



Defence appropriation to increase to two per cent of GDP

Sweden's military defence funding is to increase to two per cent of GDP. This was conveyed by Prime Minister Magdalena Andersson at a press briefing with Minister for Finance Mikael Damberg and Minister for Defence Peter Hultqvist.

The Prime Minister said that the Government has a three-track approach in response to Russia's invasion of Ukraine. The first track involves supporting Ukraine and the Ukrainian people by providing financial and humanitarian support, but also support to strengthen Ukraine's resilience. The second track involves the Government, together with other countries, imposing sanctions against the Russian regime, and the third track involves taking measures to strengthen Sweden.

“Tensions are high in our neighbourhood – the situation is worse than for several decades and we need to keep strengthening our defence capabilities,” said Ms Andersson.

Further military defence reinforcements

The Prime Minister noted that Sweden's ongoing military scale-up is the largest since the 1950s, and reinstating national military service is one of the measures.

“Including the current defence resolution, expenditure on defence will have increased by 85 per cent between 2014 and 2025,” said Ms Andersson.

She also stated that there will be further reinforcements. Even before Russia's aggression against Ukraine, following talks with the Defence Commission, Mr Hultqvist had decided to strengthen national defence capabilities in the short term. In addition to this, the Government will decide on additional resources.

“Military defence funding will increase to two per cent of GDP. We will meet this objective as soon as it is practically possible. That is, when it’s possible to translate these increases into strengthened defence capabilities.

“We must also establish stable, long-term and solidarity-based financing for the scale-up that the majority of the Riksdag will support. It must have a stable basis if we’re to have a strong and secure defence,” she concluded.

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Sweden planning additional support to Ukraine through World Bank

Minister for Finance Mikael Damberg has informed the World Bank that Sweden plans to issue a guarantee of USD 50 million for the World Bank's loan to Ukraine. This will be added to the USD 350 million loan that the World Bank is already preparing.

– The Government's priorities are to keep pushing for sanctions against Russia, to support Ukraine and to strengthen Sweden. Ukraine is in a situation of acute crisis and its financial and economic stability is expected to weaken further as a result of Russia's aggression. By issuing this guarantee, Sweden is contributing approximately half a billion kronor in support to Ukraine, in addition to the loan that the World Bank is already preparing, says Minister for Finance Mikael Damberg.

Ukraine's economy was affected by the deteriorating security situation in the region even before Russia's aggression. An outflow of capital has drained the country's foreign currency reserves, the currency has weakened substantially and the country's Government has lost access to the international capital markets.

Due to Russia's aggression against Ukraine, the Swedish Government has increased its humanitarian aid by SEK 500 million to support Ukraine and respond to the growing humanitarian needs. Through a committee initiative in the Riksdag last Monday, the Riksdag decided that Sweden will make a financial contribution of SEK 500 million to the Ukrainian central bank's special fundraising account to support the country's armed forces, and provide defence materiel with a maximum total value of SEK 400 million.

The extraordinary situation requires substantial measures. This is why the Government intends to further increase its support to Ukraine by issuing a

guarantee of USD 50 million for the World Bank's loan to Ukraine. The World Bank is readying a USD 350 million loan to respond to Ukraine's acute liquidity crisis. As the planned loan is a follow-up to a loan and reform programme that Ukraine received in 2021, the World Bank can begin the disbursement without delay. If Ukraine is unable to repay back the loan, Sweden's guarantee will be financed through the aid budget.

– Apart from the immediate human suffering that the war is causing, Ukraine's economic development is being seriously harmed. By giving a guarantee to the World Bank, Sweden is helping to support Ukraine financially in this very difficult economic situation, says Minister for International Development Cooperation Matilda Ernkrans.

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Changes in the state budget for 2022 – Sweden to provide direct support and defence materiel to Ukraine

On Sunday 27 February, Prime Minister Magdalena Andersson and Minister for Defence Peter Hultqvist held a press conference on direct support to Ukraine. Sweden's support consists of both financial support and equipment in response to Russia's invasion of Ukraine. Following speedy consideration by the Riksdag on 28 February, the Government will now implement these measures.

To ensure the fastest possible consideration by the Riksdag, the decision on amendments to the central government budget was taken through a committee initiative in the Riksdag. Sweden's support to Ukraine comprises several components.

Support to the National Bank of Ukraine

The National Bank of Ukraine (Ukraine's central bank) has opened a special fundraising account to support the country's armed forces. This support will help strengthen Ukraine's ability to fight Russia's invasion and armed attacks at a critical time. Sweden will provide SEK 500 million to the fund.

Defence materiel

Ukraine has also requested defence materiel. The Riksdag has therefore authorised the Government to provide 5 000 anti-tank weapons, 5 000 body shields, 5 000 helmets and 135 000 field rations with a total value of SEK 400 million. The Inspectorate of Strategic Products has approved

export licences in accordance with the Military Equipment Act.

In view of the needs of the Swedish Armed Forces and the security situation, it is very important that the defence materiel be replenished as soon as possible. For this reason, the Riksdag has also decided to allocate an appropriation of just over SEK 400 million for replenishment of defence materiel.

This decision means that allocated funds in the central government budget for 2022 will increase by a total of just over SEK 900 million. The Government will now implement its proposed measures. The necessary Government decisions on implementation are taken immediately following the Riksdag's decision. The conditions will then be in place for the agencies to provide the financial support and defence materiel without delay.

Government to increase humanitarian aid

To support Ukraine, the Government has also decided on a redistribution within the development assistance framework. Humanitarian aid to Ukraine will be increased by SEK 500 million to respond to the growing humanitarian needs in the country, its neighbourhood and the region.

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More infection control measures to be introduced on 23 December 2021

On 23 December, more infection control measures will be introduced in accordance with the Government's action plan for introducing infection control measures. This is due to the increased community transmission of COVID-19 and the increased burden on health and medical care services.

Measures being introduced on 23 December 2021

- Indoor public gatherings and events with more than 20 participants may only have a seated audience regardless of whether or not vaccination certificates are used. Without vaccination certificates, the size of groups is limited to a maximum of 8 people, with a distance of one metre between groups. There is an exemption for religious gatherings.
- Indoor public gatherings and events with more than 500 participants require vaccination certificates and the size of groups is limited to a maximum of 8 people, with a distance of one metre between groups. This means that indoor public gatherings and events with more than 500 participants cannot be organised without vaccination certificates.
- The requirements for eating and drinking establishments are that guests must be seated and that there is a distance of one metre between groups. This also applies for night clubs.
- The requirement for indoor trade fairs and shopping centres is that there must be at least 10 square metres per person.
- The requirement for indoor cultural and recreational activities, such as museums, art galleries and gyms, is that there must be at least 10 square metres per person, except for activities such as training, competitions, etc. intended for children and young people born in 2002 or later.
- Between 23 December 2021 and 16 January 2022, cultural, sport and

recreation associations are advised not to organise or take part in camps, sports cups or other larger indoor activities that involve participants who do not normally meet. Individual activities, matches and one-day competitions such as league matches or the equivalent may be conducted. This advice does not apply to professional sport.

- General advice on working from home will be reintroduced.
- Infection control measures are recommended for adult education in order to avoid crowding and large gatherings. The general rule is for education to be conducted on an in-person basis, but higher education institutions may use distance learning as a tool to prevent crowding at teaching premises.

These infection control measures will be introduced by the Public Health Agency of Sweden on 23 December 2021. For more information about the Public Health Agency of Sweden's recommendations – see [Folkhälsomyndigheten.se](https://www.folkhalsomyndigheten.se).

Instructions to government agencies on working from home

Workplaces are a major source of infection. At its meeting on 22 December 2021, the Government will adopt stricter instructions to government agencies. Government agencies must ensure that only employees whose physical presence is necessary to conduct business are present in their premises. These stricter instructions on working from home will apply until 31 January 2022.

Possible further measures

The Public Health Agency of Sweden has also submitted requests to the Government that a limit of 50 participants should be introduced for indoor premises that can be used or made available for private gatherings, that a requirement on infection control measures should be introduced for long-distance public transport, and that a negative COVID-19 test not older than 48 hours should be required for foreign nationals to enter Sweden. The Government intends to consider these requests speedily.

Background

Recent weeks have seen a rapid increase in the spread of COVID-19 and also a greater burden on health and medical services. This is occurring at the same time as the circulation of other respiratory infections such as influenza and RS viruses is greater than in many years.

On 7 December, the Government presented an action plan for introducing infection control measures. Through the plan, the Government hopes to create increased transparency and clarity before other possible measures are introduced.

Published 22 December 2021



Government presents action plan for introducing more infection control measures as of 8 December 2021

The Government has introduced further COVID-19 infection control measures due to increased transmission rates and somewhat growing pressure on health care services. The Government also wants to reintroduce further support and compensation to reduce community transmission. Furthermore, the Government is presenting a plan for business support that may be reintroduced if stricter social restrictions need to be reimposed. Vaccinations remain the key to reducing the risk of infection, disease and death, and to avoiding the introduction of further measures.

New measures to reduce transmission rates

Infection control measures will be introduced in three stages. As of 8 December 2021, when the first stage begins, a number of infection control measures will be added to the recommendations that already apply. The assessment of the Government and the Public Health Agency of Sweden is that Sweden is experiencing increased transmission rates and somewhat growing pressure on health care services. Additional infection control measures are therefore needed in the first stage of response.

The recommendations aim to reduce contact between people, and they are directed at a range of actors as outlined below.

- Employers should, if possible, avoid holding large indoor gatherings,

enable employees to maintain a safe distance from each other and, when appropriate, to work from home to a certain extent. The Government intends to take a decision on tasking government agencies in this regard.

- Higher education institutions, including universities, university colleges, folk high schools, vocational higher education institutions and municipal adult education institutions should continue face-to-face teaching but take infection control measures, including social distancing, at large indoor gatherings.
- Schools should take preventive measures, for example, by ensuring a safe distance between people at concerts and end-of-term events in indoor settings.
- Eating and drinking establishments should prevent crowding and take other appropriate infection protection measures.
- Everyone should maintain a safe distance in public spaces, especially indoor spaces. Everyone should avoid crowded areas. This recommendation is directed at both children and adults.
- Adults should avoid crowding on public transport, if possible, by travelling at off-peak times or choosing other transport modes.
- Adults should use face masks in crowded areas or when it is not possible to maintain a safe distance on public transport, whether travelling short or long distances and regardless of transport mode (bus, train, taxi, ferry).
- Public transport should run as frequently as required to prevent crowding, and service frequency should not be reduced.

Further measures included in the action plan may be introduced in subsequent stages if the situation deteriorates. A substantial increase in transmission rates and increased pressure on health services could lead to a second stage of additional measures. Very high transmission rates and heavily burdened health services could lead to a third stage of additional measures. Read more in the Government's action plan for introducing infection control measures.

Financial support to reduce transmission

Additional financial measures will be reintroduced to make it easier for people to stay home if they feel unwell.

Most of the measures will apply from 8 December. It is proposed that they all apply until 31 March.

- The requirement of a medical certificate to receive disease carrier's

allowance will be removed. (The Government will announce the date of entry in due course.)

- Compensation to at-risk groups and certain relatives of people who are in at-risk groups will be reintroduced, and temporary parental benefit for parents of seriously ill children will be extended.
- The possibility for parents to receive temporary parental benefit if schools or preschools close will be extended.
- Compensation for the standard deduction for sick days for employees and self-employed individuals will be reintroduced to make it easier for people to stay home when they are unwell.
- The State will compensate employers for higher sick pay costs than what is considered normal (retroactively from 1 December).
- The exemption from taxation for benefits of free parking will be extended to reduce crowding in public transport.

The measures will be included in the additional amending budget that the Government intends to present to the Riksdag early next year.

Preparedness to support businesses

The Government wants preparedness to enable the swift reintroduction of support to Swedish jobs and businesses if new social restrictions become necessary and affect businesses' ability to carry out their activities.

The Government is therefore budgeting with a view to being able to reintroduce both the ordinary reorientation support and the turnover-based support for sole traders and trading partnerships. These forms of support would be designed along the lines of earlier support.

The Government will also announce an extension of event support until 31 March 2022. This is to eliminate uncertainty and enable organisers to continue planning their events.

The Government is also preparing a legislative amendment to remove the waiting period for aid in the event of short-time work so that employers that have received aid during the COVID-19 pandemic can apply, if necessary, for ordinary support for short-time work.



Actions to safeguard financial stability

The Government has today (3 September) announced measures to safeguard financial stability in the face of Russia's energy war with Europe.

High and volatile electricity prices have significantly increased the securities that electricity producers must post with the central counterparty Nasdaq Clearing AB. This has led to a lack of liquidity for companies, which risk becoming insolvent in the central counterparty, even though they are fundamentally sound. The market situation also means that losses incurred by a member may cause difficulties for Nasdaq Clearing in managing those losses. Because Nasdaq Clearing is a key part of the financial infrastructure, speedy guarantees from the State are required to ensure financial stability.

“We are in an extremely serious situation where Russia is trying to break Europe by squeezing Swedish households and companies. With the news that Russian gas supplies to Germany are being cut off, urgent action is needed to secure the liquidity of electricity producers. The State must step in with guarantees to ensure financial stability and, ultimately, avoid a financial crisis,” says Prime Minister Magdalena Andersson.

In order for the guarantees to be in place as soon as possible, a committee initiative was taken and then adopted by the Riksdag on Monday 5 September. This decision will safeguard the liquidity of Swedish energy companies, since their liquidity is not adapted to the extreme price situation that currently prevails.

“This is an important message to reassure the financial markets in the extreme situation we are now facing following Russia's announcement of a reduced gas flow to Europe,” says Minister for Finance Mikael Damberg.



Economic downturn ahead for Swedish economy

Russia's illegal invasion of Ukraine has led to increased economic uncertainty. According to the Ministry of Finance's latest economic forecast, an economic downturn is expected both in Sweden and globally. Minister for Finance Mikael Damberg presented the forecast during the Government's deliberations at Harpsund today.

The Swedish economy is expected to grow by 2.3 per cent this year, which is slightly higher than projected in the Ministry of Finance's previous forecast from June. GDP growth, however, is expected to be lower next year and fall to 0.4 per cent. The main reason for the low growth rate is the very weak growth in household consumption.

“We see that the Swedish economy is heading for an economic downturn, with lower growth, high inflation and elevated unemployment. We are facing a defining moment that will require prioritisation and responsible fiscal policy,” says Mr Damberg.

The labour market has been strong over the past year and the employment rate is high. The Swedish labour market will therefore be in a strong position when economic activity slows. However, as growth slows, employment growth is expected to weaken and unemployment to rise.

The forecast is uncertain. The supply and price movements of key commodities such as gas have become more uncertain as a result of Russia's invasion of Ukraine. Uncertainty about how the supply situation in the commodity and energy markets will evolve makes it difficult to assess how long inflation will last in Sweden and the rest of the world.

Strong public finances

There will be a further strengthening of public finances in 2023–2025, largely as a result of the Government’s forecast principles, which means that only adopted and announced changes to tax regulations and central government expenditure are taken into account. The level of public debt will also continue to decline over the next few years and, in an international perspective, Sweden’s public debt will remain very low.

“Thanks to a responsible fiscal policy, Sweden has a low level of public debt. This is an important guarantor for strengthening Sweden’s economic credibility in these troubled economic times and enables us to tackle the challenges Sweden is facing. It gives Swedish households, businesses and the whole of Sweden strong buffers in this time of economic uncertainty,” says Mr Damberg.

Direction of economic policy

The scope for reform for next year is estimated at around SEK 30 billion but the future economic landscape is uncertain. The impact on public finances is difficult to assess in light of inflation and economic uncertainty.

“We are facing a defining moment. Swedish households are already under pressure from higher prices that are hitting their pockets. We need a responsible fiscal policy that does not push up inflation and worsen the economic situation. But we should also support those affected by price increases and those on extremely tight budgets by taking effective and proper measures,” says Mr Damberg.

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Tough times ahead for Sweden's economy

Minister for Finance Mikael Damberg today presented the Ministry of Finance's latest forecast for the economic situation. Due to high inflation and rising interest rates, growth is expected to slow in the second half of the year. The labour market remains strong, but unemployment is expected to level off next year.

– Russia's invasion of Ukraine has driven up energy and food prices globally and in Sweden. High inflation and rising interest rates are expected to slow growth in the coming years, says Minister for Finance Mikael Damberg.

High inflation and rising interest rates impact household purchasing power and thus private consumption will slow substantially both this year and next. Exports and investment are also expected to grow at a slower rate going forward. Growth in Sweden is expected to be 1.9 per cent in 2022 and 1.1 per cent in 2023 before increasing to 2.1 per cent in 2024.

The labour market situation has improved significantly after the pandemic. Indicators point to increased employment in the short term, but employment is expected to increase at a slower rate starting in the second half of the year. Unemployment is expected to continue to decrease somewhat this year before levelling off at 7.4 per cent in 2023, which is a somewhat higher level in comparison with the assessment from the forecast in the Spring Fiscal Policy Bill.

The level of uncertainty in the forecast is however high. Russia's invasion of Ukraine creates uncertainty regarding supply and price trends for important commodities. The reduced supply of gas to Europe, for example, has a further impact on Sweden's economy. It is also uncertain what actions central banks around the world will take to slow inflation, particularly if high inflation is prolonged.

– The economic situation is uncertain, and we can expect tough times ahead of us. Russia's war has driven up prices, not least on energy and food, which particularly impacts those who were already in a difficult economic situation. It is therefore important that financial policy support households with the weakest finances, says Minister for Finance Mikael Damberg.

Savings in public finance are expected to be strengthened during the forecast period. At that time, the public finance surplus will contribute to reduced public sector debt. Sweden's gross debt as a percentage of GDP is among the lowest of the EU Member States, which means that the Swedish economy is resilient.

The forecast is based on the information available as of 9 June.

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Authorisation to convert the Swedish government's state hybrid and loan facilities in SAS

SAS has announced that the company would like to convert debt corresponding to approximately SEK 20 billion into equity in the company. Against that background, the Swedish government has proposed in an additional amending budget that will be adopted today that the Riksdag authorises the Swedish government to convert the Swedish government's existing state hybrid and the Swedish government's outstanding loan facilities to shares in SAS. The measures require approval by the Riksdag and the European Commission.

SAS, like the aviation industry in general, has been seriously affected by the protracted pandemic. The reduced travel due to the extensive spread of the covid-19 disease in combination with increased competition has led to a significantly deteriorated financial situation for SAS. As a result, the company has launched a plan for refinancing and restructuring. In order to act responsibly in the Swedish government's role as a shareholder, the Swedish government proposes that the Riksdag authorises the Swedish government to convert, in whole or in part, the Swedish government's outstanding claims consisting of the Swedish government's part of the existing state hybrid in SAS AB (publ) of SEK 2.5 billion (plus accrued interest), and the Swedish government's outstanding loan facilities to the consortium Scandinavian Airlines System Denmark – Norway – Sweden of SEK 1.5 billion to new shares in SAS.

The measures proposed by the Swedish government require approval by the European Commission. The proposition requires approval by the Riksdag.

The government intends to revert with further details.

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Additional amending budget with further support to Ukraine

The Government today adopted an additional amending budget with proposals for Sweden to provide Ukraine with financial support and equipment in response to Russia's invasion. The Government's proposals include Sweden donating defence materiel in the form of the RBS 17 anti-ship missile system, AG 90 anti-materiel sniper rifles and ammunition, and an additional 5 000 Swedish AT-4 recoilless anti-tank weapons.

Russia's invasion of Ukraine is unprovoked, illegal and unjustifiable. It threatens international peace and security and is a violation of international law. As a sign of solidarity with Ukraine, and as part of the international response to Russia's actions, the Government considers it important to continue to support Ukraine.

As a result of Russia's invasion, Ukraine has requested support that includes additional defence materiel. The Swedish Armed Forces are able to manage without certain defence materiel for a limited period of time. The Government proposes that Sweden donate additional defence materiel to Ukraine in the form of the RBS 17 anti-ship missile system, AG 90 anti-materiel sniper rifles and ammunition, and an additional 5 000 Swedish AT-4 recoilless anti-tank weapons. Sweden also intends to contribute SEK 60 million to the fund set up by NATO intended to support the Ukrainian armed forces.

Earlier this spring, Sweden donated SEK 500 million to the National Bank of Ukraine's special fundraising account to support the country's armed forces. The Government now proposes that Sweden make an additional financial contribution of SEK 578 million to the fund. This support will help strengthen Ukraine's ability to fight Russia's aggression at a critical time.

Sweden has provided support to Ukrainian civil society through action via the Swedish Civil Contingencies Agency within the framework of the EU Civil Protection Mechanism and the UN. The Government also proposes including an additional SEK 100 million to this support.

The proposals presented mean that allocated funds to the government budget will increase by SEK 1 billion in 2022.

For further information about the weapon systems now being donated to Ukraine, please contact the Swedish Armed Forces.

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Government Offices of Sweden

Minister for Finance Mikael Damberg and Minister for International Development Cooperation Matilda Ernkrans to attend World Bank Spring Meetings in Washington DC

On 20–23 April, Minister for Finance Mikael Damberg and Minister for International Development Cooperation Matilda Ernkrans will attend the International Monetary Fund's (IMF) and the World Bank Group's Spring Meetings in Washington DC. The Spring Meetings will focus on the economic impact of Russia's invasion of Ukraine and what the rest of the world should do to support Ukraine and address the impact.

The IMF and World Bank play key roles in supporting their member countries in managing these crises and challenges. Mr Damberg and Ms Ernkrans will take part in discussions with representatives of the institutions, where they will emphasise the importance of strong multilateral cooperation to support Ukraine and the countries that have been affected by the economic impact of Russia's invasion of Ukraine. Mr Damberg will also take part in a roundtable discussion on Ukraine's financing requirements together with President of the World Bank David Malpass and Ukraine's President Volodymyr Zelensky.

– Russia's invasion has led to great human suffering for the Ukrainian people, and the country's economy has been hit hard. Strong international cooperation is more important than ever to stop the Russian aggression and

support Ukraine, says Mr Damberg.

At the Spring Meetings, they will also discuss the continued response to the pandemic and the need to address long-term challenges such as climate change and the growing gaps within and between countries.

– We need to do our utmost to build a more resilient future and address the many global humanitarian crises – the spread of COVID-19, climate change and support to Ukraine. Sweden will focus on helping to alleviate these crises and do its best to build a more resilient future, both in Sweden and the rest of the world, says Ms Ernkrans.

Additionally, Ms Ernkrans will meet with Linda Etim and Curtis Reid, advisers to President Biden, during a visit to the White House. She will also speak at a high-level seminar on efforts for sustainable food systems.

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Government presents 2022 Spring Fiscal Policy Bill

Today, the Government is presenting the 2022 Spring Fiscal Policy Bill and the Spring Amending Budget for 2022. In light of the deteriorating security situation, the Government is presenting a budget to strengthen Sweden that includes both immediate investment and long-term measures to address societal challenges.

Russia's invasion of Ukraine is unprovoked, illegal and unjustifiable. The Government continues to support Ukraine, push for sanctions against Russia and strengthen Sweden, as it has since the start of the war. A stronger Sweden also requires a continued long-term struggle to address societal challenges. In the Spring Amending Budget, the Government proposes measures totalling SEK 31.4 billion. Together with the additional amending budgets the Riksdag has adopted since March this year and the Riksdag's committee initiative on support to Ukraine, a total of SEK 35.4 billion has been allocated to strengthen Sweden and support Ukraine.

“The Government is now presenting a budget to strengthen Sweden,” says Minister for Finance Mikael Damberg. “We're continuing the greatest upgrade of our military defence since the Second World War and fortify society's defences with strengthened civil preparedness and enhanced welfare. We're accelerating the transition to fossil-free fuels for security, jobs and the environment. We're also mitigating the war's economic effects on Swedish households and businesses.”

Measures to strengthen Sweden

Strengthening of Sweden's total defence

An armed attack against Sweden cannot be ruled out. It is important to strengthen Sweden's defence capability in the short term and accelerate the upgrade Appropriations to military defence have therefore been increased.

The Government is now also presenting proposals to strengthen civil defence. These measures will contribute to the municipalities' crisis preparedness and civil defence, and enhance the protection of the civilian population through improvements to civil defence shelters and warning systems. Our military and civil preparedness are interdependent.

Support to Ukraine and initiatives for orderly reception of refugees throughout Sweden

Sweden provides both economic and humanitarian support to Ukraine. It has also provided support to Ukraine's armed forces in the form of financial contributions and defence materiel. Sweden has not done anything like this since the Soviet Union attacked Finland in 1939. Together with other EU Member States, Sweden has imposed sweeping sanctions against Russia and Russian government officials. In these uncertain times, the Member States stand strongly united.

Many people have been forced to flee Ukraine due to Russia's invasion. They are primarily making their way to neighbouring countries, but many are also coming to Sweden. For this reason, Sweden's reception system capacities have quickly been expanded, and the Government is therefore allocating substantially increased funds to enable this new situation to be managed effectively. The Government also proposes temporary additional support to the municipalities assuming responsibility for reception. Reception will be more evenly distributed between municipalities throughout the country. It is proposed that additional funds be allocated to support the important initiatives of civil society organisations.

Mitigate effects on Swedish households and businesses

The Swedish people have recently been impacted by rising prices, particularly for food, fuel and electricity. These price increases cannot be fully compensated for, but to mitigate the economic effects, the Government has presented a package of measures including compensation for high electricity and fuel prices, and reduced fuel tax. To specifically protect households in weak financial situations, a temporary increase of the housing allowance for families with children will also be introduced.

At the proposal of the Government, a modified version of compensatory payments for electricity prices has been extended by an additional month for electricity consumers in southern and central Sweden to support households affected by high electricity prices.

Prices of certain agricultural inputs have also risen recently. The

Government therefore proposes temporary support aimed at greenhouse businesses and the pig and poultry sectors, and a temporary tax reduction on diesel in agriculture, forestry and aquaculture.

Breaking segregation

The Government will leave no stone unturned in pushing back against violence and crime, and breaking segregation. More people must join the workforce and become part of their communities. The Government is working to introduce entry agreements in the first half of 2022, as proposed by the social partners, so that more new arrivals and long-term unemployed will get jobs and thus establish themselves in the labour market. To promote this introduction, the Government proposes a specific additional allocation to the Swedish Public Employment Service.

Creating jobs by accelerating the green transition

Dependence on fossil fuels is environmentally unsustainable in the long term and can constitute a security risk. Sweden is at the vanguard of the green transition, thanks to extensive green investments and a clear policy direction. The Government now proposes additional measures to accelerate the green transition and create green jobs, including increased environmental compensation to strengthen the competitiveness of railways and stimulate the shift of freight transport from road to rail. Sales of cars that qualify for the climate bonus have increased more rapidly than expected. To maintain the pace of electrification of the transport sector, the Government proposes allocating additional funds for the climate bonus.

Taking back democratic control over the welfare system and ensuring secure social insurance and pensions

The pandemic has highlighted the need for, and importance of, a strong welfare system. The Government therefore proposes a specific additional allocation to increase health care capacity. This includes increasing the number of hospital beds, employing more care workers, such as nurses, and improving the work environment. In addition, a number of investments are being made to enhance crisis preparedness and civil defence in the health sector.

Everyone who works and builds Sweden must have secure social insurance and future pensions. It is about respect for those who have helped to build our country. To improve the financial situation of pensioners on lowest income, the Government proposes a guarantee supplement that provides

around 500 000 pensioners with an additional SEK 1 000 per month. This is especially important as prices rise. A total of just over one million pensioners will be in a stronger financial position as of August 2022.

Continued pandemic response

The Government and the Riksdag have taken a large number of measures to respond to the pandemic and its impacts. The Government proposes additional funds for continued pandemic response and to manage the costs that arose early in the year when transmission rates were high. These measures include ensuring that everyone can get a fourth vaccine dose, if necessary. A total of almost SEK 600 billion has been provided to respond to the pandemic and restart the economy.

Swedish economy shows resilience and labour market situation improving

The Swedish economy has made a strong recovery in the wake of the pandemic and the growth outlook for this year is fundamentally stable. However, Russia's invasion of Ukraine creates uncertainty and is expected to impact the economic trend. Growth is expected to be lower than would otherwise have been the case, while inflation is expected to be higher. Nevertheless, the Swedish economy is resilient thanks to its strong public finances.

The labour market situation has clearly improved, and the employment rate is now higher than before the pandemic broke out. More people need the financial security and independence that a job provides. Everyone who can work should work.

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The Swedish economy is resilient but uncertainty remains high

Today, Minister for Finance Mikael Damberg presents the Ministry of Finance's latest economic forecast. The Swedish economy is expected to grow by 3.1 per cent this year, a downward revision of 0.3 percentage points compared with the previous forecast. This is because Russia's invasion of Ukraine impacts economic growth.

The Swedish economy has made a strong recovery in the wake of the pandemic and the growth outlook for this year is fundamentally stable. Nevertheless, Russia's invasion of Ukraine is expected to impact economic growth both in Sweden and in the rest of the world. Growth is expected to be lower than would otherwise have been the case, while inflation is expected to be higher. However, the Swedish economy is resilient thanks to strong public finances, and the labour market situation has improved in the early part of this year.

“We are constantly evaluating the impact on the Swedish economy. Russia's unjustifiable invasion of Ukraine affects Sweden by pushing up prices, especially for energy and food. Low-income households are hit particularly hard by rising prices. No politician can promise to compensate for everything, but we have shown that we won't leave ordinary people in the lurch,” says Minister for Finance Mikael Damberg.

Russia's invasion of Ukraine impacts the Swedish economy and the global economy, including through rising energy and food prices, reduced trade and increased uncertainty in financial markets. This leads to a fall in exports, consumption and investments. The effects are partly counteracted by increased government consumption.

“There is significant economic uncertainty, but the Government is closely monitoring developments and considering several different scenarios. With

strong public finances, we stand ready to strengthen Sweden,” says Minister for Finance Mikael Damberg.

Inflation, which rose markedly last year, is set to rise further, driven mainly by continuing high energy and food prices. However, it is uncertain how long high inflation will last.

In Sweden, labour market developments have clearly improved, and the employment rate is now higher than before the pandemic broke out. Employment is expected to continue growing at a rapid rate this year and unemployment to fall slightly faster this year than expected in the previous forecast.

General government net lending is expected to be in surplus in 2023 and to strengthen further in subsequent years. At that time, the public finance surplus will contribute to reduced public sector debt. Sweden’s gross debt as a percentage of GDP is among the lowest of the EU Member States, which means that the Swedish economy is resilient.

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Fifth additional amending budget with more money to armed forces and electricity price compensatory payments to households

Russia's illegal, unprovoked and unjustifiable invasion of Ukraine has led to a deterioration in the security situation in Sweden's neighbourhood and contributed to exceptionally high electricity prices. The Government's response is based on three important principles: support to Ukraine, sanctions against Russia and strengthening Sweden. Therefore, the Government today adopted a fifth additional amending budget to strengthen Sweden by providing more funding to Sweden's military defence and temporary financial compensatory payments to households for high electricity prices. These measures have been presented previously.

The security situation in Sweden's neighbourhood has deteriorated over time. Russia's invasion of Ukraine has further worsened the situation. An armed attack against Sweden cannot be ruled out. It is therefore important that Sweden's defence capability is strengthened in the short term and that the pace of the military scale-up can be increased. On 16 March 2022, the Defence Commission, comprising all the parties represented in the Riksdag, reached an agreement on military and civil defence. This amending budget presents proposals involving additional funding in 2022 and expanded authorisation to place orders for military defence. These extra resources will allow the Swedish Armed Forces to increase its resilience by purchasing fuel, food, vehicles, small-calibre ammunition, etc. Advanced ammunition such as

anti-tank weapons, surface-to-air missiles and air-to-air missiles can also be acquired. The extra resources can also be used to employ additional personnel and purchase tracked vehicles, SEP modular armoured vehicles and mortar system vehicles to increase the war organisation's mobility and protective cover.

Russia's invasion of Ukraine has also had major repercussions on energy markets in Sweden and Europe. Electricity prices have remained exceptionally high and electricity bills in March 2022 will also be high for many households. To mitigate the consequences of the high electricity prices in this exceptional situation, it is reasonable to provide temporary financial compensatory payments to households in southern and central Sweden with high electricity consumption in March 2022. The threshold for how much electricity consumption is required to be eligible for the support will be lowered compared to previous compensatory payments so that more households are included. The levels of the payment will also be lowered to reflect the reduced electricity consumption during the spring.

The proposals mean that allocated funds to the government budget will increase by SEK 2.9 billion in 2022.

The Government considers that there are exceptional grounds for the Riksdag to adopt a shortened motion period, and proposes that the motion period be shortened to five days.

According to the Riksdag's preliminary schedule, the budget will be adopted on 7 April.

Published 25 March 2022



Government presents package of measures to address rising fuel and electricity prices as a result of the invasion of Ukraine

Russia's invasion of Ukraine has led to rising fuel and electricity prices. To strengthen Sweden in this extraordinary situation, the Government is presenting a package of measures with both short- and long-term investments. The package includes reduced fuel taxes, a new compensatory payment for fuel costs for private individuals who own cars, increased housing allowance for families with children and a new travel deduction system. Minister for Finance Mikael Damberg presented this package at a press conference today

Russia's illegal, unprovoked and unjustifiable invasion of Ukraine has now continued for nearly three weeks. The Government's response is based on a three-track approach: support to Ukraine, sanctions on Russia and strengthening Sweden.

“Today we are presenting an exceptional package of measures to address the price increases we are now experiencing as a result of Russia's invasion,” says Mr Damberg. “The situation remains uncertain, and prices are volatile. Therefore, we see the need to support consumers at this acute stage, while taking measures to continue to reduce our fossil dependency.”

The package of measures in brief

Short-term measures

1. Tax on diesel and petrol will be temporarily reduced from June to

October 2022. Fuel tax on diesel and petrol will be temporarily reduced to the lowest level permitted under EU regulations. This means that the price of petrol and diesel at the pump will be just over SEK 1.30 lower per litre in addition to the tax reduction of SEK 0.50 that will be introduced in May. The Government suggest that the proposal apply from 1 June to 31 October. The total cost of this measure is estimated at SEK 3.7 billion.

2. A new compensatory payment for fuel costs will be introduced for private individuals. The compensatory payment is for private individuals who own a car. The support will amount to SEK 1 000 per car owner. People who own a car and live in municipalities located in regional policy support areas 1, 2 and 3 will receive an additional compensatory payment of SEK 500. For the most part, this applies to sparsely populated and rural areas where distances travelled are long. The basic premise is that the compensatory payment is paid automatically. The total cost of this measure is estimated at SEK 4 billion.

3. Additional funds will be allocated to the appropriation for the climate bonus. To continue to promote the transition to environmentally friendly vehicles, reduce dependency on fossil fuels and meet rapidly increasing sales of climate bonus cars (primarily electric), the appropriation for the climate bonus will be increased by SEK 3.9 billion. Therefore, a person who buys an electric car will continue to receive SEK 70 000 in financial support.

4. The compensatory payment for electricity costs will be extended for another month in southern and central Sweden. The compensatory payment will be extended with lower payment levels for the month of March in electricity price areas 3 and 4 in southern and central Sweden, where prices have increased the most. Reimbursement will be provided to households whose electricity consumption is from 400 kWh to 2 000 kWh per month. The lower limit will be reduced in comparison with the earlier compensatory payment so as to include households with lower electricity consumption. The compensatory payment will be from SEK 100 to SEK 1 000 and include approximately 2 million households. The total cost of this measure is estimated at SEK 900 million.

5. The housing allowance for families with children will be temporarily increased from July to December 2022. To particularly protect households in financial difficulties from dramatic price increases, a temporary extra child allowance will be introduced for families with children that are, or later this year will be, eligible for housing allowance. The extra child allowance will be equivalent to 25 per cent of the preliminary housing allowance and will at

most amount to SEK 1 325 per month. The total cost is estimated at SEK 500 million.

Long-term measures

6. New and simplified travel deductions. Current travel deductions will be replaced with a tax reduction based entirely on the distance between the home and workplace. Neither transport mode nor the cost of travel will have any bearing on the reduction. It is estimated that 260 000 more people will be able to benefit from the tax reduction in comparison with current travel deductions. This is part of a proposal that the Government will refer to the Council on Legislation for consideration later this week. The goal is for the new rules to enter into force on 1 January 2023.

7. The reduction obligation will be frozen. The reduction levels for diesel and petrol for 2023 will be frozen at the 2022 levels. The Government will circulate a proposal for consultation with the goal that it enter into force on 1 January 2023. The Government also intends to bring forward the Swedish Energy Agency's task to re-examine whether the reduction levels for diesel and petrol should be adjusted from 2024. A report on this task will be presented by 15 September 2022.

8. The GDP indexing of diesel and petrol will be suspended. The annual indexation of diesel and petrol tax rates was suspended in 2021 and 2022. It is proposed that this also apply in 2023. The Government will circulate a proposal for consultation with the goal that it enter into force on 1 January 2023. The cost of this measure is estimated at SEK 900 million for 2023.

Published 21 March 2022



Ministry of Finance revises its growth forecast upwards this year

Today, Minister for Finance Mikael Damberg presents the Ministry of Finance's latest forecast for the economic situation. The Swedish economy is expected to grow by 4.9 per cent this year, an upward revision of 0.5 percentage points compared with the previous forecast. Sweden's GDP is back at the levels forecast before the crisis.

The situation regarding the pandemic remains uncertain, but so far the Swedish economy has recovered strongly. This year, GDP is at a higher level than before the pandemic. Growth in 2021 is primarily driven by household consumption – which fell sharply in the wake of the pandemic – but also by investment.

“The recovery has been rapid compared with previous economic downturns and the Swedish economy has done well compared with many other countries in the EU. The fact that we entered the crisis with historically strong public finances has been crucial for the rapid recovery,” says Minister for Finance Mikael Damberg.

Growth next year is also expected to be high, if somewhat lower than this year. The Ministry of Finance expects GDP to grow by 3.4 per cent in 2022 and by 1.4 per cent in 2023.

The slight slowdown in growth next year is due in part to the fact that the recovery phase is partially over and that disruptions in the global supply chains and component shortages in industry mean that many companies continue to have problems meeting demand. The recent increase in the spread of COVID-19 is also expected to affect economic activity.

As always, forecasts are associated with great uncertainty. This is

particularly true now, in view of the pandemic. It is difficult to predict how infection rates will develop. However, the economic impact of behavioural changes and current infection control measures are expected to be more limited now than during the acute phase of the pandemic.

“To some extent, the world has learned to manage the virus, and restrictions are designed differently than earlier in the pandemic. As a result, economies should be less severely impacted. At the same time, we must remember that the conditions ahead can change quickly. Infection rates are now once again increasing in many countries, which can of course have economic consequences,” says Mr Damberg.

Energy prices have risen markedly in Europe in the second half of the year. This has contributed to a high rate of inflation in many European countries, including Sweden. The rate of inflation in Sweden is expected to slow over the course of next year, as energy prices are expected to contribute less.

As in many other countries, the pandemic has had a major impact on the labour market in Sweden. However, the recovery has begun strongly and is expected to continue as employment rises rapidly next year. Unemployment, which is forecast at 8.9 per cent this year, is expected to fall to around 7 per cent in 2023 – an estimate that remains unchanged since the previous forecast.

General government net lending is estimated at -0.8 per cent of GDP in 2021. This signifies an improvement of almost 2 per cent of GDP compared with 2020, when public finances were weighed down by recession and extensive crisis measures. Net lending is expected to reach a balance in 2022 and be further strengthened in subsequent years. At that time, the public finance surplus will contribute to reduced public sector debt. Sweden’s gross debt as a percentage of GDP is among the lowest of the EU Member States, and the buffers in the Swedish economy are good.

Published 22 December 2021



Government Offices of Sweden

Change of government, 30 November 2021

Today in the Riksdag, Prime Minister Magdalena Andersson announced the ministers who will serve in the Government. The change of government takes place at a Council of State at the Royal Palace presided over by His Majesty the King. The Council of State begins at 13.00.

Sweden's new Government consists of the Prime Minister and 22 ministers.

Prime Minister's Office

Magdalena Andersson, Prime Minister

Hans Dahlgren, Minister for EU Affairs

Ministry of Employment

Eva Nordmark, Minister for Employment and Gender Equality

Johan Danielsson, Minister for Housing and Deputy Minister for Employment

Ministry of Finance

Mikael Damberg, Minister for Finance

Max Elger, Minister for Financial Markets

Ida Karkiainen, Minister for Public Administration

Ministry of Defence

Peter Hultqvist, Minister for Defence

Ministry of Infrastructure

Tomas Eneroth, Minister for Infrastructure

Khashayar Farmanbar, Minister for Energy and Digital Development

Ministry of Justice

Morgan Johansson, Minister for Justice and Home Affairs

Anders Ygeman, Minister for Integration and Migration

Ministry of Culture

Jeanette Gustafsdotter, Minister for Culture

Ministry of the Environment

Annika Strandhäll, Minister for Climate and the Environment

Ministry of Enterprise and Innovation

Karl-Petter Thorwaldsson, Minister for Business, Industry and Innovation

Anna-Caren Säterberg, Minister for Rural Affairs

Ministry of Health and Social Affairs

Lena Hallengren, Minister for Health and Social Affairs

Ardalan Shekarabi, Minister for Social Security

Ministry of Education and Research

Anna Ekström, Minister for Education

Lina Axelsson Kihlblom, Minister for Schools

Ministry for Foreign Affairs

Ann Linde, Minister for Foreign Affairs

Anna Hallberg, Minister for Foreign Trade and Nordic Affairs

Matilda Ernkrans, Minister for International Development Cooperation

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