative and skilled citizens. The education system plays a pivotal role here.

Education is also important since people grow with knowledge and the opportunity to learn something new. It improves the individual's position in society and in the labour market and thus may be crucial for their future.

The measures described in this section are being implemented in accordance with the Strategy for Lifelong Learning (dnr U2007/3110/SAM). The aim of the measures is to ensure access to education of good quality in all areas of education and strengthen the interaction between education and working life.

Pre-school system, school-age childcare and compulsory school

In the last decade, the educational content in the pre-school has assumed increasing importance. Early educational stimulation increases children's ability and desire to learn. It is particularly helpful in developing children's language and mathematical skills. In 2009 the Government has presented a number of measures to develop and strengthen the pre-school's pedagogical mission.

These include giving the National Agency for Education a remit to present proposals on the clarification and supplementation of certain pre-school curriculum objectives. The report was presented to the Government Offices on 30 September 2009.

A special further education initiative – the Pre-School Boost (Förskolelyftet) – has also given pre-school staff the opportunity to enhance their skills. The proposals total SEK 200 million annually for the period 2009–2011.

The Government has also proposed that the Riksdag introduce universal pre-school for three-year-olds, with rules similar to those for 4 to 5-year-olds. The Riksdag decided in April 2009 that universal pre-school for three-year-olds will be introduced beginning 1 July 2010. As a result, all children will be offered at least 525 hours of pre-school a year free of charge beginning with the autumn term in the year they turn three. The basic idea is that no family will need to forgo letting their child participate in pre-school activities for financial reasons.

In April 2009 the Riksdag adopted the Government's proposal to introduce a childcare voucher, effective 1 July 2009. The aim of the voucher is to develop diversity in the pre-school system and in school-age childcare. With municipalities made responsible for giving grants to privately run pedagogic care also, such as family day care homes and similar activities, each family will have a greater possibility to decide what type of activity their children will participate in.

The Government has allocated SEK 900 million to a special initiative during 2008–2010 to strengthen the school heads and schools' work in the basic skills of reading, writing and arithmetic. Pupils at risk of not achieving the goals are a high priority for this incentive grant and there will be a focus on the early years in compulsory school.

A goal and a results oriented system must be followed up and evaluated on an ongoing basis in order to make it possible to assess whether the national goals have been achieved and to take relevant measures. In March 2009 the Riksdag adopted the new national curricula proposed in the Government's bill Clearer Objectives and Knowledge Requirements – New School Curricula (Tydligare mål och kunskapskrav – nya läroplaner för skolan) (Govt. Bill. 2008/09:87, Committee Report. 2008/09:UbU9, Riksdag Communication. 2008/09:189). Consequently,

each form of school – the compulsory school, special school, Sami school and the obligatory special-needs school – will have its own comprehensive curriculum. The curriculum is to include the school's fundamental values and mission, overall objectives and education guidelines, and syllabuses for the compulsory school, special school, Sami school and the obligatory special-needs school. Syllabuses will be supplemented with regulations on knowledge requirements for each subject or subject area.

The Swedish Schools Inspectorate was established on 1 October 2008 at which time it assumed the National Agency for Education's national supervisory and quality assessment responsibilities as well as responsibility for processing permit applications for independent schools. By focusing on its inspection and control functions, the Inspectorate's activities can be made more efficient and effective, with better opportunities for methods development and more frequent inspections. In autumn 2009, the 'six-year task' was completed whereby all municipalities and all schools in the country were inspected within a six-year period. The ambition now is, after an introductory development phase, to expand the activity with respect to both content and frequency.

An inquiry chair has been appointed to review current resources for evaluation in the field of education. The inquiry, which has adopted the name Inquiry into the Evaluation of Education (Utredningen om utvärdering av utbildning) (U2008:10) is to present its proposals by 1 December 2009.

Beginning with the school year 2008/09, each student in the individual development plan will be given a written assessment in each subject that the pupil is taught, beginning in grade 1 of compulsory school.

National goals for grade 3 in the subjects of Swedish, Swedish as a second language and mathematics are being introduced beginning with the school year 2008/09 and the introduction of national tests in the same subjects in grade 3 will be introduced beginning in 2010. Moreover, obligatory tests in biology, chemistry and physics in grade 9 will be introduced beginning spring 2010 in order to provide better follow-up of students' knowledge and increase equivalence in teachers' appraisals and grading. The national subject tests in grades 3 and 9 were tested in spring 2009.

In February 2009, the Riksdag also adopted a new grading scale as proposed by the Government in its bill A New Grading Scale (En ny betygsskala) (Govt.Bill. 2008/09:66, Committee Report. 2008/09:UbU5, Riksdag Communication. 2008/09:169). As a result, a new grading scale with six levels will be used when assigning grades in the public school system. The new grading scale will help clarify students' academic progress and increase the chances for more equivalence in the student appraisal process.

The Creative Schools initiative in grades 7–9 was introduced in 2008. Its aims include promoting creativity and innovation and integrating cultural and artistic expression into a school education. The initiative will bring about a clearer coordination between the school's academic goals and cultural policy objectives on children and young people's right to take part in cultural life and develop their own creativity. There will be an expansion of Creative Schools in 2010 for students in grades 4–6.

In the three years, 2008–2010, the Government is allocating SEK 110 million on a number of measures to end traditional gender patterns in schools and further gender equality. One such measure is a gender equality delegation for the schools, which has been established with the tasks of analysing gender differences in education results, evaluating methods for ending traditional gender patterns, and proposing suitable measures. Furthermore, the National Agency for Education is responsible for implementing a number of measures such as further educating teachers and other school staff on gender patterns and honour traditions and promoting student health in order to prevent mental illness.

The current Education Act dates from 1985 and a new, modern and clear structure for school legislation is badly needed. The Government intends to do just that in 2010, and has also allocated funding for tightening some provisions in the Act concerning such matters as better student health and increased right to school libraries.

Upper secondary school

Unemployment is high among Swedish young people, among the highest in Europe (see Section 4.2). At the same time far too few young people complete an upper secondary education with pass grades. In May 2009 the Government presented the bill Higher Requirements and Quality in the New Upper Secondary School (*Högre krav och kvalitet i den nya gymnasieskolan*) (Govt. Bill. 2008/09:199) with proposals for a new reformed upper secondary school. It is the Government's view that the preparatory programmes for higher education must provide a better preparation for further studies. To prevent students with inadequate knowledge from being accepted into preparatory programmes for higher education, the Government has proposed new stricter qualifying rules for these programmes. The Government is also of the view that upper secondary school vocational programmes must better prepare students for working life. Therefore there will be more time for more in-depth study of vocational subjects. Students learn in different ways. Some prefer production-related reality-based learning in working life. Therefore apprenticeship programmes will be introduced as an ordinary course of studies in upper secondary school. Furthermore, cooperation at the national level between the National Agency for Education and industry representatives will increase with the establishment of national councils for vocational programmes, as recommended by the OECD and others (OECD, *Learning for Jobs – Sweden*, April 2008). With the introduction of an upper secondary school certificate – which can be earned to obtain a vocational qualification or to qualify for higher education – a clear performance measure is introduced and there will be more potential for national management by objectives. Countrywide equivalence thus improves, leading to higher quality. The aim is for students to be admitted to the new reformed upper secondary school in 2011 if the Riksdag approves the bill.

In the 2010 Budget Bill, the Government has proposed allocating SEK 225 million for 2010–2012 for implementing the upper secondary school reform and certain other school reforms.

The pilot project for the upper secondary school apprenticeship programme conducted for programmes that start in 2008–2010 has been expanded from the original 4 000 new places to 6 000 places a year. In the school year 2008/09, about 3 700 students began an apprenticeship training. The upper secondary apprenticeship programme aims to provide students with basic vocational training, more work experience, and an opportunity, tutored by their workplace supervisor, to acquire more advanced vocational skills. A national apprenticeship committee with industry representatives has been given a remit to promote the pilot project, follow up its results and assess whether it is meeting its objectives from the perspective of the needs of the business community, and draw attention to development needs (dir. 2008:106). In addition, an inquiry chair has been given the remit to investigate the possibilities of combining employment and studies, an approach now common in other countries, in the upper secondary school apprenticeship programme (dir. 2009:70).

Adult education

Adult education is important, both for society and for individuals' lifelong learning.

A working group in the Government Offices has submitted its report examining and presenting alternative proposals on how adults' right to participate in upper secondary adult education and upper secondary adult education for the mentally disabled could be designed. The premise on which the assignment has been based is that the individual should have the right to study in the municipally-run adult education system in order to acquire basic eligibility for admission to a higher education programme.

Sweden is an active participant in the work with the programme initiated by the OECD that involves measuring the adult population's knowledge and skills in a number of countries, the Programme for the International Assessment of Adult Competencies (PIACC).

One important premise in adult education initiatives is that the wishes and needs of the individual should be key determining factors. As far as the municipal adult education system is concerned, the Government therefore intends to present proposals on improving the requirements whereby the municipalities permit other bodies to provide education. The planned legislation is expected to contain proposals on increased opportunities to contract out the exercise of public authority in education and possibly conduct Swedish for Immigrants in the folk high schools. There are plans to present a bill to the Riksdag before the end of 2009.

To counter the economic downturn and meet the needs of larger cohorts of young people, the Government has decided to sharply increase the number of education places in vocational upper secondary adult education (adult vocational training). The initiatives also make it possible for the individual with a theoretical upper secondary adult education to take vocational courses, which is a significant change in the selection rules. The municipalities also have the opportunity within the framework of the initiative to offer vocationally oriented Swedish language training

linked to vocational training courses. In order to evaluate these initiatives, there will be a follow-up at the individual level.

On account of the ongoing economic downturn and larger cohorts of young people, the Government in the 2010 Budget Bill has announced an increase of about 10 000 more places in adult vocational training for 2010 and 2011.

Adult education plays an important role in adults' opportunities for learning, not least for those with little education. Seven activity areas have been established for state grants to the liberal adult education sector. One of these areas is lifelong learning, which, for example, may be aimed at helping level out education gaps and raise the level of knowledge and education in society. Individuals concerned are, for example, people with disabilities. The Swedish National Council of Adult Education has submitted its final report, *Democracy and Digital Participation*, in 2008. It describes the possibilities for improving the conditions for older people and other excluded groups to use modern technology.

Training in Swedish for immigrants

The Government is also focusing on Swedish for Immigrants, SFI. The Government wants to see improved results and throughput of participants in SFI. The Government has therefore decided to introduce new national final exams for the various courses. The exams will be IT-based and will be possible to use beginning 1 January 2010. Teachers' competence is crucial for results and it is possible for the teachers concerned to continue their education within the framework of the "boost for teachers".

The Government has decided on a pilot project with performance-based incentive compensation in SFI (the SFI bonus) in 13 municipalities beginning 1 October 2009. The pilot project involves a test of the extent to which financial incentives can induce participants to learn Swedish more quickly and thus improve their chances of getting a job. The Government also intends to commission a study on whether a time limitation on SFI can counteract locking-in effects and increase the programme's throughput.

Post-upper secondary school vocational education and training

To ensure the quality of post-secondary vocational education and training that is not part of the higher education system, the Government established the National Agency for Higher Vocational Education on 1 July 2009. All post-secondary education that is not part of the higher education system will now fall under the framework of the vocational college and university. The common rules systems for post-secondary vocational education and training includes clarifying follow-up and evaluation. The aim is to increase transparency and legal certainty for students. The introduction of vocational colleges and universities makes improving efficiency and prioritising national education programmes possible. This means that post-secondary vocational education and training will be even more oriented to the need for the right skills for

working life and high quality. More places at vocational colleges and universities directed at skills shortages in the labour market create chances for more people to get a job. In the 2010 Budget Bill, the Government proposed more places in vocational college and university programmes.

Higher education

To mitigate the effect of higher unemployment, it is important to combine active labour market issues with initiatives in the education system. Previous experience has shown that there is an increase in the number who apply for higher education programmes when there is an economic downturn. More students also choose to extend their studies by supplementing their programme with additional courses while waiting for it to become easier to get a job. Against this background, the Government in the 2010 Budget Bill (Govt. Bill 2009/10:1) has proposed creating 10 000 new places in higher education for 2010 and 2011. For 2010, this involves a proposal by the Government to allocate SEK 700 million for new places. These places and the funding for them are projected for each academic institution for 2011 as well. The Government intends to return with proposals on charging third world students tuition fees beginning in autumn 2011. Charging third world students tuition fees would free up funding equivalent to the amount of the basic education appropriation that is now used for third world students. For 2012 this freed-up funding should continue to be made available to universities and colleges for basic education and then can be used to phase out the temporary increase in higher education places in 2010 and 2011.

Quality improvements in higher education continue to be a high priority. A government inquiry (SOU 2007:81) has had the task of reviewing the system for the allocation of resources to universities and other institutions of higher education. An important starting point for the inquiry was that resources should to a greater extent be allocated according to quality. In autumn 2008 the Government introduced a new model for the allocation of resources in which parts of the central government appropriation for research to universities and colleges is linked to quality indicators (Govt. Bill. 2008/09:50). In this way there are expected to be incentives for academic institutions to assign priorities and focus their research, which ultimately will lead to an increase in the quality of research in Sweden and in competing countries.

The Swedish National Agency for Higher Education has been given the remit to propose a new system for assessing the quality of higher education programmes. There are plans to present a Government Bill to the Riksdag in autumn 2009.

As mentioned in the 2007 Progress Report, the Government is taking measures to reduce political involvement in the governance of university and other institutions of higher education and to strengthen their autonomy. In December 2008, the Inquiry on Academic Independence (Autonomiutredningen) submitted its report Independent Higher Education Institutions (Självständiga lärosäten) (SOU 2008:104) to the

Government. The main proposal in its report is that universities and colleges should cease being state agencies and instead adopt a new form of public organisation as independent higher education institutions, and thus constitute legal persons. The report has been circulated for comment. There are substantial differences in the views of those to whom the report was circulated for comment and the Government intends to come back to the Riksdag on this matter.

The Government also supports various forms of cooperation and even mergers between institutions of higher education that result in improved education and research environments and greater competitiveness at home and abroad.

The Government has also appointed a Delegation for Gender Equality in Higher Education (ToR 2009:7). The Delegation will support initiatives and propose measures that support gender equality in higher education.

Financial support for students

In March 2009, the report More Support for Studies – Secure, Simple and Flexible (Stärkt stöd för studier – tryggt, enkelt och flexibelt) (SOU 2009:28), with proposals on how student aid can be used as a tool to improve throughput in the higher education system and on the administration of student aid and the rules for the student aid system was presented to the Government. The Inquiry also proposes that universities and colleges should take more responsibility for throughput. The option of obtaining student aid with a higher grant proportion has been temporarily expanded in 2009 and 2010 for the unemployed over the age of 25, regardless of previous education, for studies in vocational upper secondary adult education programmes entitled to state grants. In the 2010 Budget Bill, the Government proposed raising student aid beginning 1 January 2010. Furthermore, the Government proposes increasing the exempt amount beginning 1 January 2011.

Measures for new teacher education, teachers and school heads

It is essential for Sweden to succeed in recruiting the most suitable people to the teaching profession and at the same time retain those teachers already in the school system. This involves giving student teachers a good education, topping up teachers' knowledge bank as needed and enabling all teachers to develop in their profession. Teacher training must maintain high standards and prepare students for a professional life spent in the school. The quality and status of the education programme in the academic world is also crucial in recruitment. In December 2008, the Inquiry on New Teacher Training submitted its report A Sustainable Teacher Training Programme (SOU 2008:109) and the Inquiry on Vocational Teacher Training submitted its report Vocational skills – an Equal Way of Qualifying for Vocational Teacher Education (SOU 2008:112) to the Government. The report has been circulated for comment and the Government intends to come back to the Riksdag on the matter.

To increase teachers' skills and thus the quality of instruction, the Government is carrying out a large initiative for further education and training of professionally active qualified teachers. Allocations of nearly SEK 3 billion are planned for 2007–2011 to provide teachers with the chance to deepen and broaden their knowledge of a subject and how to teach it. A total of 30 000 qualified teachers will be given the opportunity for further education during the period. The aim of the initiative is to strengthen teachers' skills with a view to helping more students fulfil educational objectives. Thus far about four per cent of the country's teachers have participated. It is still too early to express an opinion on the initiative's effectiveness. There are indications, however, that teachers are very satisfied with it and think that it has contributed to changing their teaching with the aim of increasing students' goal fulfilment. The Swedish Agency for Public Management has been requested by the Government to evaluate the teacher training initiative. It is to present a final report no later than 1 June 2010.

The Government has also given nine academic institutions a remit to arrange special needs teacher training to enhance teachers' skills in providing individually tailored support to students.

In addition, the State Inquiry on Teachers Qualifications and Authorisation (SOU 2008:52) has proposed stricter qualifying rules and an authorisation system for teachers. The proposal helps clarify the importance of teachers' training and skills.

In autumn 2008 a new state regulated job training for head teachers and other staff with a corresponding leadership function in schools, preschools and after-school recreation centres was started.

In the 2010 Budget Bill, the Government has proposed a special initiative for vocational teachers, an occupational group where there is a risk of a shortage. The Government has also proposed an initiative for further training of unqualified teachers.

Cooperation between education and training and working life

The Government has taken various initiatives aimed at improving cooperation between education and training and working life. The bill Higher Requirements and Quality in the New Upper Secondary School (Högre krav och kvalitet i den nya gymnasieskolan) (Govt. Bill. 2008/09:199) emphasises upper secondary school's responsibility for providing students with training in entrepreneurship. The Government also presented a strategy for entrepreneurship in the field of education in spring 2009. The strategy describes the importance of entrepreneurship in providing training for those who want to start and run a business as well as stimulating young people's creativity. Entrepreneurship involves developing new ideas and putting them into practice. The strategy contains eleven measures for encouraging entrepreneurship throughout the education system. Some examples of measures are: entrepreneurship is being emphasised in the policy document for compulsory and upper secondary schools, a survey of the work under way in compulsory and upper secondary schools on entrepreneurship is being conducted and two higher education programmes in entrepreneurship and innovation at an

advanced level are being developed to meet the highest international standard.

In the 2009 Budget Bill, the Government announced measures for priorities such as mathematics, science and technology. The Government has appointed a Technology Delegation with representatives from the business sector as well as government agencies and organisations (dir. 2008:96). The Delegation is to survey and draw attention to the need for well educated professionals working in mathematics, science, technology, and information and communications technology (ICT) and to increase interest and participation in education and training programmes in these areas. The Technology Delegation is to present its report on 30 April 2010.

Under the Higher Education Act (1992:1434), universities and colleges have a responsibility to work together with the local community and find ways of making use of university and colleges' research results. Work by institutions of higher education has in this respect been developed and deepened considerably in recent times. In their collaboration with the community, higher education institutions have largely followed an approach based on three components: democratic development, academic development and better education. Training in entrepreneurship and the development of mentoring relationships for students are examples of activities that have increased sharply.

From 2004 to 2007 the Validation Delegation had the task of conducting and supporting development of methods and forms of organisation, strengthening and promoting regional cooperation and drawing up proposals for measures needed to secure a validation process. As to the matter of validation, the work of the National Commission on Validation has shown that a public authority should have national responsibility for development, strategy and quality assurance. To develop validation, the National Agency for Higher Vocational Education has been given the remit to be a national coordinator of validation. The Agency is also to work closely with the other authorities concerned regarding validation and to be responsible for assessing foreign post-secondary vocational education and training that does not consist of higher education programmes. Promoting the education system's participation and sectoral participation in the validation work and the development of methodology and standardisation in the area will put a sharper focus on validation in the years ahead.

Sweden intends to implement the recommendations of a European Qualifications Framework for lifelong learning, the European Qualifications Framework (EQF) and create a national framework for qualifications. The measures and changes needed to meet the recommendation's requirements should be taken. The national framework should primarily involve programmes in the public education system but under certain conditions, interested parties outside the public education system should also be given the opportunity to include their qualifications. A National Qualifications Framework for (NQF) should gradually be developed in line with working life, sectoral and industry interests. In accordance with the recommendation, Member States will designate a national coordination point responsible for supporting and, in conjunction with other relevant national authorities, guiding the

relationship between the national qualification system and the European Qualifications Framework with a view to promoting the quality and transparency of that relationship. In Sweden, the National Agency for Higher Vocational Education has been designated the national coordination point for EQF. Since 2008, the National Agency for Higher Education has published the national qualifications framework for higher education on its web site.

In 2009 the European Parliament adopted the Council's recommendations to establish a European system for transferring credits in vocational education, the European Credit System for Vocational Education and Training (ECVET) and the European Quality Assurance Reference Framework for Vocational Education and Training, EQARF. Sweden intends to implement the two recommendations.

5 The EC Structural Funds Programmes in Sweden for the programme period 2007–2013

For the programme period 2007–2013, Sweden has received funding from two EC structural funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The funds are allocated to a number of programmes within the two objectives: Regional competitiveness and employment and European territorial cooperation. The Structural Funds programmes within these two objectives geographically cover all of Sweden.

Like other Member States, Sweden has drawn up a frame of reference for implementing Structural Funds Programmes, the National Strategy for Regional Competitiveness, Entrepreneurship and Employment 2007–2013. The programmes are regularly followed up and evaluated. In 2009 there was also a strategic follow-up of the national strategy; see Section 3.3. The Structural Funds play an important role in the work to counter the economic downturn that has affected Sweden over the past year. The economic situation that the programmes now have to deal with is radically different from that which existed when they were created. At the same time, there is a sharp focus on innovation in the programme. One of the aims of the Structural Funds is to accelerate the change to more competitive and innovative business structures. Towards this end, work in the programmes is in broad partnerships. The initiatives conducted within the framework for the national Structural Funds Programmes are one example. These initiatives include developing the skills of the employed, with the focus on firms where a large number of dismissal notices have been issued. There are also projects and initiatives supporting the development of an environmentally friendly economy under way in the Structural Fund Programmes.

The European Regional Development Fund (ERDF) programmes for regional competitiveness and employment, 2007–2013

The total amount of the eight regional Structural Funds Programmes is SEK 22.6 billion (EU funds, Swedish public co-financing and private co-financing) for the entire programme period. Of the programmes' total assets, the EU share of the funding amounts to about SEK 8.4 billion. In addition, there is national public co-financing amounting to SEK 9.8 billion and business sector financing is indicatively estimated to be SEK 4.3 billion in the eight regional Structural Funds Programmes.

Through end-2008, the decision on funding from ERDF in the eight regional Structural Funds Programmes came to about SEK 2.9 billion and the decision on national public co-financing to about SEK 5 billion. The private co-financing decided amounts to about SEK 1.57 billion. The first payments of EU funds to project promoters were made in 2008.

The table below shows how the funding from the Structural Funds is expected to be allocated primarily among the five main priority areas and the allocation based on decisions taken up to and including 2008.

Priority area	Indicative allocation of funding from the Structural Funds (SEK millions)	Allocation of structural funds decided up to and incl. 2008 (SEK millions)	Allocation of national public funds decided up to and incl. 2008 (SEK millions)
Innovation and renewal, of which	6 400	2 343	4 304
Research and development for an innovative business sector	5 400	2 094	4 038
Renewable energy and energy efficiency	500	53	65
Tourism, culture and metropolitan areas	500	156	201
Accessibility, of which	1 500	515	608
Information Society	900	217	245
Transport	600	298	363
Total	7 900	2 858	4 912

According to the programme documentation, the measures under the eight regional Structural Funds Programmes are expected to contribute to 33 300 new job opportunities and 12 800 new businesses. There are 28 115 companies expected to participate in the initiatives. The goal is for new job opportunities, new business start-ups and participation by

companies to be evenly divided among women and men when the programme period is summed up.

In the eight regional Structural Funds Programmes, funding has been decided for projects aimed at increasing the regional supply of equity for new and growing SMEs. The opportunity to decide on funding for projects to improve firms' access to capital is a step towards the ambition of offering financing in forms other than subsidies, such as loans, guarantees and risk capital.

According to programme evaluations, the programme implementation is proceeding at a fast pace. In the evaluators' opinion, the targets established for the project will most likely be met despite the economic downturn and the programmes are able to focus on structural change leading to new forms of business.

The National Structural Funds Programme for regional competitiveness and employment, 2007–2013 (the European Social Fund, or ESF)

The overall goal of the National Structural Funds Programme for regional competitiveness and employment, 2007–2013 is higher growth through an increased labour supply and good skills provision. There are projects in the programme aimed at counteracting exclusion in the labour market and promoting skills development. The grant from the European Social Fund (ESF) amounts to about SEK 6.2 billion for the period. In addition, national co-financing will match that amount.

The first decisions on grants to projects in the programme were made in spring 2008. From that time through 31 July 2009, over 1 300 projects had been awarded funding. The planned number of participants in this project is 180 000, of which 49 per cent are women and 51 per cent are men. The ESF funding committed amounts to about SEK 2.3 billion or 37 per cent of the frame. The national co-financing decided amounts to about SEK 3.1 billion. The initiatives in the programme, which now include a focus on skills development of those employed in firms where many dismissal notices have been issued, fulfil an important function in the current economic situation.

In an independent evaluation of the implementing organisation, it was noted that the programme in all essential respects also appears to function in the changed economic situation. At the same time, the evaluation emphasises that it is important to have realistic expectations of what the programme can contribute. The programme cannot solve firms' acute problems, but by offering skills development to the employed, it can constitute a part of structural change. In an initial step of the evaluation, some deficiencies in the processing of project proposals were pointed out. The responsible public authority, the Swedish ESF Council, has taken measures to remedy these deficiencies. The evaluator has since noted that the work tends to keep getting better and the regions where the greatest difficulties have been identified have improved considerably.

Territorial cooperation.

Sweden participates in a total of thirteen programmes within the framework of European territorial cooperation. Six programmes for border regions include one or more counties: The North, the Botnia-Atlantica, Sweden-Norway and Öresund-Kattegat-Skagerrak, Central Baltic and South Baltic. The managing and certifying agency for the first four of these programmes is in Sweden, while the other two programmes are managed by authorities in Finland and Poland respectively. The total funds (ERDF) for these six programmes amount to SEK 3.3 billion for the years 2007–2013. Of these six programmes, only the Sweden-Norway programme (SEK 335 million) is paid out via the central government budget. Sweden also participates in three transnational programmes: the North Periphery, the Baltic Sea Region and the North Sea programmes. The total funds (ERDF) for these programmes amount to SEK 3.7 billion. By end-2008, funding of about SEK 2 billion from ERDF in these nine border region and transnational programmes had been approved. Sweden also participates in the territorial programme for interregional cooperation, Interreg IVC. Interreg IVC is composed of the sub-programmes Interact II, Urbact II and Espon, which in various ways provide support for the exchange of experiences, dissemination of good examples and analyses of development trends throughout the EU. In addition to these thirteen programmes for territorial cooperation in the EU, Sweden also participates in cross-border cooperation programmes with non-EU countries through the Community instrument, the European Neighbourhood and Partnership Instrument (ENPI). Sweden participates in the ENPI CBC Kolarctic Programme for regional cooperation with Russia. In addition, ENPI funding is included in the Baltic Sea Region Programme to make participation by Russia and Belarus possible.

On the Government's initiative, the European Council asked the European Commission to draw up an EU strategy for the Baltic Sea region, which was presented in June 2009. The strategy focuses attention on specific challenges common to the region and it is to contribute to a territorial and intersectoral approach with eight EU countries working together. The Government plays an active role in the process and works towards ensuring that the content of the strategy contributes to closer cooperation in the region. The strategy has four areas – the environment, growth, attractiveness and accessibility, and security – where Member States bordering the Baltic Sea have decided to intensify cooperation. The Baltic Sea Strategy also makes it possible to increase the Baltic Sea Region's visibility and attractiveness in the global competition for trade, investment and tourists. The strategy will be implemented within the framework of existing institutions and existing budget funds. The objective is to use available EU funds in a more effective and coordinated way, such as improving the coordination of existing EU programmes.

On 1 August 2009, the European Groupings for Territorial Cooperation Act (lagen om europeiska grupperingar för territoriellt samarbete) (2009:704) entered into force (Govt. Bill. 2008/09:174, Committee Report 2008/09:NU22, Parliamentary Communication. 2008/09:303). The law contains supplementary national provisions for the European

Parliament and Council regulation (EC) no 1082/2006 of 5 July 2006 on a European grouping of territorial cooperation (EGTC). An EGTC is a new legal personality for territorial cooperation in the EU. The grouping's objective is to facilitate and promote cross-border, transnational and interregional cooperation. The aim of a grouping is to strengthen economic and social cohesion in the EU by making it easier for Member States and regional and local authorities to cooperate effectively across national borders. The new form of cooperation makes possible a permanent structure and long-term planning of the cooperation.

These guidelines are applicable to all Member States and to the Community. They should foster coherence of reform measures included in the National Reform Programmes established by Member States and will be complemented by the Lisbon Community Programme 2005–2008 covering all action to be undertaken at Community level in the interest of growth and employment. Implementation of all relevant aspects of these guidelines should take into account gender mainstreaming.

Macroeconomic policies for growth and jobs

Guideline n°1

To secure economic stability for sustainable growth, 1. in line with the Stability and Growth Pact, Member States should respect their medium-term budgetary objectives. As long as this objective has not yet been achieved, they should take all the necessary corrective measures to achieve it. Member States should avoid pro-cyclical fiscal policies. Furthermore, it is necessary that those Member States having an excessive deficit take effective action in order to ensure a prompt correction of excessive deficits. 2. Member States posting current account deficits that risk being unsustainable should work towards correcting them by implementing structural reforms, boosting external competitiveness and, where appropriate, contributing to their correction via fiscal policies.

Guideline n°2

To safeguard economic and fiscal sustainability as a basis for increased employment, Member States should, in view of the projected costs of ageing populations, 1. undertake a satisfactory pace of government debt reduction to strengthen public finances, 2. reform and re-enforce pension, social insurance and health care systems to ensure that they are financially viable, socially adequate and accessible, and 3. take measures to increase labour market participation and labour supply especially amongst women, young and older workers, and promote a lifecycle approach to work in order to increase hours worked in the economy.

Guideline n°3

To promote a growth, employment orientated and efficient allocation of resources Member States should, without prejudice to guidelines on economic stability and sustainability, re-direct the composition of public expenditure towards growth-enhancing categories in line with the Lisbon strategy, adapt tax structures to strengthen growth potential, ensure that mechanisms are in place to assess the relationship between public

spending and the achievement of policy objectives and ensure the overall coherence of reform packages. Appendix 1

Guideline n°4

To ensure that wage developments contribute to macroeconomic stability and growth and to increase adaptability Member States should encourage the right framework conditions for wage-bargaining systems, while fully respecting the role of the social partners, with a view to promote nominal wage and labour cost developments consistent with price stability and the trend in productivity over the medium term, taking into account differences across skills and local labour market conditions.

Guideline n°5

To promote greater coherence between macroeconomic, structural and employment policies, Member States should pursue labour and product markets reforms that at the same time increases the growth potential and support the macroeconomic framework by increasing flexibility, factor mobility and adjustment capacity in labour and product markets in response to globalisation, technological advances, demand shift, and cyclical changes. In particular, Member States should renew impetus in tax and benefit reforms to improve incentives and to make work pay; increase adaptability of labour markets combining employment flexibility and security; and improve employability by investing in human capital.

Guideline n°6

To contribute to a dynamic and well-functioning EMU, euro area Member States need to ensure better co-ordination of their economic and budgetary policies, in particular 1. pay particular attention to fiscal sustainability of their public finances in full compliance with the Stability and Growth Pact; 2. contribute to a policy mix that supports economic recovery and is compatible with price stability, and thereby enhances confidence among business and consumers in the short run, while being compatible with long term sustainable growth; 3. press forward with structural reforms that will increase euro area long-term potential growth and will improve its productivity, competitiveness and economic adjustment to asymmetric shocks, paying particular attention to employment policies; and 4. ensure that the euro area's influence in the global economic system is commensurate with its economic weight.

Guideline n°7

To increase and improve investment in R&D, in particular by private business, the overall objective for 2010 of 3% of GDP is confirmed with an adequate split between private and public investment, Member States will define specific intermediate levels. Member States should further develop a mix of measures appropriate to foster R&D, in particular business R&D, through: 1. improved framework conditions and ensuring that companies operate in a sufficiently competitive and attractive environment; 2. more effective and efficient public expenditure on R&D and developing PPPs; 3. developing and strengthening centres of excellence of educational and research institutions in Member States, as well as creating new ones where appropriate, and improving the cooperation and transfer of technologies between public research institute and private enterprises; 4. developing and making better use of incentives to leverage private R&D; 5. modernising the management of research institutions and universities; 6. ensuring a sufficient supply of qualified researchers by attracting more students into scientific, technical and engineering disciplines and enhancing the career development and the European, international as well as inter-sectoral mobility of researchers and development personnel.

Guideline n°8

To facilitate all forms of innovation, Member States should focus on: 1. improvements in innovation support services, in particular for dissemination and technology transfer; 2. the creation and development of innovation poles, networks and incubators bringing together universities, research institution and enterprises, including at regional and local level, helping to bridge the technology gap between regions; 3. the encouragement of cross-border knowledge transfer, including from foreign direct investment; 4. encouraging public procurement of innovative products and services; 5. better access to domestic and international finance, and 6. efficient and affordable means to enforce intellectual property rights.

Guideline n°9

To facilitate the spread and effective use of ICT and build a fully inclusive information society, Member States should: 1. encourage the widespread use of ICT in public services, SMEs and households; 2. fix the necessary framework for the related changes in the organisation of work in the economy; 3. promote a strong European industrial presence in the key segments of ICT; 4. encourage the development of strong ICT and content industries, and well functioning markets; 5. ensure the security of networks and information, as well as convergence and

interoperability in order to establish an information area without frontiers; 6. encourage the deployment of broad band networks, including for the poorly served regions, in order to develop the knowledge economy.

Guideline n°10

To strengthen the competitive advantages of its industrial base, Europe needs a solid industrial fabric throughout its territory. The necessary pursuit of a modern and active industrial policy means strengthening the competitive advantages of the industrial base, including by contributing to attractive framework conditions for both manufacturing and services, while ensuring the complementarity of the action at national, transnational and European level. Member States should: 1. start by identifying the added value and competitiveness factors in key industrial sectors, and addressing the challenges of globalisation. 2. also focus on the development of new technologies and markets. a) This implies in particular commitment to promote new technological initiatives based on public-private partnerships and cooperation between Member States, that help tackle genuine market failures. b) This also implies the creation and development of networks of regional or local clusters across the EU with greater involvement of SMEs.

Guideline n°11

To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth, Member States should: 1. give priority to energy efficiency and co-generation, the development of sustainable, including renewable, energies and the rapid spread of environmentally friendly and eco-efficient technologies a) inside the internal market on the one hand particularly in transport and energy, inter alia in order to reduce the vulnerability of the European economy to oil price variations, b) towards the rest of the world on the other hand as a sector with a considerable export potential; 2. promote the development of means of internalisation of external environmental costs and decoupling of economic growth from environmental degradations. The implementation of these priorities should be in line with existing Community legislation and with the actions and instruments proposed in the Environmental Technologies Action Plan (ETAP), *inter alia*, through a) the use of market-based instruments, b) risk funds and R&D funding, c) the promotion of sustainable production and consumption patterns including the greening of public procurement, d) paying a particular attention to SMEs and e) a reform of subsidies that have considerable negative effects on the environment and are incompatible with sustainable development, with a view to eliminating them gradually. 3. pursue the objective of halting the loss of biological diversity between now and 2010, in particular by incorporating this requirement into other policies, given the importance of biodiversity for certain economic sectors. 4. continue to fight against

climate change, while implementing the Kyoto targets in a cost-effective way, particularly in regard to SMEs. Appendix 1

Guideline n°12

To extend and deepen the Internal Market, Member States should:

1. speed up the transposition of Internal Market directives;
2. give priority to stricter and better enforcement of Internal Market legislation;
3. eliminate remaining obstacles to cross-border activity;
4. apply EU public procurement rules effectively;
5. promote a fully operational internal market of services, while preserving the European social model;
6. accelerate financial market integration by a consistent and coherent implementation and enforcement of the Financial Services Action Plan.

Guideline n°13

To ensure open and competitive markets inside and outside Europe, reap the benefits of globalisation, Member States should give priority to:

1. the removal of regulatory, trade and other barriers that unduly hinder competition;
2. a more effective enforcement of competition policy;
3. selective screening of markets and regulations by competition and regulatory authorities in order to identify and remove obstacles to competition and market entry;
4. a reduction in State aid that distorts competition;
5. in line with the upcoming Community Framework, a redeployment of aid in favour of support for certain horizontal objectives such as research, innovation and the optimisation of human capital and for well-identified market failures;
6. the promotion of external openness, also in a multilateral context;
7. full implementation of the agreed measures to open up the network industries to competition in order to ensure effective competition in European wide integrated markets. At the same time, the delivery, at affordable prices, of effective services of general economic interest has an important role to play in a competitive and dynamic economy.

Guideline n°14

To create a more competitive business environment and encourage private initiative through better regulation, Member States should:

1. reduce the administrative burden that bears upon enterprises, particularly on SMEs and start-ups;
2. improve the quality of existing and new regulations, while preserving their objectives, through a systematic and rigorous assessment of their economic, social (including health) and environmental impacts, while considering and making progress in measurement of the administrative burden associated with regulation, as well as the impact on competitiveness, including in relation to enforcement;
3. encourage enterprises in developing their corporate social responsibility.

Guideline n°15

To promote a more entrepreneurial culture and create a supportive environment for SMEs, Member States should: 1. improve access to finance, in order to favour their creation and growth, in particular micro-loans and other forms of risk capital; 2. strengthen economic incentives, including by simplifying tax systems and reducing non-wage labour costs; 3. strengthen the innovative potential of SMEs, and 4. provide relevant support services, like the creation of one-stop contact points and the stimulation of national support networks for enterprises, in order to favour their creation and growth in line with Small firms' Charter. In addition, Member States should reinforce entrepreneurship education and training for SMEs. They should also facilitate the transfer of ownership, modernise where necessary their bankruptcy laws, and improve their rescue and restructuring proceedings.

Guideline n°16

To expand, improve and link up European infrastructure and complete priority cross-border projects with the particular aim of achieving a greater integration of national markets within the enlarged EU. Member States should: 1. develop adequate conditions for resource-efficient transport, energy and ICT infrastructures – in priority, those included in the TEN networks – by complementing Community mechanisms, notably including in cross-border sections and peripheral regions, as an essential condition to achieve a successful opening up of the network industries to competition; 2. consider the development of public-private partnerships; 3. consider the case for appropriate infrastructure pricing systems to ensure the efficient use of infrastructures and the development of a sustainable modal balance, emphasizing technology shift and innovation and taking due account of environmental costs and the impact on growth.

Employment Policy**Guideline n°17**

Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion. Policies should contribute to achieving an average employment rate for the European Union (EU) of 70% overall, of at least 60% for women and of 50% for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.

Guideline n°18

Promote a lifecycle approach to work through: a renewed endeavour to build employment pathways for young people and reduce youth unemployment as called for in the Youth Pact; resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay; better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants; support to active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discourage early retirement; modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives.

Guideline n°19

Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through: active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty; continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably those with low incomes, whilst ensuring adequate levels of social protection; development of new sources of jobs in services to individuals and businesses, notably at local level.

Guideline No.20

Improve matching of labour market needs through: the modernisation and strengthening of labour market institutions, notably employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level; removing obstacles to mobility across Europe within the framework of the EU Treaties; better anticipation of skill needs, labour market shortages and bottlenecks; appropriate management of economic migration.

Guideline n°21

Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners, through: the adaptation of employment legislation, reviewing where necessary the different contractual and working time

arrangements; addressing the issue of undeclared work; better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation; the promotion and dissemination of innovative and adaptable forms of work organisation, with a view to improving quality and productivity at work, including health and safety; support for transitions in occupational status, including training, self-employment, business creation and geographic mobility;

Guideline n°22

Ensure employment-friendly labour cost developments and wage-setting mechanisms by: encouraging social partners within their own responsibilities to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps; reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the low-paid

Guideline n°23

Expand and improve investment in human capital through: inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training; reducing significantly the number of early school leavers; efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers.

Guideline n°24

Adapt education and training systems in response to new competence requirements through: raising and ensuring the attractiveness, openness and quality standards of education and training, broadening the supply of education and training opportunities and ensuring flexible learning pathways and enlarging possibilities for mobility for students and trainees; easing and diversifying access for all to education and training and to knowledge by means of working time organisation, family support services, vocational guidance and, if appropriate, new forms of cost-sharing; responding to new occupational needs, key competences and future skill requirements by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal learning.

Appendix 2 – Structural indicators for Sweden compared to other EU Member States year 2008

Indicators	Sweden	EU15	EU27	Among the 3 best of EU27
GDP per capita ¹	121,4	110,8	100	
Labour productivity ²	111,6	110,0	100	
Employment rate ³	74,3	67,3	65,9	x
males	76,7	74,2	72,8	
females	71,8	60,4	59,1	x
older workers ⁴	70,1	47,4	45,6	x
older males	73,4	56,2	55	x
older females	66,7	39	36,9	x
Long-term unemployed ⁵	0,8	2,6	2,6	x
Dispersion of regional employment rates ⁶	2,4	10,5	11,1	x
males	1,9	7,6	8,8	x
females	2,9	16	15,8	x
At-risk-of-poverty rate after social transfers ⁷	11	17	17	
males	11	15	16	
females	11	17	18	x
Comparative price levels	114,4	104,3	100	
Youth education attainment level ⁸	87,9	75,8	78,5	
males	86,2	72,6	75,7	
females	89,7	79,1	81,4	
Business investment ⁹	16,2	18,3	18,4	
Gross domestic expenditure on R&D ¹⁰	3,6	1,9	1,9	x
Greenhouse gas emissions ¹¹	90,7	95	90,7	
Energy intensity of the economy ¹²	156,5	151,7	169,4	
Volume of freight transport relative to GDP ¹³	94,4	100,9	106,8	

¹ GDP per capita in purchasing power standards (PPS). Index EU27=100.

² GDP in PPS per person employed. Index EU27=100.

³ Aged 15-64 percentage of the labour force.

⁴ Aged 55-64 percentage of the labour force.

⁵ Unemployed 12 months or more as a percentage of the labour force.

⁶ Coefficient of variation of employment rates (aged 15-64) on NUTS 2 level. Year 2007.

⁷ The share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers).

⁸ Defined as the percentage of young people aged 20-24 years having attained at least upper secondary education attainment level.

⁹ In percentage of GDP.

¹⁰ Percentage of GDP. For EU15 and EU27 Eurostat estimates. Year 2007.

¹¹ Actual base year (1990) =100 in CO₂ equivalents. Year 2007.

¹² Gross inland consumption of energy divided by GDP. Year 2007.

¹³ Defined as the ratio between tonne-kilometres (inland modes) and GDP. Indexed on 2000. Year 2007.

Appendix 3 – Indicators to monitor the employment policy

List of indicators for monitoring¹⁴

17.M1 Employment rate, Structural indicator

Persons in employment as a proportion of total population in the same age group, per cent.

Employment rate by age group	Total	Women	Men
15-64	74.3	71.8	76.7
15-24	42.2	42.1	42.2
25-54	86.5	83.5	89.4
55-59	80.6	77.9	83.3
60-64	60.1	56.1	64.0
65-69	16.6	11.9	21.4
20-64	80.4	77.2	83.5
55-64	70.1	66.7	73.4

Source: Labour Force Survey, Eurostat.

17.M2 Employment growth, Structural indicator

Annual percentage change in employed population, overall and by main sector.

Employment growth	Total	Women	Men
Total	0.9	0.7	1.1
Agriculture	-1.0		
Industry	1.0		
Services	0.9		

Source: Labour Force Survey and National Accounts, Eurostat.

17.M3 Unemployment rate, Structural indicator

Unemployed persons as a share of the active population in the same age group, per cent.

Unemployment rate by age group	Total	Women	Men
15-74	6.2	6.6	5.9
15-24	20.2	20.7	19.7
25-54	4.3	4.7	4.0
55-59	3.5	3.3	3.7
60-64	4.1	3.6	4.5
20-64	5.1	5.2	4.9
55-64	3.8	3.4	4.1

Note: Harmonized unemployment series. Source: Labour Force Survey, Eurostat.

¹⁴ If nothing else is stated all figures are yearly averages for 2008. The indicator 21.M1 is not included due to non-applicable data.

17.M4 Activity rate

Share of employed and unemployed as a proportion of total population in the same age group, per cent.

Activity rate by age group	Total	Women	Men
15–64	79.3	76.9	81.7
15–24	52.8	53.1	52.6
25–54	90.4	87.6	93.1
55–59	83.6	80.6	86.6
60–64	62.6	58.2	67.0
65–69	17.0	12.3	21.9
20–64	84.7	81.4	87.8
55–64	72.8	69.0	76.5

Source: Labour Force Survey, Eurostat.

17.M5 Growth in labour productivity

Growth in GDP per person employed and per hour worked, per cent.

Labour productivity	Total
Per person employed	-1.1
Per hour worked	-1.8

Source: ESA 95, DG ECFIN.

17.M6 Regional disparities – underperforming regions

1. Share of underperforming regions in terms of employment and unemployment (in relation to all regions and to the working age population/labour force, NUTS II).

2. Differential between average employment/unemployment of the underperforming regions and the national average in relation to the national average of employment/unemployment, NUTS II.

Thresholds to be applied: 90 per cent and 150 per cent of the national average rate for employment and unemployment, respectively.

Regional disparities – underperforming regions (2007)	Total
<u>Underperforming regions</u>	
– Employment	0/8
– Unemployment	0/8
<u>Share of workforce living in underperforming regions, %</u>	
– Employment	0.0
– Unemployment	0.0

Source: Labour Force Survey, Eurostat.

18.M1 Youth unemployment ratio

Total unemployed young people (15–24 years) as a share of total population in the same age group, per cent.

	Total	Women	Men
Youth unemployment ratio	10.7	11.0	10.4

Source: Labour Force Survey, Eurostat.

18.M2 Gender pay gap, Structural indicator

Women's salary as a percentage of men's salary.

Gender pay gap (2007)	Total
<u>Unadjusted</u>	
– Total	84.0
– Private sector	86.0
– Public sector	83.0
<u>Adjusted²</u>	
– Total	93.0
– Private sector	91.0
– Public sector	96.0

Source: The National Mediation Office and Statistics Sweden.

18.M2 Gender pay gap

Gender pay gap by age group and educational attainment (difference between men's and women's average gross hourly earnings as percentage of men's average gross hourly earnings for paid employees at work 15+ hours), per cent.

Gender pay gap (2001)	Total
<u>Age group</u>	
– 16-24	7.0
– 25-54	18.0
– 55-64	21.0
<u>Educational attainment³</u>	
– Low	14.0
– Medium	16.0
– High	24.0

Source: European Community Household Panel, Eurostat.

² Differences between men and women in age, education, working hours, sector and occupational group are taken into consideration.

³ Low = less than upper secondary education; Medium = upper secondary education completed; High = upper tertiary education completed.

18.M3 Childcare

Children cared for (by formal arrangements⁴ other than by the family) less than 30 hours a usual week/30 hours or more a usual week as a proportion of all children of same age group. Breakdown by children aged under 3 (0–2 years), children aged between 3 years and admission age for compulsory school and age for compulsory school and 12 years, per cent.

Childcare (2007)	1–29 h	30– h
0–2 years	20.0	27.0
3 years to compulsory school age	30.0	61.0
Compulsory school age –12 years	0.0	100.0

Source: Statistics on Income and Living Conditions, Eurostat.

Childcare (2005)	
Number of months of maternity/paternity/parental leave with benefits replacing at least 2/3 of salary	16
Admission age for compulsory education	7

Source: Statistics on Income and Living Conditions, Eurostat.

18.M4 Average exit age from the labour force, Structural indicator

The average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another at a specific age.

	Total	Women	Men
Average exit age from the labour force (2007)	63.9	63.6	64.2

Source: Labour Force Survey, Eurostat.

19.M1 Long-term unemployment rate, Structural indicator

Total long-term unemployed population (12 months or more) as a proportion of total active population, per cent.

	Total	Women	Men
Long-term unemployment rate	0.8	0.7	0.8

Source: Labour Force Survey, Eurostat.

⁴ Formal arrangements refer to the EU-SILC survey reply categories 1-4 (pre-school or equivalent, compulsory education, centre-based services outside school hours, a collective crèche or another day-care centre, including family day-care organised/controlled by a public or private structure).

19.M2 Activation/support

Number of participants in regular activation measures (LMP categories 2–7)¹⁵/in assisted activation programmes (LMP sub-category 1.1.2)⁵ / number of recipients of supports (LMP categories 8–9)⁵ divided by the number of persons wanting to work (ILO unemployed plus labour reserve).

Activation/support per 100 persons wanting to work (2007)	Total
Regular activation	27.1
Assisted activation	56.0
Support	39.7

Source: LMP, Eurostat.

19.M3 New start/ Prevention

Share of young people/adult becoming unemployed in month X, still unemployed in month X+4/12, and not having started a job or participated in a regular activation measure (LMP categories 2–7)/not having participated in an assisted activation programme (LMP sub-category 1.1.2)¹⁶, per cent.¹⁷

New start/Prevention ¹⁸	Total	Women	Men
Young people	3.3	3.0	3.6
Adults	1.2	1.1	1.4

Source: The Swedish Public Employment Service.

¹⁵ Regular activation measures are LMP categories Training(2), Job rotation and job sharing(3), Employment incentives(4), Supported employment and rehabilitation(5), Direct job creation(6), Start-up incentives(7). Assisted activation programmes are LMP sub-category Individualised case-management(1.1.2). Supports are LMP categories Out-of-work income maintenance and support(8) and early retirement(9).

¹⁶ Regular activation measures are LMP categories Training(2), Job rotation and job sharing(3), Employment incentives(4), Supported employment and rehabilitation(5), Direct job creation(6), Start-up incentives(7). Assisted activation programmes are LMP sub-category Individualised case-management(1.1.2).

¹⁷ Method: B/A. A=persons becoming unemployed in month X. B=Persons still unemployed in month X+4/12 and not having started a job or benefited from a regular activation measure/assisted activation programme.

¹⁸ Young people refer to men and women until the age of 24 and adults refer to men and women in the age 25 and older.

19.M4 Activation of long-term unemployed

Number of long-term registered unemployed participants in an active measure (LMP categories 2–7) in relation to the sum of the long-term unemployed participants plus registered long-term unemployed (yearly averages). Per cent.

Activation of long-term unemployed ¹⁹	Total	Women	Men
All	76.4	75.6	76.9
<u>Broken down by type of measure</u>			
– Training	30.7	33.0	29.0
– Employment incentives	38.4	36.1	40.2
– Supported employment and rehabilitation	7.1	6.3	7.6
– Start-up incentives	0.2	0.2	0.2

Source: The Swedish Public Employment Service.

19.M5 Labour market gaps for disadvantaged groups

Gaps on the labour market for disadvantaged groups²⁰ according to national definitions.

Size of group in relation to the population, %	Total	Women	Men
<u>Persons born outside Sweden</u>			
– Total	16.3	17.5	15.2
– Within EU27/EEA	5	5.4	4.5
– Outside EU27/EEA	11.3	12.1	10.6
<u>Disabled persons</u>			
– Total	15.5	16.6	14.4
– With reduced ability to work	8.8	10.2	7.5

Source: Labour Force Survey, Statistics Sweden.

The difference in labour force participation rate compared with the overall rate for disadvantage groups, in percentage points.

Difference in labour force participation rate	Total	Women	Men
<u>Persons born outside Sweden</u>			
– Total	-8.1	-11.1	-4.3
– Within EU27/EEA	-2.4	-4.0	0.0
– Outside EU27/EEA	-10.6	-14.3	-6.1
<u>Disabled persons</u>			
– Total	-12.4	-12.8	-11.5
– With reduced ability to work	-23.5	-20.6	-26.4

Source: Labour Force Survey, Statistics Sweden.

¹⁹ Long-term registered unemployed refers to persons that have been unemployed for more than 12 months for adults (25+) and more than 6 months for youth (<25).

²⁰ Disadvantaged groups are defined as persons born abroad and people with disabilities. The estimates on the differences between persons born abroad and the whole population are weighted in a different way than the estimates of the levels. This implies that the differences presented here differ somewhat from the difference received when subtracting the level for person born abroad from the level of the whole population.

The difference in employment rate compared with the overall rate for disadvantage groups, in percentage points. Appendix 3

Difference in employment rate	Total	Women	Men
<u>Persons born outside Sweden</u>			
– Total	-11.3	-14.2	-7.7
– Within EU27/EEA	-2.7	-4.2	-0.5
– Outside EU27/EEA	-15.1	-18.6	-10.8
<u>Disabled persons</u>			
– Total	-12.9	-13.5	-11.8
– With reduced ability to work	-24.7	-22.1	-27.2

Source: Labour Force Survey, Statistics Sweden.

Difference in unemployment rates for disadvantaged groups and the overall unemployment rate, in percentage points.

Difference in unemployment rate	Total	Women	Men
<u>Persons born outside Sweden</u>			
– Total	5.1	5.4	4.7
– Within EU27/EEA	0.7	0.6	0.6
– Outside EU27/EEA	7.3	7.9	6.6
<u>Disabled persons</u>			
– Total	1.6	2.1	1.2
– With reduced ability to work	4.2	4.5	3.9

Source: Labour Force Survey, Statistics Sweden.

19.M5 Unemployment rate gap between EU27 and non-EU27 nationals

Unemployment rate gap between EU27 and non-EU27 nationals, in percentage points.

	Total	Women	Men
Unemployment rate gap	-12.5	-13.4	-12.0

Source: Labour Force Survey, Statistics Sweden.

19.M6 Tax rate on low wage earners: Low-wage trap, Structural indicator

The marginal effective tax rate on labour income taking account the combined effect of increased taxes on labour and in-work benefits withdrawal as one increases the work effort (increased working hours or moving to a better job). Calculated as the ratio of change in personal income tax and employee contributions plus change (reductions) in benefits, divided by increases in gross earnings, using the “discrete” income changes from 34–66 per cent of APW.

Low wage trap (2007)	Total
One earner couple with two children	80.0
Single person with no children	47.0

Source: Eurostat/OECD.

19.M7 Tax rate on low wage earners: Unemployment trap, Structural indicator

The marginal effective tax rate on labour income taking account the combined effect of increased taxes and benefits withdrawal as one takes up a job. Calculated as one minus the ratio of change in net income (net in work income minus net out of work income) and change in gross income for a single person moving from unemployment to a job with a wage level of 67 per cent of the APW.

Unemployment trap (2007)	Total
Single person with no children	82.0

Source: Eurostat.

20.M1 Vacancies per unemployed

Ratio between the total number of the stock of vacancies compared to the total number of unemployed (v/u ratio).

	Total
Vacancies per unemployed (2007)	184

Source: Eurostat.

21.M2 Diversity and reasons for contractual and working arrangements

Employees in non-standard employment (part-time and/or fixed-term) as per cent of total employees. Total employees in part-time and/or fixed-term contracts as a percentage of all employees in the same group, respectively; and total self-employed as per cent of person in employment.

Contractual and working arrangements	Total	Women	Men
Non-standard employment	34.7	49.1	20.6
Part-time	27	41.7	12.4
– Involuntary part-time	2.3	7.8	1.6
Fixed-term employment	16.1	18.7	13.4
– Involuntary fixed-term employment	4.1	4.2	3.9
Self-employed	10.2	5.6	14.2

Source: Labour Force Survey, Eurostat.

21.M3 Accidents at work, Structural indicator

The evolution of the incidence rate, defined as the number of accidents at work per 1 000 person in employment.

Trends in accidents at work	Women	Men
2002	6.8	10.0
2003	6.7	9.5
2004	6.5	8.9
2005	6.3	8.5
2006	6.4	8.3
2007	5.6	7.6
2008	5.3	7.2

Source: The Work Environment Authority and Statistics Sweden.

22.M1 Unit labour cost growth, Structural indicator

Growth rate of the ratio: compensation per employee in current prices divided by GDP (in current prices) per total employment.

	Total
Real unit labour costs	-0.5

Source: Structural indicators, Eurostat.

22.M2 Tax rate on low-wage earners, Structural indicator

Tax wedge on labour cost: ratio of income tax plus employee and employer social contributions including payroll taxes less cash benefits divided by the labour costs for a single earner earning 67 per cent of the APW.

	Total
Taxation on low-wage earners (2007)	43.3

Source: Structural indicators, Eurostat.

23.M1 Spending on human resources, Structural indicator

Total public expenditure on education as a percentage of GDP.

	Total
Investment in human resources (2006)	6.85

Source: Joint UNESCO/OECD/Eurostat questionnaire.

23.M2 Youth educational attainment level

Percentage of the population aged 20-24 having completed at least upper secondary education (ISCED level 3 long).

	Total	Women	Men
Youth educational attainment level	87.9	89.7	86.2

Source: Labour Force Survey, Eurostat.

23.M3 Early school leavers, Structural indicator

Percentage of the population aged 18–24 with at most lower secondary education (ISCED level 2) and not in further education or training, per cent.

	Total	Women	Men
Rate of early-school-leaving (2007)	8.6	7.0	10.2

Source: Labour Force Survey, Eurostat.

23.M4 Life-long learning, Structural indicator

Participation of the adult population aged 25–64 participating in education and training (over the four weeks prior to the survey), total, by age group, working status and educational attainment, per cent.

Participation in education and training	Total	Women	Men
<u>Age group</u>			
– 25-64	32.4	39.3	25.8
– 25-34	37.0	42.0	32.0
– 35-44	33.2	40.5	26.1
– 45-54	31.6	39.6	23.8
– 55-64	27.0	34.0	20.5
<u>Working status (25-64)</u>			
– Employed	31.6	38.7	25.0
– Unemployed	28.4	34.8	23.3
– Inactive	43.6	46.0	39.7
<u>Educational attainment²¹ (25-64)</u>			
– Low	18.3	23.8	14.6
– Medium	28.6	34.6	23.5
– High	46.4	51.6	39.2

Source: Labour Force Survey, Eurostat.

²¹ Low=less than upper secondary education; Medium=upper secondary education completed; High=upper tertiary education completed.

List of indicators for analysis²²

17.A1 Employment rate in full time equivalents

Total hours worked divided by the average annual number of hours worked in full-time jobs, calculated as a proportion of total population in the 15–64 age group, per cent.

Employment rate in full-time equivalents	Total	Women	Men
15–64	68.0	62.5	73.7

Source: Labour Force Survey, Spring data, Eurostat.

17.A2 Real GDP growth rate, Structural indicator

Growth rate of GDP volume - percentage change on previous year.

	Total
Annual average of GDP growth, %	-0.2

Source: Structural indicators, Eurostat.

17.A3 Labour supply growth

Annual change in labour supply (including employed and unemployed in working age 15–64), in percentage points.

	Total	Women	Men
Labour supply growth (2007)	1.3	1.5	1.2

Source: Labour Force Survey, Eurostat.

17.A4 Transitions by employment status

Average transition between employment, unemployment and inactive from quarter 4 year 2007, quarter 1, 2 and 3 year 2008 to the next quarter, i.e. quarter 1, 2, 3 and 4 year 2008, per cent.

Total	Status at 2008			
	Employed	Unemployed	Inactive	Total
Status at 2007				
Employed	96.2	1.3	2.5	100.0
Unemployed	31.7	48.3	20.0	100.0
Inactive	9.6	4.6	85.7	100.0

Women	Status at 2008			
	Employed	Unemployed	Inactive	Total
Status at 2007				
Employed	95.7	1.2	3.1	100.0
Unemployed	33.5	45.7	20.8	100.0
Inactive	9.6	4.4	86.0	100.0

²² If nothing else is stated all figures are yearly averages for 2008. The indicators 18.A6, 19.A2 and 19.A3 are not included due to non-applicable data.

Men	Status at 2008			
	Status at 2007	Employed	Unemployed	Inactive
Employed	96.7	1.3	2.0	100.0
Unemployed	30.0	50.8	19.2	100.0
Inactive	9.7	4.9	85.5	100.0

Source: Labour Force Survey, Statistics Sweden.

17.A5 Dispersion of regional employment and unemployment rates, Structural indicator

Standard deviation of employment (unemployment) rates divided by the national average (age group 15-64 years), NUTS II and NUTS III.

Regional disparities (2007)	Total	Women	Men
<u>Employment</u>			
– Nuts II	2.4	2.9	1.9
– Nuts III (15+ years) (2006)	3.3	4.4	2.6
<u>Unemployment</u>			
– Nuts II	10.1		
– Nuts III	12.6		

Source: Labour Force Survey, Eurostat.

18.A1 Employment gender gap

1. The difference in employment rates between men and women in percentage points.

	Total
Employment gender gap	4.9

Source: Labour Force Survey, Eurostat.

2. The difference in employment rates between men and women in percentage points, by age group and by educational level.

Employment gender gap	Total
<u>Age group</u>	
– 15–24	0.1
– 25–54	5.4
– 55–64	6.7
<u>Educational attainment</u> ²³	
– Low	11.7
– Medium	7.6
– High	1.8

Source: Labour Force Survey, Eurostat.

²³ Low=less than upper secondary education; Medium=upper secondary education completed; High=upper tertiary education completed.

18.A2 Employment gender gap in full time equivalents

The difference in employment rates measured in full-time equivalent between men and women in percentage points.

	Total
Employment gender gap in full-time equivalent	11.3

Source: Labour Force Survey, Spring data, Eurostat.

18.A3 Unemployment gender gap

The difference in unemployment rates between women and men in percentage points.

	Total
Unemployment gender gap	0.6

Source: Harmonized unemployment series, Eurostat.

18.A4 Gender segregation

Gender segregation in occupations/sectors, calculated as the average national share of employment for women and men applied to each occupation/sectors; differences are added up to produce a total amount of gender imbalance presented as a proportion of total employment (ISCO classification/ NACE classification).

Gender segregation	Total
In occupations	27.0
In sectors	22.1

Source: Labour Force Survey, Spring data, Eurostat.

18.A5 Employment impact of parenthood

Employment rate for persons aged 20–50 with or without children 0–6 years, per cent.

Employment impact of parenthood	Total	Women	Men
With children	86.4	79.5	93.8
Without children	81.8	80.1	83.4
Difference in percentage points	4.6	-0.6	10.4

Source: Labour Force Survey, Statistics Sweden.

18.A7 Care of dependent elderly

Share of population, 75–84 years old living in ordinary housing²⁴ who needs and receive²⁵ help every week, per cent.

Care of dependent elderly (2006)	Women	Men
Cohabiting		
Public assistance	8.0	4.0
Assistance from household member	23.0	16.0
Assistance from other family/friends	9.0	2.0
Single		
Public assistance	10.0	–
Assistance from household member	1.0	–
Assistance from other family/friends	12.0	–

Source: Living Conditions Survey (ULF), Statistics Sweden.

18.A8 Transitions by pay level

Transition between non-employment and employment and within employment by pay level from year 2006 to year 2007, per cent.

Total	Status 2007					
	1 st decile	2 nd decile	3 rd decile	4 th –10 th decile	Non-empl.	Total
Status 2006						
1 st decile	38.0	19.2	9.8	12.0	21.1	100.0
2 nd decile	11.7	35.9	17.7	23.1	11.6	100.0
3 rd decile	4.6	14.2	40.6	33.7	6.8	100.0
4 th –10 th decile	1.0	1.9	3.7	91.4	1.9	100.0
Non-employment	10.7	5.2	2.3	2.9	78.9	100.0

Women	Status 2007					
	1 st decile	2 nd decile	3 rd decile	4 th –10 th decile	Non-empl.	Total
Status 2006						
1 st decile	36.6	18.1	9.3	13.2	22.8	100.0
2 nd decile	11.7	35.1	15.9	24.4	12.9	100.0
3 rd decile	5.1	14.5	36.7	36.0	7.7	100.0
4 th –10 th decile	1.0	2.2	4.5	90.1	2.3	100.0
Non-employment	10.2	4.7	2.2	3.3	79.6	100.0

²⁴ Not in retirement homes.

²⁵ The same person can receive help from many different persons.

Men	Status 2007					
	1 st decile	2 nd decile	3 rd decile	4 th –10 th decile	Non-empl.	Total
Status 2006	39.0	21.4	10.5	10.0	19.2	100.0
1 st decile	39.0	21.4	10.5	10.0	19.2	100.0
2 nd decile	11.7	34.9	19.7	22.5	11.1	100.0
3 rd decile	4.4	12.5	41.1	36.4	5.6	100.0
4 th –10 th decile	1.0	1.8	3.5	92.2	1.5	100.0
Non-employment	11.5	6.0	2.1	2.2	78.2	100.0

Source: Labour statistics based on administrative sources (RAMS), Statistics Sweden.

19.A1 Inflow into long-term unemployment

Share of young people and adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 without any break of more than one month (28-31 calendar days), per cent.

Inflow into long-term unemployment ²⁶	Total	Women	Men
Young people	6.0	5.3	6.5
Adult	11.9	10.6	13.3

Source: The Swedish Public Employment Service.

19.A4 Follow-up of participants in regular activation measures

1. Rate of inflow of LMP participants into employment 3 months after participation in a measure (6 months in parenthesis).

Inflow into employment	Total	Women	Men
Total	45.9 (47.0)	44.7 (45.8)	47.0 (48.1)
<u>Broken down by measure²⁷</u>			
– Training ²⁸	49.1 (49.1)	48.5 (48.4)	49.6 (49.6)
Thereof employment training	55.6 (56.3)	57.5 (58.4)	54.6 (55.3)
– Employment incentives ²⁹	41.0 (42.9)	39.4 (40.9)	42.2 (44.6)
– Supported employment and rehabilitation ³⁰	39.6 (42.6)	37.5 (41.3)	42.1 (44.1)
– Start-up incentives	86.4 (86.4)	88.1 (87.5)	84.9 (85.3)

Source: The Swedish Public Employment Service.

²⁶ Young people refer to men and women until the age of 24, adults refer to men and women in the age 25 and older.

²⁷ Breakdown based on the categories in the LMP database (Eurostat).

²⁸ International practice scholarship, computer/activity centres, activities within counselling guidance and placement service, projects with employment policy orientation, in-depth assessment and counselling guidance, employment training, preparatory training courses, job and development program, apprentice jobs, youth job programs.

²⁹ Employment development programme, wage subsidy, trainee positions for unemployed graduates, general recruitment incentive, special recruitment incentive, plus jobs, trainee replacement scheme, work experience, trial opportunity, municipal youth programme (youths under age 20), youth guarantee (youths aged 20–24), recruitment incentive for long-term sick listed, entry recruitment incentive.

³⁰ Sheltered employment, public sheltered employment, employability rehabilitation programme.

2. Rate of return of LMP participants into unemployment 3 months after participation in a measure (6 months in parenthesis). Appendix 3

Inflow into unemployment	Total	Women	Men
Total	18.3 (16.3)	17.2 (14.8)	19.2 (17.6)
Broken down by measure ³¹			
– Training ³²	14.2 (14.2)	12.2 (11.6)	15.8 (16.2)
Thereof employment training	20.6 (18.7)	16.4 (13.9)	22.6 (21.0)
– Employment incentives ³³	23.2 (18.9)	22.5 (17.8)	23.8 (19.8)
– Supported employment and rehabilitation ³⁴	21.7 (18.4)	21.7 (17.8)	21.8 (18.7)
– Start-up incentives	5.8 (5.5)	4.7 (4.7)	6.8 (6.3)

Source: The Swedish Public Employment Service.

19.A5 LMP expenditure

Expenditure for active/passive labour market policy as per cent of GDP.

Active and passive ³⁵ (2007)	Active	Passive	Total
Expenditures as % of GDP	0.9	0.7	1.6

Source: LMP database, Eurostat.

19.A6 LMP expenditure per person wanting to work

Expenditure on LMP divided by the number of persons wanting to work (LFS unemployed plus labour reserve).

Expenditure on LMP (2007)	
LMP services (category 1)	0.74 ^e
LMP measures (categories 2–7)	3.59
LMP supports (categories 8–9)	2.90
Total LMP expenditure	7.58^e

Note: Expenditure are expressed in PPS in order to eliminate price differentials.

e: Estimated value.

Source: LMP database, Eurostat.

³¹ Breakdown based on the categories in the LMP database (Eurostat).

³² International practice scholarship, computer/activity centres, activities within counselling guidance and placement service, projects with employment policy orientation, in-depth assessment and counselling guidance, employment training, preparatory training courses, job and development program, apprentice jobs, youth job programs.

³³ Employment development programme, wage subsidy, trainee positions for unemployed graduates, general recruitment incentive, special recruitment incentive, plus jobs, trainee replacement scheme, work experience, trial opportunity, municipal youth programme (youths under age 20), youth guarantee (youths aged 20-24), recruitment incentive for long-term sick listed, entry recruitment incentive.

³⁴ Sheltered employment, public sheltered employment, employability rehabilitation programme.

³⁵ Active measures include LMP categories 2-7 and passive measures include LMP categories 8-9.

19.A7 Labour reserve

Inactive persons wanting to work as a percentage of working age population 15–64.

	Total	Women	Men
Labour reserve ³⁶	3.8	4.1	3.4

Source: Labour Force Survey, Eurostat.

19.A8 In-work-poverty risk

Individuals who are classified as employed³⁷ and who are at risk of poverty³⁸ as percentage of working population.

	Total	Women	Men
In-work-poverty risk (2007)	7.0	6.0	7.0

Source: Eurostat.

19.A9 Employment rate in services

Number of employed persons working in the services sector (in main job) aged 15–64 as percentage of the population of the same age group.

	Total	Women	Men
Employment rate in services (2007)	56.5	64.5	48.7

Source: Labour Force Survey, Eurostat.

20.A1 Recent immigrants to and within the EU

1. Foreign born persons/ Persons with another nationality than the country of residence/ in the age group 15–64 who have been resident 5 years or less in the reporting country as a proportion of total population in the same age group. Breakdown by sex and origin, in percentage.

	Total	Women	Men
Nationality in another EU27	0.7	0.7	0.7
Nationality outside the EU27	1.4	1.6	1.3
Total with other nationality	2.1	2.2	2.0
Born in another EU27 country	0.6	0.6	0.6
Born outside the EU27	1.8	2.0	1.6
Total foreign born	2.4	2.6	2.2

Source: Labour Force Survey, Eurostat.

³⁶ The labour reserve is here defined as persons who want to work but are not in the labour force, for example due to studying, early retirement, housekeeping, military service or for other reasons.

³⁷ Distinguishing between “wage and salary employment plus self-employment” and “wage and salary employment” only.

³⁸ Whose equivalised disposable income is below 60 per cent of national median equivalised disposable income.

2. Persons with another nationality than the country of residence/ in the age group 15–64 who have been resident 5 years or less in the reporting country by level of education. Breakdown by origin, in percentage.

Educational attainment³⁹	Nationality in another EU27	Nationality outside the EU27	Total population aged 15-64
Low	6.6	30.3	20.2
Medium	39.4	30.7	52.4
High	54.0	39.0	27.5

Source: Labour Force Survey, Eurostat.

20.A2 Employment/Activity of recent immigrants to and within the EU

1. Employed persons/employed and unemployed persons/ in the age group 15–64 with another nationality than the country of residence who have been resident 5 years or less in the reporting country as a proportion of total employed/active population in the same age group.

	Nationality in another EU27	Nationality outside the EU27	Total with other nationality	Total population aged 15–16
Employment rate	70.9	40.4	50.1	74.3
Activity rate	79.6	58.7	65.3	79.3

Source: Labour Force Survey, Eurostat.

³⁹ Low=less than upper secondary education; Medium= upper secondary education completed; High=upper tertiary education completed.

2. Employed persons/employed and unemployed/ persons in the age group 15–64 with another nationality that the country of residence who have been resident 5 years and less in the reporting country as a proportion of total recent immigrants (persons with another nationality in the age group 15–64 who have been resident 5 years and less in the reporting country) in the same age group.

	Nationality in another EU27	Nationality outside the EU27	Total with other nationality
Share of employed recent immigrants of total employed population	0.6	0.8	1.4
Share of active recent immigrants of total active population	0.7	1.1	1.7

Source: Labour Force Survey, Eurostat.

21.A1 Undeclared work

Within the Guideline, there are no agreed indicators yet. Initial discussions have led to the conclusion that the share of persons performing illicit work and the black sector's share of GDP are two measures that seem to be relevant within the Employment Strategy. Thus, these two measures are presented here, per cent.

Undeclared work	Total
Share of persons who have performed illicit work during the year (2005) ¹	13.0
The black sector as a share of GDP (2002) ²	4.5

¹ Source: Tax Statistical yearbook of Sweden 2006, Swedish National Tax Agency.

² Source: Eurostat.

21.A2 Working time

1. Average weekly number of hours usually worked per week defined as the sum of hours worked by full-time employees divided by the number of full-time employees.

2. Average effective annual working time per employed person.

Working time	Total	Women	Men
<u>Weekly average</u>			
2004	39.9	39.6	40.0
2005	39.9	39.7	40.0
2006	39.9	39.8	39.9
2007	39.9	39.8	39.9
2008	39.9	39.7	39.9
<u>Annual average</u>			
2004	1606		
2005	1605		
2006	1599		
2007	1615		
2008	1626		

Source: Labour Force Survey, Eurostat.

21.A3 Overtime work

Employees for whom the number of hours actually worked exceeds the number of hours usually worked due to overtime as a percentage of all employees.

	Total	Women	Men
Overtime work	14.6	11.7	17.4

Source: Labour Force Survey, Eurostat.

21.A4 Access to flexitime

Total employees who have other working time arrangements than fixed start and end of a working day as a % of total employees

	Total	Women	Men
Access to flexitime (2004)	61.2	62.5	59.9

Source: Eurostat.

21.A5 Occupational diseases

The trends in occupational diseases, defined as the number of occupational diseases per 1 000 in employment.

Trends in occupational diseases	Women	Men
2003	7.0	5.1
2004	5.7	4.2
2005	4.6	3.4
2006	3.8	2.8
2007	3.0	2.2
2008	2.6	2.0

Source: The Work Environment Authority and Statistics Sweden.

21.A6 Employment in newly established enterprises

Number of persons employed in newly born enterprises (in year t) and in surviving enterprises (set ups in years t-3, t-2 and t-1) in relation to the number of persons employed in all active enterprises (in a year t), per cent.

Employment in newly established enterprises	2001	2002	2003
Total	1.62	1.61	1.62
Industry	0.44	0.47	0.50
Construction	2.12	1.97	2.01
Services	2.16	2.14	2.11

Source: Structural Business Statistics, Eurostat.

22.A1 Labour productivity, Structural indicator

Gross domestic product (GDP) divided by number of persons employed and hours worked (GDP in PPS per person employed/per hour worked relative to EU25 average/EU15 average), per cent.

Labour productivity	Total
Per person employed	110.4 ^f
Per hour worked (2007)	102.7

Note: f = forecast.

Source: Eurostat.

22.A2 Implicit tax rate on employed labour

Ratio of total taxes on employed labour (personal income taxes plus employees' and employers' social security contributions plus payroll taxes) divided by the total compensation of employees plus payroll taxes, per cent.

	Total
Implicit tax rate on employed labour (2006)	44.5

Source: Structural indicators, Eurostat.

23.A1 Investments by enterprises in training of adults

Investment by enterprises in continuous vocational training (CVT) in relation to labour costs, per cent.

	Total
Investments by enterprises in training of adults (2005)	2.1

Source: Continuous Vocational Training Statistics (CVTS), Eurostat.

23.A2 Participation in CVT

Share of employees participating in continuous vocational training (CVT), per cent.

	Total	Women	Men
Participation in CVT (2005)	46.0	45.0	47.0

Source: Continuous Vocational Training Statistics (CVTS), Eurostat.

23.A3 Educational attainment level of adults

Percentage of the population aged 25–64 having attained low, medium or high level of education.

Educational attainment level⁴⁰ of adults.	Low	Medium	High
<u>Sex</u>			
Both	15.0	53.0	32.0
Women	13.3	49.9	36.9
Men	16.7	56.1	27.3
<u>Activity status</u>			
Employed	12.0	53.5	34.6
Unemployed	21.1	52.3	26.6
Inactive	31.2	50.6	18.1

Source: Labour Force Survey, Eurostat.

⁴⁰ Low=less than upper secondary education; Medium= upper secondary education completed; High=upper tertiary education completed.

Appendix 4 – Contributions from social partners

Appendix 4

Social partners and public authorities have been invited to hand in contributions on how they contributed in the implementation of the Swedish Reform Programme for Growth and Jobs during 2008–2010. The following Social partners and public authorities have put forward written submissions:

Folkbildningsförbundet

Folkbildningsrådet

Resurscentra nordvästra Dalarna

Stockholms Handelskammare

Svenska Uppfinnareföreningen

Sveriges Exportråd

Sveriges förenade studentkårer

Sveriges miljöteknikråd (Swentec)

The contributions are available by contact the Registrar at the Prime Minister's Office, telephone +46 8 405 10 00 (state registration number SB2009/6875/EU-kansliet).