



Article from Ministry of Finance

The Budget for 2022 in five minutes

Published 20 September 2021

On 20 September 2021 the Government presented its budget proposal for 2022 to the Riksdag.

The Government proposes measures to accelerate the climate transition, get more people into work, strengthen the welfare system and make Sweden a safe and secure country for all. In total, reforms worth approximately SEK 74 billion are involved.

“We are now presenting a budget with aggressive reforms for the climate, jobs, welfare and law enforcement. Together, we will take Sweden forward after the pandemic,” says Minister for Finance Magdalena Andersson.

Swedish economy shows strong recovery

Growth in the Swedish economy is expected to be strong in 2021 and 2022. Several confidence indicators are at historically high levels, in both manufacturing and services. One driver of growth is the strong performance of household consumption now that more and more people have been vaccinated and restrictions are at a low level. As demand in the economy rises, the prospects in the labour market are also expected to improve, but some groups still have problems.

The vigorous fiscal policy during the pandemic has been an important precondition for the rapid start of the recovery. So as not to risk breaking the rapid recovery, fiscal policy also needs to remain vigorous next year. Several international expert bodies such as the IMF, OECD and European Commission point to the importance of continuing to pursue a stimulus policy. Sweden’s stable central government finances enable fiscal support for the recovery and the management of the risks of the pandemic to

continue.



Article from Ministry of Finance

The Budget for 2021 in five minutes

Published 21 September 2020

On 21 September 2020, the Government presented its budget proposal for 2021 to the Riksdag.

The Government proposes temporary measures to restart the Swedish economy, but also long-term reforms that will help solve societal problems. The proposals are based on an agreement between the government parties, the Centre Party and the Liberal Party.

Economic situation in Sweden is serious but fiscal scope is considerable

Indicators suggest that the Swedish economy bottomed out in the spring; it is expected to recover in the second half of 2020, just like the global economy in general. The Government assesses, however, that it will be several years before the recession is over. But Sweden is in a good position to manage the recession, as its level of public debt is among the lowest in Europe.

The recession – but also the Government’s measures – mean that public finances are expected to weaken significantly in 2020 and 2021. At the same time, the expansionary fiscal policy will help to stimulate the economy and accelerate the recovery, and over time this will lead to stronger finances again.



Article from Ministry of Finance

The 2020 Spring Budget in five minutes

Published 15 April 2020

The COVID-19 pandemic is a serious threat to people's lives and health. Serious economic consequences will follow in its wake. In five additional amending budgets, the Government, the Centre Party and the Liberal Party have presented proposals for active measures to limit the spread of the virus and mitigate the economic effects on society. Today, the Government presents the 2020 Spring Fiscal Policy Bill and the Spring Amending Budget for 2020 with additional measures. All of these measures total over SEK 100 billion.

Stop the spread of the virus and mitigate the economic effects on society

During spring 2020, the Government has presented a large number of measures to stop the spread of the virus and mitigate the economic effects on society of the outbreak. The measures are intended to provide greater security for those affected by the pandemic by limiting the spread of the virus, combating the effects on businesses and jobs and providing financial security and transition opportunities for those who become unemployed. They are also intended to create the conditions for recovery after the crisis.

The spread of the virus must be limited

Everyone working in health care and infectious disease control must have the tools and resources needed to manage and limit the spread of the virus.

Through their responsibility for health and social care, the regions and municipalities have a crucial role in fighting the spread of the virus. The local government sector is therefore being given funding, both targeted and general, to deal with the immediate additional costs resulting from the outbreak. The performance requirements in the 'waiting list billions' are being removed temporarily. Government agencies participating in action to limit the outbreak must also have the resources they need.

The risk of health care overload decreases the more the spread of infection is limited. The sick pay standard deduction and the medical certificate requirement during a sick pay period have been removed temporarily and the resources for disease carrier's allowance have been increased.

The impact on Swedish jobs and businesses must be pushed back

The economic impact of the coronavirus is hitting the business sector very hard. Many business owners are experiencing great uncertainty and do not know whether their business will survive or what will happen to their employees. To support viable companies during the crisis and reduce the number of jobs lost, the Government has presented several crisis packages containing measures to reduce costs, strengthen liquidity and improve access to financing.

The Government has proposed a system of support for short-term layoffs. The aim is for more businesses to survive and fewer employees to lose their jobs. A temporary reduction of employers' social security contributions and the general salary contribution for the first 30 employees for four months is in place. The social security contributions of self-employed people have also been reduced. Central government will temporarily cover employers' sick pay costs, and sole traders with an F-tax card will be compensated through sickness benefit on days 1 to 14 of their sickness period.

Security and transition for people who become unemployed

Despite the extensive measures the Government has taken to support viable businesses, many people are going to lose their jobs. In view of the present economic situation several temporary changes have been made in unemployment insurance to make it easier to qualify for benefit and to ensure that this insurance provides greater financial security for people who become unemployed. In addition, more measures are proposed to provide

good transition opportunities. More funding is proposed for Arbetsförmedlingen (the Swedish public employment service) to deal with higher unemployment and ensure equivalent service levels throughout the country.

Funds are also being provided to enable more people to participate in measures leading to jobs, such as employment training, extra jobs and support and matching services. In addition, it is proposed that more places be provided at universities and other higher education institutions, higher vocational education, vocational adult education and folk high schools.

Continued fight against societal problems

Looking beyond the ongoing pandemic, unemployment, climate change, the growing needs in welfare provision, the gap between urban and rural areas, shortcomings in integration, learning outcomes in schools and crime are societal problems that must be addressed through further reforms.

As soon as the fight against the virus outbreak permits, fiscal policy will be aimed at supporting a rapid recovery. Businesses that use short-term layoffs and various forms of liquidity support must be able to quickly return to full resource use.

Sweden is to become the world's first fossil-free welfare nation. Sweden will continue to take a leading role at both national and international level in implementing the Paris Agreement and the 2030 Agenda. The Government proposes an expansion of support for the installation of solar cells to enable more people to be granted support. The Government also proposes investment in green jobs and a reinforcement of support for the production of biogas.

Our universal and tax-financed welfare system supports a high level of labour force participation, contributes to social equality and gender equality, and paves the way for improved life chances for everyone. Regions and municipalities are being given additional general reinforcements of their resources to cope with the strained economic situation. The Government proposes providing SEK 20 billion of fresh funding in 2020, of which SEK 12.5 billion is permanent additional funding for the local government sector. These additional resources will contribute to good access to health care, schools, social care and public transport of high quality.

The causes of crime must be addressed and organised crime must be broken.

The Government therefore proposes strengthening the judicial system by providing additional funding for agencies including the Swedish Prison and Probation Service, the National Board of Forensic Medicine, the National Board of Institutional Care and the Swedish courts, including the migration courts. Additional funding is also proposed for the Swedish Security Service, the Swedish Data Protection Authority and Swedish Customs.

The virus outbreak can exacerbate the situation of people subjected to domestic violence or to honour-related violence and oppression. Funding is therefore being provided for organisations working with children in vulnerable situations and organisations working with women and children subjected to violence.

In troubled times it is even more important to stand up for democracy, the rule of law and human rights. The Government intends to provide permanent additional funding for state support for the media.

These proposals are based on a political agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

Economic measures in response to COVID-19

Amendments to the extra amending budgets and proposals in the Spring Amending Budget

The total amending measures for 2020 that the Government has proposed or is proposing in this Spring Amending Budget amount to SEK 107 billion and is expected to weaken public finances by SEK 95 billion. Moreover, loan guarantees are expected to amount to SEK 230 billion, while measures to strengthen the liquidity of businesses are expected to amount to SEK 335 billion.



Article from Ministry of Enterprise and Innovation, Ministry of Finance

Proposed central government loan guarantee programme for small and medium-sized enterprises

Published 27 March 2020

On Wednesday 25 March, a proposal was presented for loan guarantees to companies adversely affected by the COVID-19 virus outbreak. The aim is to make it easier for primarily small and medium-sized enterprises to access financing.

The proposal means that central government will guarantee 70 per cent of any new loans that banks provide to companies experiencing financial difficulties due to the COVID-19 virus. The guarantee will be issued to banks, which in turn will provide guaranteed loans to companies.

Opportunity for small and medium-sized enterprises to access financing

The loan guarantee programme primarily targets small and medium-sized enterprises, but there is no formal size limit on companies taking part in the programme. However, a limit of SEK 75 million per borrower has been proposed. The Swedish National Debt Office may grant exemptions from this limitation.

Conditions for providing loans

To take part in the programme, the COVID-19 virus must have adversely affected the company's finances. The Government expects that the guaranteed loans will not be used for bonuses or variable remuneration to

senior management, or for profit distribution other than what is comparable with regular salary withdrawals.

Companies apply for a loan by contacting a bank. The bank then conducts the normal credit assessment.

Banks that want to take part in the programme sign a guarantee agreement with the Swedish National Debt Office. The agreement covers aspects such as the guarantee fee that banks must pay, the loans concerned and other conditions.

Loans are provided through the banks

Central government issues the guarantee to the banks, which in turn provide guaranteed loans to companies. In practice, this means that central government compensates the bank for up to 70 per cent of any loss arising on a loan thus guaranteed.

The loans are paid out through the banks in order to provide loans to many companies as quickly as possible by using the banks existing networks and credit processes.

Costs to central government, banks and companies

Banks pay a risk-based guarantee fee to the Swedish National Debt Office. The fee is determined on the basis of the borrower's current risk class, which is set by the credit institution. The risk assessment is carried out in accordance with the credit institution's credit assessment process.

As usual, the borrower pays interest to the bank. This is determined by the bank and based on their credit risk assessment of the individual company, taking into account that central government is guaranteeing a large part of the loan. The borrower may defer paying interest on the loan for the first 12 months.



Article from Ministry of Finance

The Budget for 2020 in five minutes

Published 18 September 2019

On 18 September 2019, the Government presented its proposed budget for 2020 to the Riksdag.

In the Budget Bill the Government presents its overall proposals for allocating central government expenditure between different activities, and its estimate of expected revenue. The Budget Bill also contains the Government's assessment of the outlook for the Swedish economy and public finances, and the frameworks this provides for fiscal policy.

The proposals in the Budget Bill for 2020 are based on the January Agreement, the policy agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

"The problems we have in Sweden today can only be resolved if we take greater joint responsibility for our security and cohesion. In this budget we are taking new initiatives to get more people into work, to strengthen welfare throughout Sweden, to improve pensioners' finances, to improve the environment and to attain an ambitious climate transition that everyone, in the whole of Sweden, can be a part of. We are substantially increasing resources to improve security and safety," says Minister for Finance Magdalena Andersson.

Reforms for a stronger society

The Government is proposing measures to increase the number of jobs, tackle the challenge of climate change, safeguard welfare throughout the country and address crime and its causes.

More people in work

Work is the most important condition for being able to earn a living and become established in society, and for financing joint welfare.

Sweden is to be a fossil-free pioneer

The overall goal of environmental policy is to pass on to the next generation a society in which the major environmental problems have been solved without increasing environmental and health problems beyond Sweden's borders.

Strengthened welfare system

Sweden is to be a modern welfare nation. A high level of employment, universal welfare systems and good order in public finances form the foundation for the Swedish social model.

Growth throughout the country

The whole of Sweden will not only live, but also grow. Rural and sparsely populated areas, as well as small and large urban areas must be developed so that the whole of Sweden's potential is used. Possibilities to live and work throughout the country will be improved.

Security is to increase and democracy to be safeguarded

The fight against crime and its causes will be intensified. Society must be strong enough to protect people from everything from petty crime to terrorism. This is key to holding society together. Democracy must be safeguarded, both in Sweden and abroad.

Reforms and financing

Reforms and financing in the Budget Bill for 2020 (pdf)

Government's assessment of the economic outlook

After several years of high growth, there is now a slowdown in the world economy and in Sweden, although resource utilisation in the Swedish economy is still higher than normal. At the same time, several of the risks highlighted by the Government in recent years have increased – for instance, the trade conflict between the United States and China, and the United Kingdom's withdrawal from the EU.

Key indicator table, forecast September 2019

	2018	2019	2020	2021	2022
GDP, calendar-adjusted, percentage change	2.5	1.5	1.2	1.7	2.0
Employment, aged 15–74, percentage change	1.8	0.8	0.4	0.6	0.6

Unemployment, as per cent of labour force aged 15–74	6.3	6.3	6.4	6.4	6.5
General government net lending, as per cent of GDP	0.9	0.4	0.3	0.4	1.2
Structural net lending, general government sector, as per cent of GDP	0.0	0.0	0.2	0.5	1.3

Note: GDP components refer to fixed prices

Sources: Statistics Sweden and own calculations

Next step – Riksdag processing of the draft budget

When the Government has presented its draft budget, the Riksdag's processing begins. This is divided into two stages:

Stage 1: First, the Riksdag adopts the guidelines for economic policy and the economic framework of the central government budget. The framework decision, i.e. the decision on the limits for how large expenditure can be per expenditure area, guides the continued processing in the Riksdag, as the expenditure frameworks cannot be exceeded.

Stage 2: In the second stage, the Riksdag takes a position on allocating expenditure in each expenditure area, in other words how much money (appropriation) different activities will receive. Processing of the Budget Bill is complete when the Riksdag has taken a position on the proposals for all 27 expenditure areas. The Riksdag then finalises the central government budget.

Based on the results of the Riksdag's processing, the Government decides on appropriation directions for all government agencies and appropriations.



Government Offices of Sweden

Article from Ministry of Finance

The Budget for 2019 in five minutes

Published 15 November 2018

As no new government has taken office, the caretaker government presented the Budget Bill for 2019 to the Riksdag on 15 November. Because of the limited powers of a caretaker government, the budget submitted is based on previous Riksdag decisions and can be adjusted when a new government is formed.



Article from Ministry of Finance, Ministry for Foreign Affairs

Sweden to host Stockholm Tax Conference – an international conference on tax capacity-building, 30–31 May

Published 22 May 2018

Efficient and effective tax administration is fundamental to the long-term financing of a functioning society, poverty reduction and the achievement of the goals of the 2030 Agenda. Sweden has therefore invited representatives of governments in 160 countries, agencies, international and regional organisations, civil society and the business sector to exchange experiences of tax capacity-building. The Stockholm Tax Conference will be held on 30–31 May.

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Minister for Finance Magdalena Andersson and Deputy Prime Minister and Minister for International Development Cooperation and Climate Isabella Lövin will host the conference, which is being held by the Swedish International Development Cooperation Agency and the Swedish Tax Agency at Stockholm Waterfront Congress Centre. The conference will help

to support tax capacity-building in low and middle income countries and is part of the Government's 12-point programme to combat tax evasion, tax avoidance and money laundering.

Some 500 participants are expected to take part in the conference. During the conference, good examples will be highlighted on subjects such as government and business partnerships, transparency in tax systems, how digitalisation and civil society can promote capacity-building, and implementation of the Addis Tax Initiative, which will involve Sweden doubling funds for tax capacity-building by 2020. Speakers at the conference will include former President of South Africa, Thabo Mbeki, Benin's Minister of Economy and Finance, Romuald Wadagni, Navid Hanif from the UN, James A. Brumby from the World Bank, and Felix Fernandez Shaw from the European Commission.

Using international financing for development efforts (Addis Ababa Action Agenda) as the starting point, the conference will be an important complement to international institutions' work and initiatives in the area of tax. These include the Platform for Collaboration on Tax conference in February 2018, the Financing for Development Forum in April 2018, and the UN summit on SDG financing in September 2018.

More information about the conference and the programme are available on the conference website at www.stockholmtaxconference2018.se.

Follow the dialogue on social media. We will be tweeting under the hashtags #sthlmtaxconf and #tax4dev.

Date: 30–31 May

Venue: Stockholm Waterfront Congress Centre

#sthlmtaxconf

#tax4dev



Article from Ministry of Finance

The 2018 Spring Budget in five minutes

Published 16 April 2018

Building our society – a secure and sustainable Sweden

On 16 April the Government will present to the Riksdag its Spring Fiscal Policy Bill and proposed amendments to this year's budget. In the Spring Fiscal Policy Bill, the Government presents its economic assessment and the direction of fiscal policy ahead of the budget for 2019. The spring amending budget presents the Government's proposed amendments to this year's budget.

The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.

"We expect to see increasing needs in the welfare system in the coming years, as we are living longer and more children are being born. This will be the major task of the next electoral period. That is why the Government is giving higher priority to investments in increased security for a Sweden that stands together than to major tax cuts for the richest," says Ms Andersson.

Sweden's economy is strong

- The growth rate of the Swedish economy remains stable and will be almost 3 per cent this year.
- The employment rate in Sweden is now the highest in more than 25 years and is the highest ever measured by Eurostat.
- Unemployment is falling and is expected to be around 6 per cent next year.
- Public finances are strong, with a surplus throughout this entire electoral period.

- Sweden's national debt as a percentage of GDP has fallen by 10 percentage points during this electoral period to its lowest level since 1977.

Read a summary of the forecast

Key indicators forecast April 2018, pdf

Key indicators forecast April 2018, excel

More investment for a secure and sustainable Sweden

In the spring amending budget, the Government presents investments in jobs, the climate, welfare and security, which will be carried out this year.

"We have taken Sweden in a new direction. Investments in jobs, health care, schools and the climate have borne fruit. The Government is now making additional investments for a secure and sustainable Sweden," says Ms Andersson.

Measures spring amending budget	SEK million
More people in work	350
Sweden will be a fossil-free welfare nation	500
Welfare system will be strengthened	1 500
Increase security and safety	280
Total	2 630

Proposals in the Government Bill: Spring Amending Budget for 2018, pdf

Proposals in the Government Bill: Spring Amending Budget for 2018, excel

Reforms and results during this electoral period

- Some 250 000 more people have a job to go to today and more than 100 000 of these work in the welfare sector.
- Quicker path for newly arrived immigrants to find work – the proportion who have a job after two years has increased by 60 per cent compared to the average over the past 15 years.
- The proportion of the population in the compensation and insurance systems has fallen and is at its lowest level since 1981.
- The number of people employed in the welfare sector has increased – from 128 employees per 1 000 inhabitants in 2014 to 135 employees per 1 000 inhabitants in 2018.
- The environment budget has more than doubled and subsidies for solar

cells have increased twentyfold. Emissions are falling, especially in the transport sector.

- The general government deficit has been turned into a surplus. During this electoral period, a deficit of around SEK 60 billion in 2014 has become a surplus of around SEK 50 billion for the years 2016–2018.
- Sweden's national debt as a percentage of GDP has fallen by 10 percentage points during this electoral period to its lowest level since 1977.
- An additional 28 000 people are employed in schools today, compared to the 2014–2015 academic year.
- Overall policy during this electoral period has countered economic inequality.



Article from Ministry of Finance

New measures of wellbeing

Published 01 August 2017

‘New measures of wellbeing’ is a framework of 15 indicators of economic, environmental and social dimensions of quality of life. The indicators, intended to complement GDP as a measure, will be an instrument for monitoring trends in people’s quality of life and the long-term sustainability of the economy.

GDP is an important measure used to describe economic growth. It is clear and simple, yet provides only a limited picture of a society's development. This is why a number of additional indicators are needed to complement GDP to provide a picture of the development of wellbeing. Conditions for economic growth and the development of wellbeing depend on both the quantity of resources generated and how they are distributed, used and managed. New measures of wellbeing is a new framework for monitoring trends in people's quality of life and the long-term sustainability of the economy.

GDP per capita

Although a rise in GDP generally leads to higher levels of wellbeing, this is not always the case. One reason for this is that GDP does not take account of how the output produced is distributed among the population. GDP per capita takes account of changes in population growth but does not reflect trends in income disparity, for example, in society.

Employment rate

When more people support themselves through work, resources are freed up in the public sector, as pressure on the public transfer system is reduced.

When more people work, income disparities also decline. A high employment rate makes it possible to strengthen the public welfare system. Despite a high employment rate, unemployment can also be high if labour force participation is high. This is why both the employment rate and unemployment rate indicators are necessary to show labour market trends.

Unemployment rate

Work offers a sense of community, belonging and financial security. The unemployment rate measures the proportion of the labour force that does not have a job but is willing and able to work. Unemployment can have a significant impact on wellbeing. Work offers individuals the opportunity to support themselves and better prospects of shaping their own lives.

Household debt

Households in Sweden are taking on more and more debt, which can entail a risk. This risk is both at the individual level, where consequences for the individual can be considerable if interest rates rise or housing prices fall. High-debt households can also have macroeconomic effects if people are forced to reduce consumption in the event of a housing price crash. In the long run, both growth and employment may be adversely affected.

General government consolidated gross debt

This indicator shows the general government consolidated gross debt as a percentage of GDP, often referred to as the Maastricht debt. This is the measure of general government debt used in the EU. Through the Stability and Growth Pact, all EU countries have pledged to keep their general government consolidated gross debt below the threshold of 60 per cent of GDP. Keeping this level low is important for long-term economic sustainability.

Air quality

Air pollution can cause serious health problems and contribute to acidification and eutrophication. The air quality indicator shows the development of two of the most common and hazardous forms of air pollution in Swedish cities: nitrogen dioxide (NO₂) and fine particulate matter (PM_{2.5}). Air pollution is mainly caused by road traffic, where heavy and light diesel vehicles account for the bulk of nitrogen dioxide emissions.

Water quality

Good quality water is vital for drinking water and many aquatic animals and plants. The water quality indicator shows bodies of water that have 'high' or 'good' status under the EU Water Framework Directive. This indicator also provides an overview of the main water-related problems: eutrophication, certain pollutants and physical impacts.

Protected natural environments

Long-term protection is important for preserving the world's natural and cultural heritage, and for safeguarding fundamental values, such as clean water, clear air and unspoiled natural environments. This indicator shows the proportion of Sweden's natural environments, including national parks, nature reserves and nature conservation areas, under long-term protection.

Chemical body burden

The chemical body burden indicator measures the burden of toxic chemicals in people's bodies. Monitoring levels of dangerous chemicals over time provides an overview of the substances we are exposed to and the amounts involved. The indicator shows that chemical body burdens are declining slowly despite bans restricting the use and spread of such substances. One problem is that these substances persist in the environment, accumulate in the fatty tissues of humans and animals, and are already widespread in products, buildings and the environment.

Greenhouse gas emissions

Tackling climate change is one of humanity's greatest challenges. The continued emission of greenhouse gases at current rates will increase the risk of serious, drastic and irreversible consequences for humanity and ecosystems. Measurements of greenhouse gas emissions are made of the overall emissions of carbon dioxide, methane, nitrous oxide and fluorinated gases, and are linked to the environmental quality objective 'Reduced climate impact' and the intermediate target 'Reduced greenhouse gas emissions by 2020'.

Low economic standard

The low economic standard indicator refers to the proportion of the population with a disposable income that is less than 60 per cent of the median income. The EU defines low economic standard as the proportion of the population whose income is so low that it is below the at-risk-for-poverty threshold. Even though physical needs are met, relative poverty can result in individuals not being able to fully participate in social relations and contexts.

Self-perceived general health

Good health is an important prerequisite for a good life. But measuring health is complex since many different factors contribute to good health. The self-perceived general health indicator has the advantage of providing an overall picture of a respondent's perceived physical and mental health in a single measurement. Self-perceived general health is reported as the proportion of the population that perceives their health as good or very good.

Level of education

It is important to follow trends in educational levels, particularly as several of the other social indicators in this framework have a clear connection to education level. This indicator concerns the highest level of education completed according to Swedish Educational Terminology.

Interpersonal trust

High levels of trust between people can be regarded as a component of social capital – the glue that holds society together – while low levels of trust can create problems. Whether an individual can ask those around them for help and support in different situations is one example of how social trust increases quality of life. High levels of trust and broad social networks also facilitate business transactions and matching in housing and labour markets.

Life satisfaction

Life satisfaction is a measure of subjective wellbeing. Subjective wellbeing is generally high in prosperous, democratic and politically stable societies characterised by low unemployment, effective exercise of public authority, observance of legal rights and low corruption. At an individual level, close relationships have the greatest impact on life satisfaction; but meaningful work and a fulfilling leisure time are also very important. Monitoring trends in life satisfaction provides an important contribution to determine the

direction of policy.



Article from Ministry of Finance

The direction of fiscal policy - September 2016

Published 20 September 2016 Updated 20 September 2016

Building our society – taking responsibility for Sweden

Summary Budget Statement from the Budget Bill for 2017

We want Sweden to be a nation at work, a cohesive, equal and sustainable society. Inequities in our society have been allowed to grow. Widening gaps fuel anxiety, selfishness and racism. With the Swedish model as a foundation and modernisation as a tool, we are building a sustainable society where no one is left behind, and where no one is held back. Important investments in collective efforts to build our society will take priority over tax cuts. Sweden will lead the way on climate transition and gender equality, both nationally and internationally.

In Sweden, economic equality must be front and centre. Taxation according to means, full employment, low unemployment and sustainable development form the basis of our policies.

The Swedish model contributes to prosperity and development. Welfare enables high labour force participation, builds security and closes gaps in living conditions. Strong parties negotiating wages and conditions contribute to decent working conditions, competitive and innovative businesses, and favourable and broad-based wage growth. Clear regulatory frameworks, responsible investments for jobs and sustainable growth, and a tight fiscal policy have secured a high level of confidence and stable development for the Swedish economy. The fiscal policy framework is the basis of the Government's economic policy. Good order in the public finances contributes to good economic development and to safeguarding welfare systems.

Over the last two years, the Government has implemented a range of

important reforms. Many of these investments are already producing results: jobs are up, the number of start-ups is growing, unemployment is being driven down, schools are employing thousands more people and Sweden is leading on climate transition. The Government has also concluded cross-party agreements on defence policy, migration policy, energy policy, climate policy and the fiscal policy framework, and in a range of other areas.

In a world characterised by slow economic recovery, Sweden is strong. Sweden's growth rate is very high by international standards and will continue to be among the highest in our part of the world in 2017. Unemployment is declining and the employment rate is the highest in the EU. Since the Government entered office, the number of people in employment has risen by 120 000. The large deficit of more than SEK 60 billion that the Government inherited has essentially been wiped out. This has been achieved despite the substantial impact on public finances due to the large number of asylum seekers.

Despite this positive development challenges remain, including high unemployment, declining educational performance, major climate adaptation needs and growing economic inequality. Many of the social problems the Government is now tackling were allowed to grow during the last two electoral periods. The Government represents a different policy direction. This Budget Bill is based on an agreement between the government parties and the Left Party.

More resources for welfare

As Sweden's population grows, strengthening welfare becomes particularly important. The previous Government gave priority to major tax cuts, and the number of people employed in welfare services in relation to the size of the population dropped by five per cent. Many local government services are strained. The Government is therefore making a historic investment in welfare by providing an additional permanent SEK 10 billion per year to the local government sector. This is the largest ever single reinforcement of general government grants to the local government sector. This additional funding will enable the development of welfare services, not least through the recruitment of additional staff. The Government's total welfare investments in previous fiscal bills, together with the welfare billions, correspond to the cost of employing more than 30 000 people.

Learning outcomes in schools have been falling for almost two decades, and during the last decade education has become increasingly unequal. The

previous Government invested almost 20 times more in tax cuts than in schools. This trend must be reversed. Education is fundamental to building an equitable society and a prerequisite for our future prosperity. The Government has taken measures to make the teaching profession more attractive, such as improving conditions for teachers and introducing a stimulation package for higher salaries. Significant funds have been provided for early measures to ensure that all pupils can receive the support they need.

In addition to the welfare billions, the Government proposes continued initiatives to alleviate the teacher shortage, promote reading and improve the conditions for highly challenged schools. Now when the number of pupils is increasing, schools will have additional resources.

Improvements are also needed in health and medical care. The Government has made a number of important investments, including in cancer care and the introduction of free health care for the oldest old. Ill health and sickness absence in working life will be combated, not least in our welfare occupations. The Government is implementing a broad action programme and working with the social partners to make progress in this area. The increase in sickness absence that began in 2010 is now slowing.

More jobs

For many years, high unemployment was allowed to become entrenched, in particular among young people. Although unemployment is now falling fast and employment rates are the highest in the EU, far too many people are still without a job.

While unemployment is high for certain groups, employers have difficulty finding people with the right skills. Labour shortages in many sectors are hampering development and growth.

The Government is continuing its work to achieve the lowest unemployment rate in the EU by 2020. To increase people's chances of finding work and improve labour market matching, a new adult education initiative has been launched. Active labour market policy has been strengthened and special measures to enable newly arrived people to find work have rapidly been expanded. A 90-day guarantee for young people is being expanded and youth unemployment is at its lowest level for 13 years. However, more needs to be done, especially to enable those people now building a life in Sweden to find work more quickly. The Government proposes an expansion of the

Adult Education Initiative, further steps to reform labour market policy, enhanced establishment activities for new arrivals and modern public sector jobs.

Since the Government took office, investments in housing and infrastructure have been increased to stimulate the economy and improve people's prospects of finding somewhere to live, moving and commuting to where the jobs are. After many years of low construction rates, housing construction is increasing substantially and the high pace is expected to continue. However, in many parts of Sweden, the housing shortage remains serious. The Government is implementing urgent reforms and in June 2016 presented a housing action programme.

Well-functioning transport and travel infrastructure contributes to employment, reduced emissions and competitiveness throughout the country. The Government has strengthened rail maintenance and taken important steps to promote sustainable transport. The Government intends to submit a bill containing proposals on financial frameworks for a national plan for 2018–2029.

Sweden's global competitiveness is strong, but an active enterprise and innovation policy is needed to continue building on our strengths. The National Innovation Council has launched five collaborative programmes. Public venture capital is being developed. The upcoming research, innovation and higher education bill will provide long-term conditions for Sweden as a knowledge nation.

One of the world's first fossil-free welfare nations

Climate is the defining issue of our time, and Sweden will show global leadership by becoming one of the world's first fossil-free welfare nations. A new climate agreement is in place and now the countries of the world must get down to work. The key to reducing global climate emissions is for richer countries to lead the way and share solutions, while developing countries are given climate adaptation and transition support. The Government has taken a number of measures to reduce emissions and accelerate the transition to a sustainable society. Further steps are now being taken to reach Sweden's target to cut emissions by 40 per cent by 2020, compared with 1990 levels. The Government proposes that the support introduced for climate investments and urban environment agreements be expanded. The Government is also raising its level of ambition in the climate area by buying and cancelling emissions allowances and pushing for a tougher EU policy.

The proposed reinforcement of the Climate Leap will strengthen opportunities for local and regional climate investments and charging points throughout Sweden.

To contribute to a reduction in the adverse climate and environmental impacts of consumption, the Government is presenting a strategy for sustainable consumption in this Budget Bill. The Government is also strengthening climate action in Sweden in its efforts to achieve the environmental quality objectives and the generational goal. A major nature protection initiative has begun and several marine reserves are being established. The Government also proposes investments in the promotion of a toxin-free environment and a circular economy. The modernisation of Sweden must continue if climate and environmental challenges are to be met. The Government is implementing the 2030 Agenda, which combines climate and environmental responsibility with social and economic development.

Gender equality in society

In Sweden, significant differences in the living conditions of women and men still prevail. The Government intends to analyse the importance of developing the tax system from a gender perspective. The analysis is to be complete by 2018. The Government's objective is for women's employment rate to be as high as men's and for the gender pay gap to be reduced. Sweden has a feminist government pursuing a gender responsive budgetary policy. This means that social resources should benefit the entire population. The Government intends to establish a gender equality agency in 2018.

The Government's proposed additional resources to the local government sector will help improve employment and work environment conditions for women. In this Budget Bill the Government also allocates funds for strategic efforts to combat men's violence against women.

A safe and secure society

Crime causes many people living in deprived areas to feel unsafe. Society must both stand up to and prevent crime. To this end, the Swedish Police Authority will receive additional resources. The Government has also announced a review of legislation with regard to attacks on emergency services staff. To combat unfair competition in the transport industry, the Government intends to task the Swedish Police Authority with developing its

cabotage control operations.

It is also important to intensify efforts to counter tax offences, tax evasion and tax avoidance.

Over the last year, Europe has experienced a number of horrific terrorist attacks. The threat against Sweden cannot be ignored. The Swedish Security Service will therefore receive additional funds.

In these troubled times, we need a government that takes responsibility for Sweden. In more and more places, we see that when large groups are allowed to fall behind, populism and distrust of society spread.

An equitable society

The proportion of individuals with low economic status has increased. The fight against inequality is important in building our society. Equality builds trust and better living conditions.

Differences in disposal income have been growing for some time. Some studies also suggest that the wealth gap has increased since the financial crisis. There are signs that the assets of high-wealth households have risen rapidly in value, while the trend for lower-wealth households has been considerably weaker.

One of the goals of the 2030 Agenda concerns equality. One of the targets under this goal is, by 2030, to progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average. The Government's policies have led to more even income distribution and the reforms in the Budget Bill are expected to contribute to further reducing income gaps and reaching the target in the 2030 Agenda.

Global challenges

In January 2017 Sweden will take up its seat on, and the presidency of, the United Nations Security Council and pursue a policy committed to promoting international peace and security. Investing in peacebuilding and conflict prevention is an effective way of promoting sustainable development and combating poverty and oppression.

At the end of last year, the Government took a number of measures, including temporary border and identity controls. These measures and

political changes in other countries and in the EU have together led to a significant drop in the number of people seeking asylum in Sweden so far this year, compared with the same period last year. Efforts to achieve a more even distribution of asylum seekers in the EU continue. Sweden is contributing humanitarian assistance and supporting the peace process in Syria.

Sweden must have a well-functioning reception system that enables new arrivals to establish themselves in the labour market and in society in general. Immigration in Sweden is regulated and the right to asylum will be protected. Together in the coming years, we must ensure that everyone – both newly arrived and unemployed people – can begin working and contributing to building our society.

The authorities need to consider the need for protection of the many asylum seekers in an efficient and legally sound manner, and those who are allowed to stay must be able to receive education and training, or find a job more quickly. At the same time we must ensure a reception system that is efficient, effective and legally sound.

Sweden must not meet the future with welfare cuts, low wages and lower climate ambitions. Sweden must stand together. Our success will be built on work, knowledge, equality and investments for the future.



Article from Ministry of Finance

The 2017 Budget in five minutes

Published 20 September 2016 Updated 20 September 2016

On 20 September 2016, the Government presented its proposed budget for 2017 to the Riksdag. The Government's entire proposal is available in the Budget Bill, which includes the Government's Budget Statement, the Government's assessment of the outlook for the Swedish economy and public finances, and the frameworks this provides for fiscal policy. The budget also contains the Government's proposals on how government expenditure is to be allocated and an estimate of expected central government revenue in the coming year. The Bill is based on an agreement between the government parties and the Left Party.

Sweden's economy is growing strongly

In a world characterised by slow economic recovery, Sweden is strong. Sweden's growth rate is very high by international standards and will continue to be among the highest in our part of the world in 2017. Unemployment is declining and the employment rate is the highest in the EU.

Since it entered office, the Government has pursued a tight fiscal policy, substantially reducing the deficit in general government net lending since 2014. Net lending will be strengthened substantially up to 2020. General government net lending will have been reinforced by more than one per cent of GDP between 2014 and 2016, and is expected to be close to plus/minus zero in 2016. Net lending will deteriorate again somewhat in 2017, primarily as a result of temporary factors. In the years following 2017, net lending will be strengthened continuously and will be above the surplus target level at the

end of the forecast period.

Forecast summary and key indicators

Building our society – taking responsibility for Sweden

In the Budget Bill for 2017, the Government proposes reforms totalling SEK 24 billion. Minister for Finance Magdalena Andersson on the budgetary direction:

"Welfare needs strengthened resources so that the municipalities can meet their obligations to the citizens, security needs to be strengthened and we need to continue managing the impact of last year's high intake of asylum seekers. At the same time, the Government's long-term priorities remain in place. Everyone who can work should work, schools must be given better means to reverse weak school performance, and we need to do more to tackle climate change," says Magdalena Andersson.

More resources for welfare

Sweden must have quality welfare services we can rely on. This is why the Government has made major investments in health, education and social services. Sweden's growing population makes strengthening welfare particularly important. The Government continues to prioritise welfare services and in this bill proposes that an additional SEK 10 billion a year be made available to municipalities and county councils in general government grants. This will enable them to take a long-term approach to developing their welfare services taking local conditions into account. Together with the Government's previous welfare investments, these resources correspond to the cost of roughly 30 000 employees in welfare services.

Education is fundamental to building an equitable society and a prerequisite for our future prosperity. In addition to the welfare billions, the Government proposes initiatives to promote reading and improve the conditions for highly challenged schools. To alleviate the teacher shortage, more teachers must be trained. The Government therefore proposes an expansion of teacher and preschool teacher education programmes. When fully implemented in 2021, this will correspond to 3 600 places.

More jobs

The Government is continuing its work to achieve the lowest unemployment rate in the EU by 2020. Although unemployment is falling fast and employment rates are the highest in the EU, there are still far too many people without work. To increase people's chances of finding work and improve labour market matching, the Government has launched a new adult education initiative that when fully deployed will offer around 70 000 places. The Government also proposes further steps to align labour market policy, strengthen establishment activities for new arrivals and modern public sector jobs. For many people, not having a driving licence is an obstacle to finding work. The Government therefore intends to introduce CSN loans for driving lessons during this electoral period. Investments in broadband expansion will make it easier to work and run a business in rural areas.

One of the world's first fossil-free countries

Sweden will be one of the world's first fossil-free welfare nations. The Government has taken several measures to reduce emissions, speed up the transition to a sustainable society and achieve the environmental quality objectives. This is the largest climate and environment budget in Sweden's history; SEK 12.9 billion will be invested in reforms to reduce emissions and strengthen climate action. Among other measures, the Government proposes increased support to climate investments and urban environment agreements that strengthen public transport and promote cycling. The Government is also raising its level of ambition in the climate area by buying and cancelling emissions allowances and pushing for a tougher EU policy.

A safe and secure society

Sweden should be a country in which everyone can feel safe and secure. This requires measures that enable society to stand up against crime and terrorism. For this reason, the Government proposes increased resources to the Swedish Police Authority and the Swedish Security Service.

Refugee reception

The Government intends to reform the compensation system for the reception of unaccompanied minors and young people in order to simplify the regulatory framework, improve municipalities' planning conditions, reduce the administrative burden and increase cost effectiveness. The new compensation system should come into force on 1 July 2017. Funds will be allocated to allow for compensation to municipalities that have difficulty

adapting to the new compensation system.

Gender equality in society

The overall objective of the Government's gender equality policy is equal power for women and men to shape society and their own lives. The increased resources to the local government sector will contribute to a better work environment and more staff in sectors that employ a large number of women. A higher large-family supplement and higher income threshold in the housing allowance will improve margins for many women in a precarious financial position. A special initiative is being taken to reduce men's violence against women. The Government also intends to establish a gender equality agency in 2018.

Revenue increases and expenditure cuts in the budget

In the Budget Bill, the Government also proposes revenue increases and expenditure cuts.

Major savings involve:

- restructuring of the compensation system for the reception of unaccompanied minors and young people
- reprioritising labour market policy objectives to increase effectiveness and improve labour market matching

The Government also presents a number of tax proposals to increase tax revenues for the state. The proposals include:

- prohibiting deductions for interest expenditure on certain subordinated liabilities
- abolishing the right to income tax deductions for official meals
- limiting upward adjustment of the threshold for state income tax
- introducing tax on chemicals in certain electronic products
- increasing the tax on alcohol

Table: Reform and financing proposals in figures

Budget proposals for 2017 in figures

Central government expenditure proposed for 2017 amounts to SEK 972,4 billion and central government income is expected to amount to SEK 979,7 billion. Central government finances are therefore expected to reach a surplus of SEK 7,4 billion in 2017.

Central government budget in figures

Tax proposals in the autumn budget

The Budget Bill presents and announces a range of proposals that involve both tax increases and tax reductions for individuals. Some of the proposals involving tax reductions are the tax reduction for repair and maintenance of white goods, and lower VAT on minor repairs (for example, bicycle repairs). Another tax reduction is that the ceiling for deferred capital gains will be abolished and that more generous deferment will be introduced for those moving to a cheaper home.

Some of the proposals and announcements that involve increased tax revenues are a chemicals tax on certain electronics products, limited upward adjustment of thresholds and an increase in alcohol tax.



Article from Prime Minister's Office

Prime Minister Stefan Löfven today received Jin Liqun, President of the Asian Infrastructure Investment Bank

Published 12 September 2016 Updated 12 September 2016

The Asian Infrastructure Investment Bank (AIIB) was established in January this year, and Sweden became a member at its first Annual Meeting in June. Mr Löfven and Mr Jin discussed the bank's strategic focus for the future.

Mr Löfven expressed the hope that the AIIB will be an institution with a clear focus on environmental and climate-resilient investments. Minister for EU Affairs and Trade Ann Linde also took part in the meeting. During his visit to Sweden, Mr Jin will also meet Minister for Finance Magdalena Andersson, representatives of Swedish companies at Business Sweden, and take part in a seminar at the Swedish Institute of International Affairs.



Article from Ministry of Enterprise and Innovation, Ministry of Finance, Ministry for Foreign Affairs, Ministry of Health and Social Affairs

Chilean State Visit ends

Published 18 May 2016 Updated 13 June 2016

On the afternoon of 12 May, Chile's President Michelle Bachelet left Sweden following a three-day State Visit. The President was in Sweden at the invitation of HM the King. This was the first State Visit by a Chilean president to Sweden. Several of the Government ministers took part in the programme. The purpose of the visit was to broaden and deepen bilateral relations between Chile and Sweden.

Swedish companies have long had a strong presence in Chile. Bilateral trade has increased over the past 15 years. Cooperation exists in various areas, such as mining, forestry, environment and CSR. Further steps to enhance cooperation were taken during the State Visit. Chile and Sweden have a common view on many foreign policy issues, not least with regard to the rights of smaller countries, UN cooperation, gender equality, marine issues and free trade. Several global challenges were discussed. Representatives of both countries also discussed issues concerning cooperation for social and gender equality.

The State Visit began on Tuesday with the traditional welcoming ceremony at the Inner Courtyard of the Royal Palace. The King and Queen, many members of the Government and other representatives of the Swedish public sector were present to welcome the President. This was followed by a lunch at the Royal Palace which was also attended by Princess Victoria and Prince Daniel.

Talks on increased trade and investment

In the afternoon, Prime Minister Stefan Löfven received the President for talks at Rosenbad. Topics discussed by the President and the Prime Minister included the conditions for increased trade and investment. Within this framework, memorandums of understanding were signed on sustainable mining, forestry, urban development and CSR. Political, economic and cultural cooperation was another area in which memorandums of understanding were signed on welfare and holiday agreements. Issues concerning multilateral cooperation in gender equality, human rights and peacebuilding were also addressed. Minister for Enterprise and Innovation Mikael Damberg, Minister for Rural Affairs Sven-Erik Bucht, Minister for Children, the Elderly and Gender Equality Åsa Regnér and Minister for Finance Magdalena Andersson also took part in the talks.

Following a visit to Olof Palme's grave at Adolf Fredrik's Cemetery, President Bachelet travelled to Fryshuset where she and the King and Queen were met by the managing director of Fryshuset, Johan Oljeqvist. This part of the visit was also attended by Anja Frey, head of Fryshuset in Stockholm, and Camila Salazar Atias, responsible for social projects, as well as Stockholm City Commissioner Emilia Bjuggren.

The day concluded with a state banquet at the Royal Palace.

Wednesday's programme included a Swedish-Chilean Business Forum, a gender equality seminar, lunch at Stockholm City Hall and a meeting with Speaker of the Riksdag Urban Ahlin. President Bachelet delivered a speech in the Riksdag and took part in a ceremony at which a bust of Swedish diplomat Harald Edelstam was unveiled. During the afternoon, the President met part of the Chilean diaspora in Sweden. Afterwards, she took part in a seminar on social dialogue and the Global Deal, together with Prime Minister Stefan Löfven.

Research and innovative companies in Gothenburg

On Thursday morning, the King and Queen and President Bachelet left for Gothenburg, where they were welcomed by the County Governor of Västra Götaland County Lars Bäckström and President of the Gothenburg City Council Lena Malm. Minister for Infrastructure Anna Johansson was also present. The first programme point was a visit to Astra Zeneca, where the President and the King and Queen learned about the work done there on research, development and cooperation with smaller, innovative companies. This was followed by visits to Volvo Torslanda and Lindholmen Science Park. The day concluded with lunch at the County Governor's residence.

In the afternoon, the King and Queen bid farewell to President Bachelet and the Chilean delegation at Landvetter Airport.



Government Offices of Sweden

Article from Ministry of Finance

The 2016 Spring Budget in five minutes

Published 13 April 2016 Updated 13 April 2016

Building our society – responsibility, security and development The Government is today presenting its proposed direction for economic policy ahead of the Budget Bill for 2017. The Government's priorities – jobs, schools and climate action – remain firm. In addition, proposals are presented to increase funding in the budget for 2016 to address the refugee situation. The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.



Article from Ministry of Finance

Bruegel visiting Stockholm

Published 18 November 2015 Updated 18 November 2015

Are we moving towards a European Union where Member States integrate at different speeds? What implications can this bring about for the EU as a whole? And how should we approach such a development? These were issues discussed at a seminar on November 12, 2015, where policymakers, researchers and business representatives from different parts of Europe participated.

The Brussels based think tank Bruegel is celebrating its 10-year anniversary this year. As part of the celebrations, Bruegel is touring the capitals of its member states with seminars on pertinent EU themes. On the 12th of November Bruegel visited Stockholm at an event co-hosted with the Swedish Ministry of Finance.

Under the theme "Two-speed Europe", policy makers, researchers and business representatives discussed to what extent the EU is moving towards new means of cooperation and how this development should be approached. The theme has not least been highlighted in recent discussions about the future of the common currency and the negotiations concerning the forthcoming UK referendum on EU membership. The question of whether or not Eurozone Member States need to integrate at a faster pace was particularly highlighted during the discussions. Different possible implications for cooperation with non-Eurozone countries were brought up.

The Swedish Minister of Finance Magdalena Andersson opened the seminar with introductory remarks. Bruegel was represented by its Director, Guntram Wolff, and the Princeton University Professor Ashoka Mody, who is also a non-resident fellow at the think-tank. Other international speakers were

Thomas Wieser, chairman of the Eurogroup Working Group, Servaas Deroose, Deputy Director General at the European Commission, DG ECFIN. Speakers from Sweden were Jens Henriksson, CEO of Folksam, and Göran von Sydow, senior researcher at the Swedish Institute for European Policy Studies.

Speakers' presentations

- **Magdalena Andersson** Two-Speed Europe?
- **Guntram Wolff** Monetary union and the single market: What governance challenges?
- **Servaas Deroose** Deepening EMU: Why, how, when?
- **Ashoka Mody** Multispeed Europe is the Future: It had better be



Government Offices of Sweden

Article from Ministry of Finance

Central government budget for 2016 in figures

Published 02 November 2015 Updated 02 November 2015

Revenue, expenditure, balance and national debt.



Article from Ministry of Finance

The 2016 Budget in five minutes

Published 21 September 2015 Updated 21 September 2015

The Government presented its proposed budget for 2016 to the Riksdag on 21 September 2015. The Government's entire proposal is available in the Budget Bill, which includes the Government's Budget Statement, the Government's assessment of the outlook for the Swedish economy and public finances and the frameworks this provides for fiscal policy. The budget also contains the Government's proposals on how to use the money available to central government and an estimate of expected central government revenue in the coming year.

Swedish economy and public finances

The Government expects the Swedish economic situation to improve in the coming years. This is mainly due to a stronger international outlook and, together with the policies pursued, will lead to falling unemployment in Sweden. But this economic upturn is uncertain and there is a substantial risk of weaker growth.

[Forecast for Sweden's economy - summary](#)

The direction of fiscal policy

Since the Government took office, fiscal policy has been changed to follow a more responsible path. All reforms have been fully funded in the fiscal bills presented by the Government. As a result, the general government deficit will be halved. However, net lending remains far below the target level and therefore the public finances need to be further strengthened.

However, use of resources has been low for a long time, there is still a substantial labour market gap and the outlook for continued recovery is uncertain. Fiscal policy therefore needs to support economic recovery and contribute to pushing down unemployment rates. This will be done through

increased public investment, an active business policy, initiatives to enhance knowledge, better job matching in the labour market and welfare initiatives.

The Government's assessment is that the reforms proposed in the Budget Bill for 2016 should be fully funded. This position of fiscal policy will help strengthen net lending, while safeguarding the ongoing recovery. The Government proposes a number of measures to reduce central government expenditure. These include abolishing ineffective measures such as the gender equality bonus and introduction guides. The Government also proposes measures that will strengthen revenue, such as reduced earned income tax credit and higher state income tax for those with high incomes, as well as limited tax deductions for building repairs and maintenance.

What the Government is doing – Investing in Sweden's future

In the Budget Bill for 2016, the Government proposes reforms totalling SEK 25 billion. These additional funds will be on top of the SEK 20 billion that the Government announced for 2016 in the Spring Budget. The proposals are informed by a feminist philosophy based on the principle that equality builds trust and better living circumstances for everyone. The Bill is based on an agreement between the government parties and the Left Party.

Investments in more jobs

One of the Government's most important tasks is to reduce unemployment and increase employment. The Government's jobs agenda consists of three parts: investments in the future – in housing, climate adaptation and infrastructure; an active enterprise and innovation policy for more and growing companies; and investments in skills and matching. The agenda will include a clear gender equality perspective.

Investments in schools

Sweden should be a leading knowledge nation. To turn around performance in schools and improve equity in education, the Government proposes initiatives to raise teacher salaries, enhance further training for teachers and improve opportunities for development in the schools that face the greatest challenges. The reforms are based on previous government initiatives, such as more staff in primary school.

Investments in climate adaptation and energy

Sweden should be a leading force in climate adaptation. By setting ambitious goals, Sweden will take a leading role in the international negotiations on a new climate agreement. The Government therefore proposes reforms to meet the challenges of climate change, increase the share of renewable energy and stimulate development of innovative environmental technology. This includes investing in climate financing in developing countries, solar cells and green cars, as well as increased environmental taxes.

More reforms that make Sweden better

Reforms for increased welfare and security

Sweden should be a country characterised by gender equality, justice and shared responsibility. The Government therefore proposes various reforms to ensure that Swedish health and medical care is of world class, one of the goals being to improve women's health. The reforms also include lower taxes for pensioners, abolishing the maximum time limit in sickness insurance, increased security and opportunities for all children, and a higher basic level of parental benefit

Better reception and faster introduction

Sweden should have a long-term, sustainable and legally certain migration policy that safeguards the right of asylum. When more people seek refuge in Sweden, this places great demands on society to make use of and develop the resource that immigration represents. For those who are granted a residence permit, it is important that their introduction to the labour market and to society goes quickly. The Government therefore proposes reforms to speed up the introduction of newly arrived immigrants and also higher compensation to municipalities for reception.

Sweden in the world

A troubled international environment demands a capability to defend Sweden and to take our share of responsibility for the victims of conflict. The Government therefore proposes raising the level of ambition regarding development cooperation. Increased anti-terrorism measures are also proposed. In addition, increased funds for defence are proposed, following

an agreement between the Government, the Moderate Party, the Centre Party and the Christian Democrats.

Fully funded reforms

The reforms that the Government is proposing are fully funded. The funding comes from revenue increases totalling approximately SEK 19 billion and expenditure cuts of approximately SEK 3 billion for 2016. In addition, other budget consolidations of SEK 2.5 billion are being proposed.

Some of the proposed revenue increases:

- gradual reduction of earned income tax credit
- limited upward adjustment of the threshold for state income tax
- lowered ceiling and abolished services in tax deductions for household work
- lowered level of subsidy in tax deductions for building repairs and maintenance
- special payroll tax for older people
- raised taxation on saving in investment savings accounts and in endowment insurance
- raised energy taxes.

Some of the proposed expenditure cuts:

- abolished coordination and accessibility billion (formerly ‘waiting list billion’)
- abolition of introduction guide system
- changed upward adjustment of assistance allowance.

Reform and financing tabl (pdf)

The complete budget proposal for 2016 in figures

Central government expenditure proposed for 2016 totals SEK 933.9 billion. Central government income is expected to amount to SEK 924.3 billion in 2016. Central government finances are therefore expected to show a deficit of 9.6 billion in 2016.

Greater financial equality between women and men

The Government's proposals during the electoral period have increased financial equality between women and men.

- The increase of the child element of income support in this bill increases income more for women than for men, as it is more common for women to be single parents.
- The increase of the basic level of parental benefit is another reform that mainly benefits women, as women claim more days of benefit at this level.
- The increased basic income tax allowance for pensioners entails a tax reduction for both women and men. Women have low pensions more commonly than men, and on average, women also live longer than men. The proposal will therefore benefit women more than men and will consequently help reduce economic differences between men and women.
- Among the budget consolidation measures, the gradual reduction of the earned income tax credit and no upward adjustment of the lower threshold for levying state income tax have a greater effect on men's than on women's incomes. The reason is that more men have an income above the threshold for state income tax and the threshold where the gradual reduction of the earned income tax credit begins. More men than women are therefore affected by the proposals, and on average, the men who are affected will also have a higher tax increase.
- The proposed limitations on tax deductions for household work and building repairs and maintenance will decrease disposable incomes for both women and men. Men make deductions for larger amounts, on average, which means that the effects will be greater for men.



Article from Ministry of Finance

The Spring Budget in five minutes

Published 19 May 2015 Updated 27 May 2015

On 15 April the Government presented its Spring Fiscal Policy Bill to the Riksdag, together with a proposed spring amending budget. In the Spring Fiscal Policy Bill, the Government presents its assessment of the state of the economy and the direction of economic policy for the coming years. The spring amending budget presents proposals on reforms this year and how to finance them.

Assessment of the economic situation

Stronger international outlook

On an overall assessment, the international economy will grow stronger in the coming years. However, all the indications are that the recovery will make slow progress in the euro area, which is Sweden's most important export market.

Gradual recovery in the Swedish economy

GDP growth in the Swedish economy rose slightly in 2014 compared with 2013 and the economy is recovering. The Government's assessment is that activity in the Swedish economy will increase in 2015 and 2016, partly as a result of expected growth in household consumption. The increase in consumption will be due partly to a gradual improvement of the situation in the labour market and low interest rates. Increased investments, above all in the services sector, will also contribute to GDP growth. In addition, public sector consumption is expected to increase sharply in 2015. The improved international economic situation is also expected to stimulate Swedish exports. Net exports are expected to make a positive contribution to GDP growth in 2015 and 2016.

Unemployment will gradually decline

Unemployment is expected to decline as the economic recovery increases the demand for labour. The Government considers that active measures will also be necessary to reduce unemployment. As a result of the recovery in the Swedish economy, resource utilisation will increase in the years ahead.

Overall, approximately 380 000 people are expected to be unemployed in 2016 and a large proportion of them are likely to be individuals with a weak position in the labour market.

Large deficits in the public finances

The deficit in the general government finances has grown for several successive years, reaching SEK 74 billion, or 1.9 per cent of GDP, in 2014. The public finances will strengthen in 2015 and net lending is estimated to amount to SEK -57 billion, or -1.4 per cent of GDP. The continued recovery, together with responsible fiscal policies, will lead to a gradual strengthening of net lending in the coming years, with a balanced position expected from 2018 onwards. The strengthening of the public finances up to and including 2019 will be confined to the central government sector, while higher pension payments will lead to a gradual reduction in net lending in the old-age pension system. Net lending in the local government sector will be negative throughout the forecast period, but the sector is expected to post a positive result in all years.

The direction of fiscal policy

Sweden faces several major social challenges. Four hundred thousand people are unemployed, learning outcomes in school have deteriorated rapidly, Sweden is set to miss 14 of the 16 environmental objectives set by the Riksdag, and the resources available for welfare services need to be reinforced. While these challenges must be addressed, the Government also needs to take a firmer grip on the public finances. The deficits must be brought down, step by step. The Government's overall assessment is therefore that the reforms proposed in the spring amending budget for 2015 must be fully funded. This necessitates certain revenue enhancements, including a gradual abolition of the reduction of social security contributions for young people. Given current forecasts, the Government's assessment is that the reforms proposed in the Budget Bill for 2016 should also be fully funded. With fiscal policy along these lines, margins will be created to manage a deep recession without risking the ongoing economic recovery.

Reform proposals

More jobs and greater competitiveness

One of the Government's most important tasks during this electoral period is to reduce unemployment permanently and increase employment. More people must have a job to go to and fewer must be part-time unemployed. Sweden needs a knowledge boost. The Government is therefore increasing public sector investments in infrastructure, industrial policy and education to strengthen competitiveness and improve matching in the labour market.

Knowledge-based education in equal schools with time for each pupil

Strengthening learning outcomes in school is necessary - both to keep Sweden together and to ensure Sweden's competitiveness in the long term. To strengthen learning outcomes, teachers must have more time with each pupil, the quality of teaching must be improved and resources must be provided to areas where the challenges are greatest. The Government is therefore proposing reforms that focus on early action, a more attractive teaching profession and that all schools must be good schools.

A sustainable future

The Government's objective is a resource-efficient economy in which consideration for the environment is a natural part of the development of society. Environmental degradation must be stopped and climate emissions reduced. Reduced climate emissions require various types of measures and cohesive global and national political action. The Government is therefore proposing measure for climate investments and measures for biodiversity and nature conservation.

Increased welfare and security

Resources for welfare must be increased and income differentials between women and men must be reduced. Too many people - primarily women - have cut back their working hours to provide care for relatives when welfare services are insufficient. Investments in welfare and security help keep Sweden together and contribute to a more gender equal labour market. The Government is therefore proposing measures for more staff in elderly care. The Government is also proposing higher maintenance support for single parents and housing supplement for pensioners. To increase security and adjustment capacity, unemployment insurance will also be strengthened.

Proposed financing of reforms

The reforms that the Government is proposing are fully funded. The financing involves both expenditure cuts and revenue increases. The proposed revenue increases include:

- decreased or abolished reduction of social security contributions for young people
- higher environmental taxes
- abolition of tax credit for help with homework and other schoolwork, etc.
- higher tax on thermal output of nuclear power reactors
- higher financing fee for unemployment insurance funds

Challenges for employment policy

One of the Government's most important tasks during this electoral period is to reduce unemployment permanently and increase employment.

Unemployment has become entrenched at far too high a level. The number of people in work and the number of hours worked in the economy must increase to such an extent that Sweden achieves the objective of the lowest unemployment rate in the EU by 2020. More people must have a job to go to and fewer must be part-time unemployed. Women's employment and labour force participation must increase.

Unemployment is unevenly distributed. Many unemployed people have been out of work for a long time and risk being permanently excluded from the labour market. Moreover, unemployment is substantially higher among young people and adults with incomplete upper secondary education, people born outside Europe and people with disabilities that cause a reduced work capacity.

Raising the demand for labour requires increased public and private investments and an active industrial policy. While unemployment is high, there are also many vacancies in the economy. Increased investments in knowledge and skills will equip more people to take existing jobs.

A broad palette of measures is required to make it easier and quicker for new arrivals to become established in the labour market, and to reduce the risk of people in long-term unemployment being excluded from the labour market. Over the next few years, Sweden's population is expected to increase more rapidly than in the past. This increase is mainly due to disturbances in other countries, which are causing many people to flee to Sweden, but is also a result of increased labour immigration. In the longer term, the population growth is expected to mean more people employed and stronger economic growth, but initially it is likely to lead to higher unemployment. This makes it even more important that new arrivals are introduced to the labour market as quickly as possible.

The Government's assessment is that the labour market will recover relatively slowly over the next few years. The risk of a weaker development is considered relatively high, particularly if the international economy performs less well than expected. A weaker development would particularly hurt the groups that already have a weak attachment to the labour market.

Monitoring distribution policy

In recent decades, Sweden has become a richer country, but a country with wider income gaps. Income inequality has increased since those with higher incomes have enjoyed stronger growth than those in the middle of the scale, who in turn have done better than those with lower incomes.

There are several explanations for the general phenomenon of increased income inequality. Increased income from capital combined with lower income-equalising taxes are the most important factors behind income disparities that are wider in 2013 than in 1995. The role played by pay differentials in income inequality, on the other hand, was about the same in 2013 as in 1995.



Opinion piece from Ministry of Finance

Sweden wants the UK to remain in the EU

Published 17 February 2016 Updated 17 February 2016

Opinion piece by Magdalena Andersson, Minister for Finance, Dagens Nyheter, 17th of February 2016.

The EU is facing a number of challenges. At the end of 2015, unemployment in Spain stood at more than 20 per cent. In Greece it is even higher. Problems of weak competitiveness and unsustainable public finances in individual countries have become a matter for the whole of the euro area – not least in the case of Greece. The euro area is still struggling with varying levels of competitiveness between countries and persistent high levels of public debt in several Member States. It has also proved very difficult to get the EU to jointly manage the refugee crisis.

It is against this backdrop that the UK this year is due to hold a referendum on the country's membership of the EU. To maintain confidence in the EU and its ability to handle the challenges facing it, it is of the utmost importance that the union manages to stay together. The UK is the EU's second largest economy after Germany, and it is not only Sweden's fourth largest export country, it is also one of the countries with the largest number of Swedish residents in the world.

In many respects, Sweden and the UK have a similar view of EU cooperation. Along with the UK, among others, Sweden pushes the EU on environmental and climate issues, which helped enabling a new, ambitious climate agreement in Paris. Along with the UK we work to develop the EU internal market and open trade with the rest of the world – matters that are important for jobs and growth. In the latest negotiations on the EU's long-term budget we succeeded, along with the UK, in not only defending and maintaining our rebates on contributions to the EU, but also in reducing the overall EU budget for the first time, and in redirecting funds so that more

money was allocated to research and development as well as infrastructure.

Quite simply, the UK is one of Sweden's very closest allies in EU cooperation. Like us, the UK has also remained outside the single currency. Our common interests became particularly clear last year, when we jointly opposed taxpayers in non-euro countries helping to pay for emergency loans to Greece – a point on which we were successful.

This is also the first aspect of the UK's ongoing discussions with the EU. Non-euro countries should not have to pay for measures that the euro area countries themselves approve to ensure the financial stability of the area. It is also important to have a clear and appropriate division of roles between EU bodies in which all 28 Member States are represented and bodies in which only the euro area is represented, such as the Eurogroup. The principle should be that decisions that affect all 28 Member States should be discussed and taken by all of the Member States together. Non-euro countries should also be guaranteed continued equal terms and conditions in the EU internal market. Naturally, this is important to Sweden, as we are also outside the monetary union. At the same time, it is reasonable that we should not hinder further deepening of monetary cooperation. Even though Sweden does not have the euro as its currency, a functioning euro area is important. This is a matter of solidarity with the people in the monetary union, but also that the euro area is Sweden's largest trade partner. Stability and growth in the euro area are prerequisites for Sweden's prosperity.

The second issue in the negotiations is the UK's desire to see EU competitiveness strengthened and regulatory frameworks simplified. Sweden and the UK take a very similar view of these issues. In the negotiations, Sweden has also made it clear that such regulatory simplification must not undermine protection of workers, consumers or the environment.

The UK's third demand concerns national sovereignty. The EU treaties establish that the EU is to lay the foundations for an ever closer union. Many feel that this wording has little practical significance, but in the UK it has become controversial. For this reason, it will be clarified that the wording does not bind the UK to further political integration, with reference to the special treaty rules that apply to the UK. This can be seen as confirmation of the fact that there are already areas of cooperation within the EU in which different constellations of Member States participate – such as EMU and the Schengen Area. To keep an EU of 28 Member States together, this development needs to be allowed. Some countries will have a greater need and willingness than others to cooperate more closely.

Another question in this area is strengthening assessment of subsidiarity, i.e. which decisions are taken at EU rather than national level. At the moment, such an assessment is exercised by the national parliaments, and it would be worth examining whether this can be made more effective. In Sweden, however, we already have an effective system of government consultation with the Riksdag on EU matters.

The fourth aspect of the UK's discussions with the EU has primarily concerned the benefits to which people are entitled when they work in other EU countries, as the UK has a system in which workers on very low wages are entitled to special in-work benefits. This points to the problems that arise when people are not paid living wages. The proposal that was previously discussed involved a general four-year waiting period for all non-UK nationals from within the EU, during which they would not be entitled to any benefits at all. More or less all of the other Member States had substantial issues with this. Now the discussions instead centre on an 'emergency brake' for these in-work benefits in situations when the social security system is under intense pressure – with the European Commission and the Member States being involved in the decision. This is clearly a step in the right direction, although from the Swedish Government's point of view, we feel that we need to see Europe develop towards better conditions for workers, not worse ones.

But overall, the proposed deal on the table is a very good foundation for the negotiations, which should be concluded when EU leaders meet this week. It is extremely important to Sweden and the EU that the UK remains in the union – not least for jobs and growth. This is why the Swedish Government has worked very actively to ensure that the deal will make it possible for the UK to want to remain in the EU. The EU is a better union with the UK as a member.

Magdalena Andersson, Minister for Finance



Government Offices of Sweden

Press release from Ministry of Finance

Budget Bill for 2022: A stronger and more sustainable Sweden after the pandemic

Published 20 September 2021 Updated 20 September 2021

The Government is presenting the Budget Bill for 2022 to the Riksdag today. In it, the Government proposes measures to accelerate the climate transition, get more people into work, strengthen the welfare system and make Sweden a safe country for all. In total, reforms worth approximately SEK 74 billion are involved.

“We are now presenting a budget with aggressive reforms for the climate, jobs, welfare and law enforcement. Together, we will take Sweden forward after the pandemic,” says Minister for Finance Magdalena Andersson.

Swedish economy shows strong recovery

Strong growth is expected this year and next. Job market prospects are improving in step with growing demand, but problems continue for some groups. Stable public finances enable continued fiscal policy support for the recovery and management of the pandemic’s risks.

Reforms for a stronger and more sustainable Sweden

The Government proposes reforms totalling SEK 74 billion in the Budget Bill.

Faster climate transition

Climate change is the defining issue of our time. Sweden is and will continue to be a leader in environmental and climate efforts. The Government therefore proposes measures to ensure that Swedish industry retains its leading position in the climate transition. This includes reinforcement of the Green Industry Leap and a knowledge boost. To contribute to transport infrastructure that leads to a more sustainable society, the Government proposes funds to upgrade the transport system and maintain roads and railways. The Government also proposes measures to accelerate efforts to transition to a more circular economy and a greener everyday life. These proposals include measures to improve possibilities of commuting by bicycle and facilitate electrification of buses.

Getting more people into work

Thanks to the crisis measures that the Government introduced, the unemployment rate has been kept down. At the same time, it is inevitable that unemployment increases during times of economic crisis. The job market is taking a sharp upturn, but forceful action is needed to ensure that unemployment does not become entrenched. The Government therefore proposes measures to sustain the economic recovery by such means as investments in a green transition and increased general state aid to municipalities and regions. To suppress long-term and youth unemployment, the Government's proposals include more training positions, work experience positions, introductory jobs and extra jobs. The Government also proposes more measures to eliminate bottlenecks in the job market. This includes a proposal for additional funds to strengthen the Swedish Public Employment Service and continued expansion of the Knowledge Boost in 2022. The Government further proposes introducing a new system for transition in the labour market so as to meet changes in the labour market with security and belief in the future.

In Sweden, everyone should be able to live, develop and realise their dreams no matter where they live. The Government therefore proposes measures to promote flourishing rural areas and competitive and ecologically sustainable agriculture, support the tourism and hospitality industry, contribute to well-functioning infrastructure and promote more sustainable construction and exports.

Strengthened welfare system

The pandemic has shown the importance and need of a general, jointly

funded welfare system, but has also revealed some serious shortcomings. The Government therefore proposes measures for more accessible health and social care aimed at managing the pent-up need for care and shortening waiting lists. For more secure social insurance and a more sustainable working life, the Government proposes raising the income ceiling for sickness benefit and enhancing the insurance coverage for on-demand employees. Moreover, it is proposed that resources also be allocated in 2022 to vaccines, vaccinations, testing and contact tracing to limit the spread of COVID-19. As part of the efforts to achieve a more equitable knowledge-based education, the Government proposes a joint school selection system and that course grades be replaced by subject grades in upper secondary school. Moreover, the Government proposes more measures to contribute to flourishing culture and sports throughout the country. This includes increased funding to regional cultural activities and making it possible for more children, young people and people with disabilities to participate in sports throughout the country.

Sweden – a safe and secure country for all

Serious crime threatens solidarity and safety in our country. We must fight crime with full and undiminished force, using every tool at our disposal. The Government therefore proposes measures to continue fighting gang crime through additional funding to the Swedish Police, the Swedish Prison and Probation Service and Swedish Customs, and for more prosecutors and increased prison capacity. To eliminate cheating with taxpayer money, the Government proposes allocating additional funds to the relevant government agencies and establishing a new government agency for system-wide monitoring of payments from welfare systems. To stop men's violence against women, honour-based violence and oppression, prostitution and human trafficking, the Government proposes a multi-year action plan, and permanent funds will be allocated to allow this work to be long-term and sustainable. Moreover, the Government wants to improve preparedness in a new era by following up on previously announced investments in military and civil defence, by establishing a new government agency for psychological defence and to continue the gradual establishment of a secure communications system for actors in public order, security, health and defence.



Press release from Ministry of Finance

Sweden's economy shows strong recovery – reforms worth SEK 74 billion in budget offer favourable conditions to underpin recovery

Published 26 August 2021

Today, Minister for Finance Magdalena Andersson presents the Ministry of Finance's latest economic forecast and the direction of the central government budget for next year. The Ministry of Finance forecasts growth of 4.4 per cent this year and 3.5 per cent next year.

“Thanks to responsible fiscal policy and low national debt, we can assertively tackle the recession brought about by the pandemic. In the budget, the Government will present reforms and investments worth SEK 74 billion to take Sweden forward after the crisis. We must not repeat the mistakes that followed the financial crisis by tightening policy too early,” says Minister for Finance Magdalena Andersson.

The new forecast is in line with the latest assessment presented in June. Strong growth is forecast for the next few years. Several confidence indicators are at historically high levels in both the service sector and manufacturing industry.

One of the drivers of growth is household consumption, which is expected to increase when more people have been vaccinated and restrictions have eased. Swedish exports are also expected to increase during the forecast period. However, supply problems due to long delivery times and high commodity prices risk slowing exports in the short term.

In the Ministry of Finance's assessment, expansive fiscal policy has been crucial to kick-starting the recovery. So as not to risk interrupting the rapid recovery, fiscal policy must remain vigorous next year.

As economic demand increases, the labour market outlook is improving. Labour market participation and employment are expected to grow more strongly than was forecast in June. The forecast for unemployment over the next year remains largely unchanged.

Despite last year's deep economic recession and major public finance deficits in 2020 and 2021 largely resulting from extensive crisis measures, in an international perspective Sweden's public finances are strong. Maastricht debt as a proportion of GDP is expected to decrease already this year and return to the same historically low levels as before the crisis next year.

In the June forecast, the Ministry of Finance made the assessment that net lending should be in balance next year. When upcoming budget measures worth around SEK 74 billion are taken into account, a deficit of SEK 35 billion is expected next year, with a surplus from 2023 onwards.

“This is a balanced level at this point. If we tighten policy too early, there is a risk that the recovery will suffer and unemployment will become entrenched at a high level. International observers such as the OECD, the EU and the IMF point to the importance of maintaining fiscal policy stimulus measures. There are also major risks linked to the pandemic, not least the spread of the Delta variant. The reintroduction of tougher restrictions would of course change the conditions for the recovery,” says Ms Andersson.

The macroeconomic forecast is based on information up to and including 9 August 2021.



Government Offices of Sweden

Press release from Prime Minister's Office, Ministry of Defence

Sweden's new Government

Published 09 July 2021

Today in the Riksdag, Prime Minister Stefan Löfven announced the ministers who will serve in the Government. The change of government will take place at a Council of State at the Royal Palace presided over by His Majesty The King. The Council of State will begin at 14.15.

Sweden's new Government consists of the Prime Minister and 21 ministers.

Prime Minister's Office

Prime Minister

Stefan Löfven

Minister for EU Affairs

Hans Dahlgren

Ministry of Employment

Minister for Employment

Eva Nordmark

Minister for Gender Equality and Housing, with responsibility for urban development, anti-segregation and anti-discrimination

Märta Stenevi

Ministry of Finance

Minister for Finance

Magdalena Andersson

Minister for Public Administration

Lena Micko

Minister for Financial Markets and Deputy Minister for Finance

Åsa Lindhagen

Ministry of Defence

Minister for Defence

Peter Hultqvist

Ministry of Infrastructure

Minister for Infrastructure

Tomas Eneroth

Minister for Energy and Digital Development

Anders Ygeman

Ministry of Justice

Minister for Justice and Migration

Morgan Johansson

Minister for Home Affairs

Mikael Damberg

Ministry of Culture

Minister for Culture and Democracy, with responsibility for sport

Amanda Lind

Ministry of the Environment

Minister for Environment and Climate, and Deputy Prime Minister

Per Bolund

Ministry of Enterprise and Innovation

Minister for Business, Industry and Innovation

Ibrahim Baylan

Ministry of Health and Social Affairs

Minister for Health and Social Affairs

Lena Hallengren

Minister for Social Security

Ardalan Shekarabi

Ministry of Education and Research

Minister for Education

Anna Ekström

Minister for Higher Education and Research

Matilda Ernkrans

Ministry for Foreign Affairs

Minister for Foreign Affairs

Ann Linde

Minister for International Development Cooperation

Per Olsson Fridh

Minister for Foreign Trade and Nordic Affairs

Anna Hallberg



Press release from Ministry of Finance

Rapid economic recovery

Published 23 June 2021

The Swedish economy is recovering rapidly after the deep downturn last year. The Ministry of Finance's latest forecast calls for GDP to grow by 4.7 per cent this year, which is 1.5 percentage points higher than in the forecast presented in connection with the Spring Budget in April. Public finances are also expected to be stronger than in the previous forecast.

The substantial upward revision is due partly to the fact that the economy is recovering more quickly than anticipated. At the same time, multiple confidence indicators point to continued strong growth in the short term. After falling 2.8 per cent in 2020, GDP rebounded in the first quarter of 2021 to the same level as a year earlier. This means that the economy appears to be recovering more rapidly than after earlier economic crises.

As the spread of the virus decreases and restrictions are relaxed, household consumption is expected to increase by 4.7 per cent this year. This is an upward revision of 1.3 percentage points compared with the previous forecast. Swedish exports are also contributing to the growth and are expected to increase by 8.9 per cent. However, there is a risk that the shortage of certain input products and bottlenecks in transport chains may slow global trade and thus also Swedish exports.

The Swedish employment rate is expected to rise in the coming years, with an anticipated increase from 66.8 per cent this year to 68.5 per cent in 2024. The same trend can be seen in labour force participation, which is expected to increase from 73.1 to 73.7 per cent during the same period.

Unemployment, which is projected to reach 8.7 per cent this year, is expected to gradually decrease over the forecast period to 7 per cent in 2023 and 2024.

The strong macroeconomic trend has also contributed to an upward revision of public finances from the forecast in the Spring Budget. The Ministry of Finance's forecast also predicts a balance in public finances in 2022, followed by a surplus in subsequent years. At the same time, the deficit in net lending this year is expected to be significantly lower than previously forecast. The strong upward trend provides higher tax revenue than expected. In addition, the upward revision is attributable to lower-than-projected uptake of business crisis support decided by the Government.

The forecast is based on information available as of 4 June and measures in the extra amending budget presented to the Riksdag on 10 June.



Government Offices of Sweden

Press release from Ministry of Finance

The Government presents the 2021 Spring Fiscal Policy Bill

Published 15 April 2021 Updated 15 April 2021

Today the Government presents the guidelines for economic policy and the Spring Amending Budget with further measures to limit the spread of the virus and alleviate the consequences of the pandemic for the economy and also to work Sweden out of the crisis. The proposals presented in connection with the Spring Fiscal Policy Bill total almost SEK 45 billion. The proposals are based on an agreement between the government parties, the Centre Party and the Liberal Party.

The Government has taken a large number of measures since the outbreak of the pandemic. The measures are intended to provide increased security for those hit during the crisis and to safeguard people's lives and health and livelihoods. The aggregate expenditure for the measures taken since the spread of the infection began is estimated at more than SEK 400 billion.

Working Sweden out of the crisis for a better and more sustainable society

Further reforms are required to solve the societal problems that Sweden already had before the pandemic. The powerful green economic restart must continue. The Government therefore proposes further measures to work Sweden out of the crisis and build a better and more sustainable Sweden than before the pandemic.

Limit the spread of infection and carry out vaccination

Rapid and safe vaccination is of fundamental importance for bringing Sweden out of the pandemic. At the same time, work to limit the spread of infection and care for the sick must continue. The Government has therefore proposed allocating a further SEK 1.7 billion to vaccine purchases and vaccination and giving the regions a further SEK 2 billion to cover health care costs of deferred care and of care for patients with COVID-19. To meet the need for continued large-scale testing and tracing, the Government has proposed additional funding of SEK 1.65 billion.

The Government is also extending several of the temporary measures, including compensation for the sick pay standard deduction, the exemption from the requirement of a doctor's certificate and forms of compensation to risk groups.

Measures to alleviate the consequences of the pandemic

The pandemic has caused serious consequences for the whole of society. The extensive support measures have alleviated the consequences for many, but more must be done. To continue to support viable companies and increase security for employees, the Government has proposed or is proposing a further extension of several of the temporary measures to reduce costs, turnover-based support, strengthen liquidity and improve access to financing.

The culture sector and sports movement have also suffered negative impacts. The Government has therefore proposed extending crisis support for culture and sports and introducing an event guarantee.

Cancellations of leisure activities and long periods of distance teaching risk having negative effects on children and young people. Schools should therefore be provided with funds for measures such as holiday school to reduce the risk of a negative impact on children's knowledge development. The Government also proposes allocating funding to municipalities to create more summer jobs for young people as well as holiday activities for children and young people.

Continued green economic restart

A green recovery will be implemented with investments that reduce climate

emissions and create jobs; here Sweden is taking a leading role in the climate transition. The Government therefore proposes allocating additional funding to reinforce environmental compensation for goods transport by rail. The regions also receive funding to maintain capacity in public transport. To limit society's vulnerability as a result of climate change, funding is provided for knowledge-enhancing and preventive measures.

To get more people into work, there is a broad expansion of places in education and training at the same time as funding is proposed for more summer courses at universities and other higher education institutions. The Government also proposes targeted education and training action for groups with a vulnerable situation in the labour market and more introduction jobs and matching services. To enable more jobseekers with disabilities find work or start studies, the Government proposes reinforcing employment preparation activities.

Sweden to be a secure country for everyone

Crime and the causes of crime will be combated. Serious crime hits the whole of society and has a particularly hard impact on people living in socially vulnerable areas. To intensify action against serious crime, the Government proposes expanding previous reinforcements of the judicial system by providing new additional funding for agencies in the judicial system. The Government also proposes funding to strengthen work to prevent reoffending.

The pandemic has worsened the situation of women, children and LGBTQI people who are victims of violence or honour-related violence and oppression in close relationships. Now preventive work to address men's violence against women and support for young people who are vulnerable in their relationships are being reinforced. To alleviate mental ill health among children and young people and increase support for victims of violence and others particularly vulnerable, the government grants to civil society organisations are being reinforced.

Economic upturn in 2021 after decrease in activity

Economic activity is expected to decrease slightly in early 2021 and to then increase gradually. Both the fiscal policy and monetary policy measures taken contribute to the recovery. Sweden's GDP is expected to increase by 3.2 and 3.8 per cent in 2021 and 2022. The Swedish economy is expected to

remain in recession during the period. The recovery in the labour market is also expected to pause at the beginning of the year and to then pick up again. The employment rate is expected to increase and unemployment to decrease slightly in the second half of 2021. However, unemployment risks being higher at the end of 2022 than it was before the pandemic.

Public finances weakened substantially in 2020 and are expected to weaken further in 2021. From 2022, public finances will be strengthened as the economy recovers. A responsible fiscal policy contributed to good public finances before the pandemic. Sweden therefore is well equipped to manage the recession.



Government Offices of Sweden

Press release from Ministry of Finance

Upswing for resilient Swedish economy in 2021

Published 12 April 2021

Resilience in the Swedish economy is strong and the recovery will gather strength in the second half of 2021. As activity increases, the labour market will also gain strength. Despite this, the situation remains serious, especially for those whose position in the labour market is weak. This is clear from the Ministry of Finance's most recent forecast, presented today by Minister for Finance Magdalena Andersson.

“Sweden’s economy is strong compared to many other countries, but even in Sweden, the labour market situation is difficult. The Government’s crisis measures have saved many jobs, but I have also made it clear that no country can save every job when a crisis strikes. We can now use the strength in the Swedish economy to implement a powerful green economic restart and ensure that everyone can be involved and – through their work – help Sweden move out of this crisis,” says Minister for Finance Magdalena Andersson.

Strong industrial sector, but economy remains divided

The pandemic continues to affect large parts of the world economy. The end of 2020 saw a new increase in the rate of infection. There was a clear slow down in economic growth after it had grown quickly in the beginning of the autumn. Even in Sweden, a rapid recovery during the third quarter was followed by a downturn in the final months of the year. But the decrease in demand at the end of 2020 was not as significant as in the beginning of 2020,

partly because global industrial production was not as greatly affected. Industry returned to previous levels of activity during the second half of 2020, while several service sectors remain severely affected.

Extensive economic policy incentives contributing to the recovery

Growth is expected to remain weak during the beginning of 2021 as a result of a continued high rate of infection. Growth is expected to rapidly increase again during the second half of the year when the infection rate drops and restrictions can gradually be lifted. Sweden's GDP is expected to increase by 3.2 per cent in 2021 and by 3.8 per cent in 2022. Sweden's economy is expected to remain in recession during this period.

Labour market recovery is expected to resume in the second half of the year. Initially, many businesses are expected to step up production by increasing current employee's working hours when short-term lay-offs are phased out. As a result of this, employment is expected to show weak growth in 2021 and then pick up pace in 2022. Unemployment is therefore expected to decrease significantly in 2022 and amount to 7.9 per cent.

Temporary downturn in public finances

A responsible fiscal policy contributed to good public finances before the pandemic. Sweden therefore is well equipped to manage the recession resulting from the pandemic.

Public finances were substantially weakened in 2020 and are expected to be further weakened in 2021. This trend is a consequence of the economic downturn and the fiscal policy measures the Government has proposed to counter the effects of the pandemic. From 2022, public finances will be strengthened as the economy recovers.

The Maastricht debt was approximately 35 per cent of GDP in 2019 and increased to approximately 40 per cent of GDP in 2020. Calculated in kronor, it is expected to grow in 2021, primarily due to the further fiscal policy measures that are taken. Debt is expected to remain unchanged as a percentage of GDP, which is due to an increase in growth and that the Riksbank is repaying part of the currency reserve. Gross debt will decrease rapidly as a percentage of GDP as of 2022, partly because temporary fiscal policy measures will be phased out.

The overall assessment is that public finances are in good shape and that the trend is in line with the fiscal policy framework.



Press release from Ministry of Finance

Minister for Finance Magdalena Andersson in leading role during International Monetary Fund and World Bank Spring Meetings

Published 07 April 2021

As Chair of the International Monetary and Financial Committee (IMFC), the International Monetary Fund's (IMF) highest advisory body, Ms Anderson will lead meetings and negotiations on the IMF's upcoming work. She will also take part in the G20 meeting.

On Thursday, Ms Andersson will lead her first meetings as Chair of the IMFC. As Chair, Ms Anderson leads negotiations on the communiqué that the IMFC will agree on. The communiqué describes the IMFC's views on the status of the world economy and recommended policy measures. It also provides guidance on the IMF's future work.

“The IMF is a key player in providing support to countries during the economic downturn. The IMFC will provide direction for international economic cooperation and the IMF's activities. The Chair has an important role with great responsibility. I expect the IMFC to give strong backing to continued support of the global economy and reversing the trend of increased inequality between and within countries. Ensuring swift production and wide distribution of vaccines is essential,” says Ms Andersson.

During the meetings, IMFC members are expected to back the proposal of providing a substantial liquidity boost to the international financial system. The members will also stress the particular importance of aid to low-income countries, including a final extension of debt payment deferral for the

poorest countries. An additional important message is that the economic recovery must contribute to the climate transition.

To take part in the IMF's press conferences, register here:

Registration for media with the IMF

G20 meeting

In conjunction with this week's IMF and World Bank Spring Meetings, a G20 meeting for finance ministers and heads of central banks is also being held on Wednesday. The focus of the meeting is how to achieve a sustainable, digital and inclusive global recovery.

“The most important objective of economic cooperation right now is to ensure global recovery. The crisis has hit the weakest members of society the hardest and the consequences have been the worst in low-income countries. My emphasis during the meeting will be that policy measures must be formulated so as to make the recovery inclusive. We must prevent the further widening of gaps in society,” says Ms Andersson.

In addition to matters related to the pandemic, the meeting will also cover financial stability, digital currencies and sustainable funding. Issues concerning international taxation and funding of global public goods will also be discussed.



Press release from Ministry of Finance

Robust financial support for businesses affected by closure

Published 20 January 2021

Businesses that are unable to operate as a result of a closure decision under the new Pandemic Act will be able to receive financial support to cover their fixed costs during the closure. Up to 100 per cent of the costs will be reimbursed. The proposal is based on an agreement between the Government, the Centre Party and the Liberal Party.

The new closure support will apply during the period the Pandemic Act is in force. It is designed in a similar way as the reorientation support, where the amount of turnover lost determines how much support a business is entitled to. However, the new support is more generous.

Through the support, businesses that lose all their turnover during a period due to the closure will be able to have 100 per cent of their fixed costs reimbursed, up to a maximum of SEK 75 million per business and month.

The support is aimed at businesses that have been prevented from operating as a result of closure decisions issued under the Pandemic Act and have lost at least 30 per cent of their turnover.

Closure support requires State aid approval from the European Commission, which may lead to adjustments to its design. Its entry into force is therefore not possible before the beginning of April at the earliest, but it will be applied retroactively if the Government has decided on closures. Disbursement of the support will be possible shortly thereafter.

The impact of the support on public finances ultimately depends on the

closure decisions that are made.

In order to be able to rapidly administer and disburse closure support and reorientation support, the Swedish Tax Agency will also receive an extra appropriation of SEK 120 million for administrative costs.



Press release from Ministry of Finance

Magdalena Andersson takes over as Chair of the primary advisory body of the IMF

Published 18 January 2021

Today, Minister for Finance Magdalena Andersson takes over as Chair of the International Monetary and Financial Committee (IMFC), the primary advisory body of the International Monetary Fund (IMF). At a press conference with Managing Director of the IMF Kristalina Georgieva, Magdalena Andersson presented the direction of the IMFC's work under her leadership as Chair.

“The global economy is facing many challenges that need to be managed jointly by the world's countries. We need to get our economies going again after the pandemic, and that must be done inclusively and equitably. This crisis offers a unique opportunity to accelerate the climate transition and build a stronger and more equal society,” says Ms Andersson.

“I am delighted that Magdalena Andersson has been selected by the IMF's membership to chair the International Monetary and Financial Committee (IMFC) for the next three years. I have worked with the Minister in the past and I am absolutely certain that her deep experience will serve all of us well in these extraordinary times. We are entering one of the most consequential periods in modern history, when we will need strong international cooperation to secure the recovery from the Covid pandemic, and boost growth and jobs in a new green and digital economy. With Magdalena Andersson's leadership, the IMFC has a pivotal role to play. I look forward to working closely with her in service of our 190 members,” says IMF's

Managing Director Kristalina Georgieva.

They both emphasise the IMF's key role as an actor in promoting a global economy that is healthier, more robust and more sustainable than before the pandemic, and highlight the IMFC's central advisor role in multilateral economic cooperation.

The IMFC has 24 members and usually meets twice a year at the Annual and Spring Meetings of the IMF. Magdalena Andersson is the first woman to hold the Chair of the IMFC. Ms Andersson will combine this role with her responsibilities as Minister for Finance.



Government Offices of Sweden

Press release from Ministry of Finance

Digital press conference with Magdalena Andersson and Kristalina Georgieva, Managing Director of the IMF

Published 14 January 2021

On Monday, January 18, Minister for Finance Magdalena Andersson and Managing Director of the IMF Kristalina Georgieva will hold a joint digital press conference. The press conference will be held on Monday when Magdalena Andersson begins her tenure as chair of the International Monetary and Financial Committee (IMFC), the International Monetary Fund's primary advisory body.

Tid: 18 januari 2021 at 15.00

Plats: Digital press conference. The press conference is broadcast online on government.se and on Youtube (Regeringskansliet).

The press conference will be held in English.



Press release from Ministry of Finance

Magdalena Andersson appointed to senior position in IMF

Published 17 December 2020 Updated 17 December 2020

Minister for Finance Magdalena Andersson was today unanimously selected as Chair of the International Monetary and Financial Committee (IMFC), the highest advisory body in the International Monetary Fund (IMF). She will combine the position, which she will take up on 18 January 2021, with her post as Minister for Finance.

“I am honoured to have been selected and by the great support from all members of the IMFC,” says Ms Andersson. “The global economy faces many challenges that the countries of the world need to tackle together, such as kick-starting the economy following the pandemic, mitigating risks in economies with high levels of debt, and accelerating the climate transition. The IMF plays an important role in crisis response and it can help ensure that the pandemic does not wipe out decades of successful economic development in developing countries.”

The IMFC is the IMF’s highest advisory body. It is composed of finance ministers and heads of central banks representing the entire IMF membership (190 countries). The IMFC usually meets twice a year in connection with the IMF and World Bank Group Annual and Spring Meetings, which are habitually held in Washington in April and October. At upcoming meetings, the IMFC agenda is expected to centre on the economic recovery following the COVID-19 pandemic.

It is more than 50 years since a Swede occupied such an influential position in the IMF, and the first time ever that this post has been held by a woman. The last time the IMFC was chaired by a European was in 2008, when then Italian Minister of Economy and Finance Tommaso Padoa-Schioppa held the

post.



Press release from Ministry of Finance

Stronger recovery in Swedish economy than expected

Published 16 December 2020

The Swedish economy is showing a stronger recovery than expected during the autumn. The labour market situation has also developed more positively compared with previous assessments. The employment rate is expected to be somewhat higher this year and next year compared with the assessment in the Budget Bill for 2021, while unemployment is expected to be lower. However, in the future, activity is expected to be hampered as a consequence of an increased spread of the COVID-19 virus and restrictions. This is clear from the Ministry of Finance's most recent economic forecast, presented today by Minister for Finance Magdalena Andersson.

Swedish GDP increased strongly in the third quarter, and seasonally adjusted GDP growth increased by 4.9 per cent compared with the second quarter. The increased spread of the virus in Sweden and several other European countries, with stricter restrictions as a result, means that activity is expected to be hampered at the end of 2020 and the beginning of 2021. Overall, GDP is expected to fall by 2.9 per cent this year and increase by 3.0 per cent next year. Resource utilisation is expected to be significantly lower than normal and the Swedish economy is expected to be in deep recession in both 2020 and 2021.

“The recovery in the autumn has been stronger than expected, with strong GDP growth in the third quarter. However, we are seeing an increased

spread of the virus again, which is expected to negatively impact activity in some parts of the economy. The positive news regarding vaccines gives hope for 2021, both in respect of people's health and the economic outlook. However, there is great uncertainty, and much depends on how the spread of the virus and vaccination progress in Sweden and around the world," says Minister for Finance Magdalena Andersson.

Following the dramatic deterioration in the Swedish labour market in the spring, developments have been more positive in the autumn, even if the situation continues to be very serious. The employment rate has been revised upwards and unemployment is expected to be lower compared with the forecast presented in August. Around 30 000 fewer people are estimated to be unemployed and around 30 000 more people are estimated to be employed this year and next year compared with the previous assessment. Unemployment is estimated to be 8.5 per cent this year, and 9.0 per cent next year.

General government net lending is estimated to be -3.9 per cent of GDP in 2020. The strong recovery in the autumn has meant that tax revenues have been higher than expected. At the same time, additional pandemic-related measures have been presented since the Budget Bill for 2021. All in all, it appears that the deficit will continue to be large in 2021.

"We have introduced historically powerful packages of measures to support Swedish jobs and businesses through the crisis. Together with falling tax revenues, the large general government deficit produces an increased national debt. At the same time, we have had a strong starting position in comparison with many other countries, with the lowest national debt since 1977," says Ms Andersson.



Press release from Ministry of Finance

Additional crisis measures for businesses

Published 09 November 2020

Several measures taken to support Swedish jobs and businesses through the crisis will be extended. These include short-term lay-offs, deferral of tax payments, reorientation support and turnover-based support to sole traders. The proposals are based on an agreement between the government parties, the Centre Party and the Liberal Party.

Short-term lay-offs extended by up to seven months

Short-term lay-offs may currently be granted for a maximum of nine consecutive months. The Government will propose that this time limit be temporarily removed until 30 June 2021. In practice, this means that short-term lay-offs granted in 2020 can be extended by up to a further seven months, or until 30 June 2021 at the latest.

Up until 30 June 2021, support will continue to be strengthened compared with the ordinary statutory levels. In January, February and March, the subsidy rate will be 75 per cent, which is the same rate as this year. In April, May and June, the subsidy rate will be 50 per cent. For December 2020, the subsidy rate is 75 per cent, according to current rules.

The extension will be combined with stricter processing of applications for approval of support to ensure that support is only provided to employers meeting the requirements and that abuse does not occur.

The Government will also propose that the administrative appropriation to

the Swedish Agency for Economic and Regional Growth be strengthened by a total of SEK 450 million.

Reorientation support for three additional months

The Government will propose that reorientation support be extended so that it can also be sought for August–October 2020. This support is aimed at businesses that have lost at least 50 per cent of their turnover during this period, compared with the same period in 2019.

A maximum of SEK 30 million in support will be provided per business, which is in line with the European Commission's temporary framework for state aid measures for COVID-19-related support. This support requires notification to and state aid approval by the European Commission.

The Government previously introduced reorientation support for support periods between March and July.

Turnover-based support to sole traders for a further three months

On 5 November, the Government decided on a new turnover-based support for sole traders. This support concerns turnover reduction in March–July 2020 and can be applied for on the National Board of Housing, Building and Planning website from next week. In view of the developments regarding the ongoing pandemic, the Government and its support parties have already agreed to propose that this support be extended to include turnover reductions in August–October 2020 as the basis for support. There will be a new application round for the extension.

To qualify for support, net turnover during the support period must have decreased by more than 50 per cent compared with net turnover during the corresponding period in 2019. If the loss of turnover exceeds this level, the sole trader may receive compensation for 70 per cent of their loss of turnover, or a maximum of SEK 72 000 per business, for the new support period. This support can be sought by sole traders whose turnover exceeded SEK 200 000 in 2019.

Extension of tax payment deferral

As early as March this year, the Government introduced a possibility for

businesses to defer tax payments for one year. It applies, for example, to payments of employers' social security contributions and value added tax. To date, the Swedish Tax Agency has made around 100 000 deferral decisions. The Government will propose that the deferral period be extended by a further year for businesses that have been granted a deferral under the new regulations. It is proposed that such an extension may be granted on application, unless there are particular reasons for not doing so.

Extended easing of unemployment insurance for business operators

The Government will propose that the temporary changes to unemployment insurance for business operators be extended to also apply in 2021. This means that business operators who make their business dormant in 2021 will also be exempted from the rule that at least five years must pass before a new dormancy period can begin. In June 2020, the Government also adopted a legislative amendment that enabled business operators to undertake certain limited measures in their business and still receive unemployment benefit. This temporary rule will also be extended to apply in 2021. The aim is to make it easier for business operators to restart their operations at a later date.

The proposals announced will be submitted early next year in an amending budget for 2021.



Government Offices of Sweden

Press release from Ministry of Finance

Budget Bill for 2021: Working Sweden out of the crisis – together

Published 21 September 2020 Updated 21 September 2020

Together we will work Sweden out of the crisis and build a more sustainable society. The Government is presenting the Budget Bill for 2021 to the Riksdag today. The Government proposes a powerful, green restart package for the Swedish economy, but also long-term reforms that will help solve societal problems. The proposals are based on an agreement between the government parties, the Centre Party and the Liberal Party.

The Government is presenting a historic, comprehensive budget to ensure that the climate transition will be accelerated, welfare strengthened, the business environment and competitiveness enhanced, vulnerable areas lifted, integration advanced, crime tackled, more money in people's pockets and stronger urban-rural cohesion. Sweden will work its way out of the crisis and build a society that is better and more sustainable than before the pandemic.

Economic situation in Sweden is serious but fiscal scope is considerable

Indicators suggest that the Swedish economy bottomed out in the spring; it is expected to recover in the second half of 2020, just like the global economy in general. The Government assesses, however, that it will be several years before the recession is over. But Sweden is in a good position to manage the recession, thanks to its low level of public debt.

The recession – but also the Government’s measures – mean that public finances are expected to weaken significantly in 2020 and 2021. At the same time, an expansionary fiscal policy will help to stimulate the economy and accelerate the recovery, which over time will lead to stronger finances again.

Reforms worth more than SEK 100 billion

The Government therefore proposes extensive fiscal policy stimulus measures and reforms worth more than SEK 105 billion for 2021 and more than SEK 85 billion for 2022. Funds from the EU Recovery Fund are expected to contribute to the financing.

A powerful and green economic restart

A temporary expansionary fiscal policy is needed to pull Sweden out of the recession as quickly as possible and get people into work again. The Government therefore proposes green investments, extra resources to welfare and tax reductions on labour and enterprise. In addition, opportunities for employment transition will improve for those who need or want to transition. The measures will contribute to accelerating the climate transition, supporting the recovery and increasing employment throughout the country.

A stronger Sweden after the crisis

In addition to pandemic responses, new proposals are being presented for a long-term approach to societal challenges. Unemployment, climate change, growing welfare needs, the urban-rural gap, lack of integration, learning outcomes in schools and crime will be addressed through continued reform efforts.



Government Offices of Sweden

Press release from Ministry of Enterprise and Innovation, Ministry of the Environment, Ministry of Finance, Ministry of Infrastructure

Green recovery will lift Sweden out of dual crisis

Published 16 September 2020

Global warming continues regardless of the COVID-19 pandemic. Climate change will remain the defining issue of our generation. The Government is therefore proposing investments of SEK 9.7 billion in green recovery initiatives in the Budget Bill for 2021. The Government's proposals are based on an agreement between the government parties, the Centre Party and the Liberal Party.

All of Sweden has come together to tackle the COVID-19 pandemic and reduce the spread of infection. It is now crucial that a green transition forms the basis of the recovery after the crisis. Investments in industry's climate transition, sustainable transport and biodiversity will help us emerge from the crisis. Investments in climate neutral and non-toxic circular solutions throughout the country will reduce carbon dioxide emissions, lay the foundation for new jobs and strengthen our competitiveness.

Industry's transition will lead to new jobs

The Government proposes several major industrial initiatives in the Budget Bill for 2021 that can reduce emissions, create new jobs and strengthen competitiveness. Public sector investments in green transition will help us create jobs throughout Sweden and lay the foundation for industry's transition.

By means of the green credit guarantees, the Government can promote

major industrial investments that contribute to achieving the goals of the environmental objectives system and the climate policy framework. The Green Industry Leap will be developed and broadened to allow more investments in facilities that reduce industrial emissions and contribute to the transition to a fossil-free and circular society. Through shorter processing times for the expansion of electricity networks and complete tax exemption for more actors who produce their own electricity, more stakeholders will be included in the transition.

Increased biodiversity and other initiatives for Sweden's natural environment

One million species are at risk of extinction. In Sweden, the number of species at risk of disappearing has increased by 11 per cent over the past five years. This crisis is impairing the conditions for human life on our planet and is reinforced by climate change.

The Government proposes an initiative targeting Sweden's natural environment. This initiative will help stop species extinction and includes measures to protect and manage valuable natural habitats and reinforce efforts for clean seas and water. It includes funds for sustainable fisheries and a ban on bottom trawling in protected areas. The possibility of limited exceptions may be provided in the management plan.

Part of the Government's initiative will also go to restoring wetlands. Emissions from drained peatlands that were previously wetlands account for 11 million tonnes of carbon dioxide equivalents – which is more than from private cars in Sweden. Restoring wetlands prevents the emission of greenhouse gases into the atmosphere, so that nature does the climate work for us.

Sustainable transport reduces emissions

Domestic transport accounts for about one third of Sweden's greenhouse gas emissions, and the pace at which emissions are reduced must be considerably increased until 2030. The Government proposes initiatives in the Budget Bill for 2021 so that it is easier for both private individuals and companies to reduce emissions.

The transition to a fossil-free vehicle fleet will be reinforced by means of changes to the bonus-malus system. The reduction obligation will be

tightened so that more renewable fuels are mixed in with petrol and diesel, and so that long-term conditions are created for the production of Swedish biofuels. A major investment is being made in railways in the form of greater maintenance. To continue pushing for the transfer of freight transport from roads to rail, the Government proposes extending and further developing the environmental compensation. Green Cargo is currently facing a challenging financial situation, which is further aggravated by the ongoing pandemic. Green Cargo will receive a capital injection so that necessary investments can be made and to ensure the company's long-term stability and profitability. This capital injection is given in light of the environmental compensation for rail freight transport simultaneously proposed to the Riksdag.

Energy efficiency in housing

The Government considers major investments are still needed both to achieve better energy performance and to address the renovation needs of the existing building stock. The Government will therefore provide SEK 900 million for 2021 to a new form of support for energy efficiency improvements and renovation of apartment buildings.

Initiatives for local green transition

The Government proposes initiatives to support local and regional efforts for a green transition. This includes municipal energy and climate advisory services, and measures to reduce the risk of landslides.

Improved climate projections and international climate action

The Government also proposes initiatives to support national and international environmental and climate action in the Budget Bill for 2021.



Press release from Ministry of Finance

Restart package for the Swedish economy – more than SEK 100 billion in the budget for 2021

Published 27 August 2020

Minister for Finance Magdalena Andersson today presents the Ministry of Finance's latest economic forecast and the focus of the autumn Budget Bill.

The pandemic and its impacts have dramatically changed the economic outlook in Sweden and the rest of the world. This year, GDP is expected to fall sharply worldwide. At the same time, it appears that activity in the Swedish economy bottomed out in the spring and recovery has now begun. In Sweden, GDP is estimated to fall by 4.6 per cent this year, which is slightly less negative than the Ministry of Finance's June estimate.

Historic budget

“We can see signs of a recovery even though Sweden's economic situation remains very serious. There's a great deal of uncertainty about how the pandemic will play out, and recovery may be protracted. The Government is now beginning to shift from temporary crisis-response policies to investments to get the wheels turning again and create new jobs. To pull Sweden out of the recession as quickly as possible, we need to restart our economy. That's why we are presenting a historic budget that includes proposals worth more than SEK 100 billion,” says Minister for Finance Magdalena Andersson.

Labour market developments and public finances

As for developments in the Swedish labour market, both employment and

employment rates are expected to fall this year, but short-term lay-offs are thought to have cushioned the fall in employment as companies can retain staff to a greater extent.

Labour force participation is also expected to decline, but less than the employment rate and only temporarily. This is estimated to result in 9 per cent unemployment this year and 9.5 per cent next year.

The deep recession means severely weakened public finances, partly due to lower tax revenues and partly to fiscal policy measures in response to the crisis. Compared with the assessment in June, general government net lending for 2020 has been revised upwards by about two percentage points, as the number of lay-offs is expected to be lower and the economy somewhat stronger than anticipated. For 2021, the restart package of more than SEK 100 billion has been included in the calculations and net lending is thus estimated to be -3.3 per cent. Public sector debt is estimated to rise to 42.9 per cent of GDP this year.

“We will now use the collective economic strength that we have built up to restart the Swedish economy. Sweden entered this crisis with the lowest national debt since 1977. With powerful public investments in welfare and climate transition, we will get the whole of Sweden into work and work our way of this crisis,” says Ms Andersson.



Press release from Ministry of Finance

Some signs of recovery in the economy – but situation still very serious

Published 18 June 2020

The COVID-19 pandemic has had a serious impact on economic growth, both in Sweden and the rest of the world. GDP growth has been revised downwards compared with the assessment made in the Spring Fiscal Policy Bill. However, recently there have been some signs of recovery, albeit from a very low level and with great uncertainty. This is clear from the Ministry of Finance's most recent economic forecast, presented today by Minister for Finance Magdalena Andersson.

The COVID-19 pandemic has had a serious impact on the global economy and led to historic declines in GDP all over the world. It is estimated that the recovery will take a long time.

In Sweden, GDP is expected to fall by 6 per cent this year. GDP growth was weak at 0.1 per cent (seasonally adjusted) during the first quarter, but there are indications of a more considerable decline in the second quarter.

“Compared with the most recent forecast in our Spring Fiscal Policy Bill, we have revised the growth forecast for Sweden downwards, but less than feared. We are now seeing some signs of recovery,” says Minister for Finance Magdalena Andersson.

The Swedish labour market has been greatly affected, with a continuing high number of redundancy notices as a result of the crisis. A considerable drop

in demand has meant that the employment rate is expected to fall. Labour force participation is also declining, although considerably less. This means that unemployment is forecast to be 9.3 per cent this year.

The system of short-term lay-offs is expected to counter what would otherwise have been a larger drop in employment, as it enables businesses to hold onto staff to a greater extent.

The deep economic downturn that is expected in 2020 will lead to weakened public finances. The deficit is estimated to be SEK 371 billion this year, which is primarily due to the measures taken, but also due to the fact that tax revenues are lower as a result of reduced economic activity.



Press release from Ministry of Finance

New measures to strengthen care of the elderly and health care during the COVID-19 crisis

Published 12 May 2020

As a consequence of the COVID-19 pandemic, the Government, the Centre Party and the Liberal Party are today presenting new measures. A boost for care of the elderly is being implemented that means that employees in care of the elderly will be offered paid education and training during working hours. This will lead to more permanent positions.

The COVID-19 pandemic has affected an already strained staffing situation for health and social care, not least in care of the elderly. At the same time, employment has declined in many other sectors as a result of redundancy notices and job cuts. To improve the supply of staff and make it more attractive to seek jobs in care of the elderly, a boost for care of the elderly is being implemented that means that employees in care of the elderly will be offered paid education and training during working hours.

For those who require it, it will be possible to combine employment with training to become nursing assistants or auxiliary nurses during paid working hours. Central government will finance the costs for the time the employee is absent due to studies. The initiative comprises SEK 2.2 billion in 2020 and 2021. It is in line with the proposal presented by the Swedish Association of Local Authorities and Regions and the Swedish Municipal Workers' Union, which made the assessment that 10 000 people could be included.

To ensure that there are sufficient education and training places, the Government is also injecting funds so that 10 000 people can attend

education and training focused on health and social care at regional vocational adult education institutions during the fourth quarter of 2020 if they study part-time. These places will be wholly funded by central government in 2020. Municipalities will fund 30 per cent of the education and training places that are sought for 2021.

In addition to this, it is proposed that folk high school vocational education and training be expanded with approximately 1 000 new half-year places in 2020, also with a focus on health and social care. It is proposed that central government wholly funds this expansion and no regional co-financing will be needed.

Further funds to compensate municipalities and regions for extraordinary costs

The Riksdag has previously adopted a Government proposal under which municipalities and regions will be compensated for additional costs associated with the COVID-19 pandemic. To ensure that the funds are sufficient, it is now proposed that a further SEK 2 billion be provided. The investment thus amounts to a total of SEK 5 billion. The Government is following developments closely and stands ready to inject further funds to the appropriation if necessary.

Additional funds to the National Board of Health and Welfare and the Public Health Agency of Sweden

It is proposed that the National Board of Health and Welfare receives an additional SEK 97 million in 2020, primarily to cover the costs of its own staff and hired staff, as well as stockpiling of material.

The Public Health Agency of Sweden will also receive more funds this year to strengthen and develop its work as a result of the COVID-19 pandemic. An additional SEK 28 million will fund increased staffing and more in-depth analytical work.



Press release from Ministry of Finance

Reinforced measures for employees and businesses

Published 07 May 2020

Several of the economic measures presented by the Government, the Centre Party and the Liberal Party to mitigate the impact of the virus outbreak will be reinforced, including reimbursement for the first day of sickness and central government responsibility for businesses' sick pay costs. In addition, the ceiling for unemployment benefits will be raised from day 101.

A total of five measures are now being reinforced. The impact on public finances of these measures – which are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party – is expected to be SEK 14.7 billion.

Higher ceiling for unemployment insurance benefits from day 101

It is proposed that the ceiling for income-related benefits from unemployment insurance funds be raised – from SEK 760 to SEK 1 000 per day – from benefit day 101 and onwards. This increase is temporary and will apply from 29 June 2020 until 3 January 2021. The Government has previously raised the level of benefits for days 1 to 100. This measure will cost SEK 1.1 billion.

Extended reimbursement for the first day of sickness

It is proposed that reimbursement for the first day of sickness, which originally would have applied until 31 May, be extended for four months

until 30 September. The standard compensation will also be increased by SEK 104 from 1 June. This means that from that date, a person who has been sick and has had the standard deduction for sick days taken from their pay can apply for the standard compensation of SEK 804 from the Swedish Social Insurance Agency. This measure will cost SEK 3.2 billion.

Continued suspension of medical certificate requirement

It is also proposed that the suspension of the medical certificate requirement be extended until 30 September to reduce the pressure on health care services. The temporary rules mean that a person does not need a medical certificate to verify their sick leave for the first 14 days of sickness in order to receive sick pay or sickness benefit, compared with the ordinary rules requiring that a medical certificate be provided from the eighth day of sickness. This measure will cost SEK 1.1 billion.

Central government responsibility for sick pay costs extended and adjusted

It is proposed that the state aid to cover businesses' sick pay costs be extended as it was for April and May so as to also include June and July. From 1 August until 30 September, central government will compensate employers for higher sick pay costs due to the COVID-19 pandemic. The Government is currently preparing the details of the proposal. This measure will cost SEK 9 billion.

Continued compensation for sole traders in case of sickness absence

It is proposed that the financial support to sole traders who are sick be extended from 31 May until 30 September. Under this initiative, sole traders with an F-tax card are entitled to standard compensation of SEK 804 per day for days 1 to 14 of their sickness period. This measure will cost SEK 250 million.



Press release from Ministry of Finance

Businesses to receive support based on loss of turnover

Published 30 April 2020

The Government, the Centre Party and the Liberal Party today presented an additional measure to mitigate the impact of the virus outbreak on Swedish jobs and businesses. The measure involves reorientation support totalling SEK 39 billion.

The aim of the support is to make it possible for businesses to weather the acute crisis while making it easier for them to reorient and adapt their activities. This could apply to restaurants that need to sell more food via takeaway orders or taxi companies that can start making deliveries. It could also involve major manufacturing companies that reorient their production to products such as health care materials.

The size of the support will depend on how large a loss of turnover a business has had and may vary between 22.5 and 75 per cent of the business's fixed costs excluding wage costs for March and April 2020.

To be eligible for the support, the business must have had a turnover of at least SEK 250 000 during the past financial year and a loss of turnover of at least 30 per cent. The loss of turnover is calculated on the basis of March and April 2020 compared with the same months last year.

Businesses and organisations that have F-tax will be eligible to apply for the support, which will be paid via the Swedish Tax Agency. The support will not be paid to businesses that are resident in a tax haven. It is proposed that the maximum amount be set at SEK 150 million per business.

The Ministry of Finance's calculations show that almost 180 000 businesses

may be entitled to the support. The impact on public finances is estimated to be SEK 39 billion in 2020.

While working to prepare the proposal, the Government will conduct a dialogue with the European Commission. The proposal may need to be approved by the Commission from a state aid perspective. The Government will therefore provide more information on the specific design of the support and how and where to apply at a later date.

The Government will submit the proposal in an additional amending budget and is working to ensure that it can enter into force on 1 July 2020. It is based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.



Government Offices of Sweden

Press release from Ministry of Finance

The Government presents the 2020 Spring Fiscal Policy Bill

Published 15 April 2020

The COVID-19 pandemic is a serious threat to people's lives and health. Serious economic consequences will follow in its wake. In five additional amending budgets, the Government, the Centre Party and the Liberal Party have presented proposals for active measures to limit the spread of the virus and mitigate the economic effects on society. Today, the Government presents the 2020 Spring Fiscal Policy Bill and the Spring Amending Budget for 2020 with additional measures. All of these measures total over SEK 100 billion.

During the spring, the Government presented a large number of measures to stop the spread of the virus and mitigate the economic effects on society of the outbreak. The measures are intended to provide greater security for those affected by the pandemic by limiting the spread of the virus, combating the effects on businesses and jobs and providing financial security and transition opportunities for those who become unemployed. They are also intended to create the conditions for recovery after the crisis.

Amendments to the current budget

The spread of the virus must be limited

Everyone working in health care and infectious disease control must have the tools and resources needed to manage and limit the spread of the virus. Through their responsibility for health and social care, the regions and

municipalities have a crucial role in fighting the spread of the virus. The local government sector is therefore being given funding, both targeted and general, to deal with the immediate additional costs resulting from the outbreak. The performance requirements in the waiting list billions are being removed temporarily, and funds are being set aside to rapidly increase the number of tests. Government agencies participating in action to limit the outbreak must also have the resources they need.

The risk of health care overload decreases the more the spread of infection is limited. The sick pay standard deduction and the medical certificate requirement during a sick pay period have been removed temporarily and the resources for disease carrier's allowance have been increased.

The impact on Swedish jobs and businesses must be pushed back

The economic impact of the coronavirus is hitting the business sector very hard. Many business owners are experiencing great uncertainty and do not know whether their business will survive or what will happen to their employees. To support viable businesses during the crisis and reduce the number of jobs lost, the Government has presented several crisis packages containing measures to reduce costs, strengthen liquidity and improve access to financing.

The Government has proposed a system of support for short-term layoffs. The aim is for more businesses to survive and fewer employees to lose their jobs. A temporary reduction of employers' social security contributions and the general salary contribution for the first 30 employees for four months is in place. The social security contributions of self-employed people have also been reduced. Central government will temporarily cover employers' sick pay costs, and sole traders with an F-tax card will be compensated through sickness benefit on days 1 to 14 of their sickness period.

Security and transition for people who become unemployed

Despite the extensive measures the Government has taken to support viable businesses, many people are going to lose their jobs. In view of the present economic situation several temporary changes have been made in unemployment insurance to make it easier to qualify for benefit and to ensure that this insurance provides greater financial security for people who become unemployed. In addition, more measures are proposed to provide

good transition opportunities. More funding is proposed for Arbetsförmedlingen (the Swedish public employment service) to deal with higher unemployment and ensure equivalent service levels throughout the country.

Funds are also being provided to enable more people to participate in measures leading to jobs, such as employment training, extra jobs and support and matching services. In addition, it is proposed that more places be provided at universities and other higher education institutions, higher vocational education, vocational adult education and folk high schools.

Continued fight against societal problems

Looking beyond the ongoing pandemic, unemployment, climate change, the growing needs in welfare provision, the gap between urban and rural areas, shortcomings in integration, learning outcomes in schools and crime are societal problems that must be addressed through further reforms.

As soon as the fight against the virus outbreak permits, fiscal policy will be aimed at supporting a rapid recovery. Businesses that use short-term layoffs and various forms of liquidity support must be able to quickly return to full resource use.

Sweden is to become the world's first fossil-free welfare nation. Sweden will continue to take a leading role at both national and international level in implementing the Paris Agreement and the 2030 Agenda. The Government proposes an expansion of support for the installation of solar cells to enable more people to be granted support. The Government also proposes investment in green jobs and a reinforcement of support for the production of biogas.

Our universal and tax-financed welfare system supports a high level of labour force participation, contributes to social equality and gender equality, and paves the way for improved life chances for everyone. Regions and municipalities are being given additional general reinforcements of their resources to cope with their strained economic situation. The Government proposes providing SEK 20 billion of fresh funding in 2020, of which SEK 12.5 billion is permanent additional funding for the local government sector. These additional resources will contribute to good access to health care, schools, social care and public transport of high quality.

The causes of crime must be addressed and organised crime must be broken.

The Government therefore proposes strengthening the judicial system by providing additional funding for agencies including the Swedish Prison and Probation Service, the National Board of Forensic Medicine, the National Board of Institutional Care and the Swedish courts, including the migration courts. Additional funding is also proposed for the Swedish Security Service, the Swedish Data Protection Authority and Swedish Customs.

The virus outbreak can exacerbate the situation of people subjected to domestic violence or to honour-related violence and oppression. Funding is therefore being provided for organisations working with children in vulnerable situations and organisations working with women and children subjected to violence.

In troubled times it is even more important to stand up for democracy, the rule of law and human rights. The Government intends to provide permanent additional funding for state support for the media.

Impact of the virus outbreak on public finances

The Swedish economy is well equipped to deal with the recession that is expected to follow in the wake of the virus outbreak.

However, public finances are expected to be considerably weakened during 2020 as a result of the economic downturn and the measures taken so far by the Government to mitigate the effects of the outbreak. As the economy gradually recovers, once the crisis has abated, public finances are also expected to become stronger.

Expenditure ceiling should be raised

In addition to the measures already proposed due to the spread of the virus, it is difficult at the current time to predict what needs for central government measures may arise in the future in terms of expenditure. Given the exceptional situation, the Government considers that it is important to be able to take necessary measures, which the stipulated expenditure ceiling does not currently permit. The Government therefore considers that it is justified to raise the level of the expenditure ceiling in 2020 by SEK 350 billion to SEK 1 742 billion.

These proposals are based on a political agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green

Party.



Government Offices of Sweden

Press release from Ministry of Finance

Scaling up crisis measures for jobs and businesses

Published 14 April 2020

The Government, the Centre Party and the Liberal Party are now presenting further measures to alleviate the impact of the virus outbreak on jobs and the economy in Sweden. The ongoing pandemic is having a major impact on the Swedish economy. The focus of the crisis packages already presented has been to get measures in place quickly. Today sees the presentation of improvements to the system for short-term layoffs so that it will be even more impactful.

The Government will present the proposals to the Riksdag in an additional amending budget in mid-May. The proposals are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

Scaling up the system of short-term layoffs

It is proposed that the system of short-term layoffs be temporarily reinforced. The proposal means that employers will now be able to reduce their employees' working hours by up to 80 per cent and that central government will cover a clear majority of the cost. This reinforcement of the system will apply for three months from 1 May 2020.

Employer's costs to be significantly reduced

The new system means that costs will be reduced even more for employers. The wage costs for an employee will be reduced by over 70 per cent while workers retain almost 90 per cent of their original wage. Combined with the reduced employers' social security contributions, employers can be unburdened from up to 86 per cent of total wage costs during May and June.

Significant increase in control mechanisms

A higher compensation rate also requires greater control. The Government will provide resources equivalent to 130 members of staff to the Swedish Tax Agency to check businesses that receive support for short-term layoffs. This will be achieved through more unannounced checks of staff registers, for example.

The Government Offices is also reviewing the possibilities of introducing other measures to strengthen checks in order to prevent the system being abused.



Press release from Ministry of Finance

Further additional funding to municipalities and regions

Published 02 April 2020

Many municipalities and regions have been hit hard financially by the ongoing outbreak of COVID-19. The Government, the Centre Party and the Liberal Party therefore intend to propose additional funding totalling SEK 22 billion in the spring amending budget for 2020, which will be presented on 15 April. This additional funding will be provided both as increased general government grants and an increased amount to cover additional health care and social services costs.

Increased general government grants this year and in the years ahead

It is proposed that municipalities and regions receive an additional SEK 20 billion in general government grants this year, rather than the SEK 5 billion previously announced by the Government. This new additional funding of SEK 15 billion for 2020 is being provided to strengthen the ability of the local government sector to maintain essential services such as health care, education, social services and public transport.

Of the total increase of SEK 20 billion, SEK 12.5 billion is a permanent increase in appropriations; in other words, this is money that municipalities and regions will also have at their disposal in the years ahead.

Increased funds to compensate municipalities and regions for extraordinary costs

The Riksdag has adopted a Government proposal under which municipalities and regions will be compensated for additional costs associated with the COVID-19 outbreak. The Government now expects that the costs will be higher than previously estimated. This is why an additional SEK 2 billion has been proposed, bringing the total to SEK 3 billion. The high demand for personal protective equipment and intensive care beds is the main reason that higher costs for health care and social services are expected.

More flexible rules for the ‘waiting list billion’

The Swedish Association of Local Authorities and Regions (SALAR) has requested more flexible rules for the ‘waiting list billion’. The Government will therefore propose that large parts of the performance requirements be temporarily removed for 2020. This means that around SEK 2 billion that previously would only have been paid to the regions meeting these requirements will be paid to all regions based on the size of their population. The Government is now entering into a dialogue with SALAR on this issue.

Other measures in the spring amending budget

The outbreak of the COVID-19 virus has led to a sharp increase in the number of calls to 113 13, the crisis information number run by SOS Alarm. The Government therefore proposes that appropriations to SOS Alarm be increased by SEK 15 million in 2020 to finance additional staffing costs resulting from the increased pressure on its services.

The Government is also looking at several different ways of reducing the administrative burden on the local government sector and making management of the COVID-19 virus easier, for example, by changing follow-up and reporting requirements for targeted government grants and agreements. Intensive and wide-ranging efforts are ongoing and the Government intends to make more concrete proposals when practicable.

The proposals are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.



Press release from Ministry of Finance

Very serious situation for the global economy and the Swedish economy

Published 31 March 2020

Minister for Finance Magdalena Andersson presents the new forecast from the Ministry of Finance today.

The virus outbreak has had a serious impact on economic growth, both in Sweden and around the world. This is a combined shock to supply and demand, with knock-on effects between countries.

The level of uncertainty in the forecast is very high. This assessment is based on analyses of how different sectors are affected by the measures taken to limit the spread of the virus and how the economy has reacted in previous crises.

The global economy, like the Swedish economy, is expected to enter a recession with strongly negative GDP growth in 2020.

Swedish GDP is expected to drop by 4 per cent in 2020, which is on a level with the drop during the financial crisis. The negative growth rate and the considerable numbers reported so far of people who have been given notice of the termination of their contracts reinforce the expectation that the labour market will become significantly worse, with falling employment and rising unemployment. The employment rate is expected to fall clearly to just below 67 per cent, compared with 68.3 per cent in 2019, and unemployment is expected to rise to 9 per cent in 2020.

The recovery phase is expected to last for several years, with resource utilisation far below its normal level in the coming years.

The comprehensive fiscal policy measures and falling tax revenues are expected to result in large deficits in public finances. It is estimated that general government net lending will drop this year to -3.8 per cent of GDP. However, with a debt ratio at a historically low level Sweden has a stronger initial position than many other countries.



Government Offices of Sweden

Press release from Ministry of Education and Research, Ministry of Employment, Ministry of Finance

Crisis package for jobs and transition

Published 30 March 2020

The Government, the Centre Party and the Liberal Party are now presenting further measures to alleviate the impact of the virus outbreak on jobs and the economy in Sweden.

The ongoing virus outbreak is having a major impact on the Swedish economy and many people have become, or risk becoming, unemployed. To alleviate the impact on the labour market, a crisis package for jobs and transition is now being presented.

The Government will shortly present the proposals to the Riksdag in an additional amending budget and in the coming spring amending budget. The proposals are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

Temporary reinforcement of unemployment insurance

Even with the powerful measures taken so far to combat the economic impact of the virus outbreak, unemployment is expected to rise sharply. This means that unemployment insurance will have to be adapted. The requirements concerning who can receive money from an unemployment insurance fund will be temporarily relaxed in terms of how much people need to have worked and how long people need to have been a member of a fund. At the same time, it is proposed that both the highest and the lowest amounts paid out by an unemployment insurance fund be raised temporarily to alleviate the economic impact on people who become unemployed. It is also proposed that the six initial qualifying days be removed and that the

unemployment insurance funds receive funding for administration.

More active labour market policy

To better address a development in which more people are expected to become unemployed, it is proposed that increased funding be paid to Arbetsförmedlingen (the Swedish public employment service) and labour market policy programmes. It is proposed that the period during which a person may have an 'extra job', a new start job or an introductory job be extended by an additional year for those who already have such jobs. It is also proposed that the maximum time for support for starting a business be extended from six to twelve months. In addition, it is proposed that municipalities receive grants for more summer jobs for young people and funding for green jobs to enable subsidised employment, primarily in the area of nature and forest conservation.

More places and more distance learning at higher education institutions

To increase opportunities to study at higher education institutions, it is proposed that the number of places be increased. A general expansion of the number of places is proposed, as are more places on summer courses and a foundation year so that unemployed people, and others, have the opportunity to obtain eligibility to enter into further education/training, for example in health care professions. In addition, increased funding is also proposed to strengthen capacity and develop work on distance learning at higher education institutions. Funding will also be allocated for internet-based education, also known as MOOCs (massive open online courses), which is free of charge and open to the public. Anyone who is given notice of the termination of their contract will be able to use these courses to quickly begin knowledge acquisition. To compensate for increased workload, it is also proposed that the Swedish Council for Higher Education and the Swedish Board of Student Finance receive increased funding.

More opportunities for vocational education and training throughout the country

At a time when unemployment is expected to rise, there will be a need for better opportunities for further education/training throughout the country. It is proposed that funding to regional vocational adult education increase, with

the surplus enabling full central government financing of education. It is proposed that vocational higher education be reinforced with new places, short courses and course packages, as well as various kinds of pilot projects so that more people can complete their qualification. It is proposed that folk high school be expanded, with full financing from central government. In addition, improved possibilities are proposed for distance learning, partly through additional support to education providers in vocational higher education in terms of distance teaching, and partly by making more distance courses available via study associations.

Removal of income ceiling for student aid

So that health and medical care students can help out in the health care sector without their student aid being reduced, it is proposed that the income ceiling for all those receiving student aid be temporarily removed.



Government Offices of Sweden

Press release from Ministry of Finance

Nordic-Baltic Ministers invites the Nordic Investment Bank, to take action

Published 27 March 2020

Nordic-Baltic Ministers, Governors of the Nordic Investment Bank (NIB), have today invited the Bank to take swift action to help alleviate the effects from the corona crisis.

The Governors urge the Bank to increase lending to the maximum level to businesses in the region affected by the crisis. In this way, the Bank can support stabilization of the economy in the Nordic-Baltic countries.

- “We expect the NIB to support sustainable businesses facing short term liquidity problems due to the crisis. The NIB should be able to extend loans to financial intermediaries for on-lending to small and medium-sized companies as well as provide direct financing to larger businesses experiencing a downturn. It is also of utmost importance that the Bank seeks out businesses under strain and assists them in bridging the effects of the current crisis. The Bank should support member states’ businesses to the widest extent possible to overcome the crisis.”

The Nordic Investment Bank

The Nordic Investment Bank is jointly owned by the Nordic-Baltic countries. The Bank’s mandate is twofold, to finance projects that improve productivity and protect the environment in the member countries. The Bank may also assist its members in economic crises. NIB’s financial position is strong, as reflected in its excellent credit rating. The Bank’s normal annual business volume is 3-4 billion EUR.

The Bank's Board of Directors will consider lending increases based on continuously updated information in the context of the Bank's risk management framework and sound banking practices.



Government Offices of Sweden

Press release from Ministry of Enterprise and Innovation, Ministry of Finance

Crisis package for small enterprises in Sweden

Published 25 March 2020

The Government is now presenting additional measures to mitigate the economic impact of the COVID-19 virus outbreak. The proposals are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

To mitigate the impact on the Swedish economy, a crisis package for businesses and jobs, and several other measures, was presented earlier. To particularly alleviate the impact for small and medium-sized enterprises, a crisis package is now being presented for Swedish entrepreneurs.

Central government emergency package for affected small and medium-sized companies to be established

A central government loan guarantee has been proposed to make it easier for companies to access financing. The proposal means that the central government will guarantee 70 per cent of new loans banks provide to companies that are experiencing financial difficulty due to the COVID-19 virus but that are otherwise robust. The guarantee will be issued to banks, which in turn will provide guaranteed loans to companies.

The loan guarantee primarily targets small and medium-sized enterprises. However, there is no formal limit on company size to take part in the programme. The Government expects that the guaranteed loans will not be used for bonuses or variable remuneration to senior officers of the company, or for profit withdrawals other than what is comparable to a regular salary withdrawal.

The Swedish National Debt Office will administer the guarantee and it is proposed that each company be allowed to loan up to SEK 75 million, although exceptions can be made. The banks will pay a guarantee fee to the Swedish National Debt Office for guarantees that are issued. The fee will be determined on the basis of the borrower's actual risk class, which is set by the credit institution. The risk assessment will be carried out in accordance with the credit institution's credit assessment process.

If a credit guarantee has to be redeemed, the central government will pay the guaranteed loan amount, which will impair the central government budget balance and net lending. The guarantee fees that will be charged mean that the central government budget balance and net lending will be slightly improved. It is very difficult to assess the situation, but overall the guarantee system is expected to be self-financed in the long term.

The loan guarantees should be provided as soon as possible; this is why the Government is preparing the proposal tomorrow for prompt consideration by the Riksdag. The European Commission is also prepared for rapid consideration and approval.

Enterprises can apply for a loan with a government credit guarantee by contacting a bank.

Temporary reduction of employers' social security contributions and individual contributions

A temporary reduction of employers' social security contributions will be proposed for the period 1 March to 30 June 2020 so that only the old age pension contribution is paid. It is proposed that this reduction should apply to up to 30 employees and on that portion of the employee's wage that does not exceed SEK 25 000 per month. This entails tax relief of up to SEK 5 300 per employee and month. To provide equivalent relief to sole traders, a reduction of individual contributions is also proposed. The proposal's cost to public finances are estimated to SEK 33 billion.

Temporary discount for rental costs in vulnerable sectors

To reduce costs for companies with considerable difficulties as a result of the COVID-19 virus – in sectors such as durable consumer goods, hotels, restaurants and certain other activities – the Government proposes providing support that aims to facilitate and speed up renegotiation of rents. The

approach is that central government will cover 50 per cent of the rental reduction up to 50 per cent of the fixed rent.

The support can be applied for after the fact and will apply for the period 1 April until 30 June 2020. SEK 5 billion is being allocated for this.

Measures targeting small enterprises

A future proposal is that the rules for tax allocation reserves will be temporarily changed so that sole proprietors severely affected by the COVID-19 outbreak will receive tax cuts. The new rules mean that 100 per cent of the taxable profits for 2019, up to SEK 1 million, can be set aside in the tax allocation reserve, which can then be set off against possible future losses. This means that many people can get back the preliminary tax they paid in 2019. This proposal concerns sole traders and natural persons who are partners in Swedish partnerships. The proposal is expected to result in a maximum liquidity reinforcement of more than SEK 13 SEK billion.

Moreover, the previously presented proposal on new opportunities to defer tax payments will be expanded. This means that value added tax reported annually from 27 December 2019 until 17 January 2021 will also be covered by the proposal. In this way, many sole proprietors can defer their VAT payments that otherwise should be paid during the spring, such as on 12 May. Depending on how the situation develops, the proposal can encompass more than SEK 7 billion if the entire liquidity reinforcement is used.

Companies that are made dormant in the case of unemployment are exempted in 2020 from the rule that a company can only be made dormant once during a five-year period.

The proposal will be presented to the Riksdag shortly in an additional amending budget.



Press release from Ministry of Enterprise and Innovation, Ministry of Finance, Ministry for Foreign Affairs

Increased loan facilities and credit guarantees for Swedish businesses

Published 23 March 2020

On 20 March, the Government, the Centre Party and the Liberal Party presented further measures to mitigate the impact of the virus outbreak on Swedish jobs and businesses.

A range of measures were presented to make it easier for Swedish businesses, particularly small- and medium-sized businesses, to access finance at this difficult time.

- Almi Företagspartner AB will receive a capital contribution of SEK 3 billion to increase its lending to small- and medium-sized businesses throughout the country. This reinforcement of the loan fund will increase Almi's preparedness to meet the needs of businesses whose activities have been adversely affected by the coronavirus outbreak.
- The Swedish Export Credit Corporation's credit framework will be increased from SEK 125 billion to SEK 200 billion and can be used to provide both state-supported and commercial credit to Swedish export companies. These measures, along with the cancelled dividend payouts announced on 19 March, give the Swedish Export Credit Corporation enhanced opportunities to meet the export industry's increased demand for credit.
- The Swedish Export Credit Agency promotes Swedish exports and the competitiveness of Swedish industry by providing guarantees that facilitate the financing of purchases of Swedish goods and services. Increased credit guarantees totalling SEK 500 billion and lower risk for

banks will provide new and improved credit opportunities for companies. A new guarantee for faster and more secure payment to Swedish export companies will also be introduced. This will apply to small- and medium-sized export companies, major export companies and their suppliers.

The proposals are based on an agreement between the Government, the Centre Party and the Liberal Party.



Press release from Ministry of Finance, Ministry of Infrastructure

State credit guarantees to airlines and expanded credit guarantee framework for the Swedish Export Credit Agency to mitigate the effects of SARS-CoV-2

Published 18 March 2020

The Government proposes that airlines be able to receive credit guarantees in 2020 amounting to a maximum of SEK 5 billion, of which SEK 1.5 billion is intended for SAS. It will also be proposed that the Swedish Export Credit Agency's credit guarantee framework be expanded to support Swedish export companies and, by extension, the shipping industry. The proposal is based on an agreement between the Government, the Centre Party and the Liberal Party.

The ongoing spread of SARS-CoV-2 is hitting the transport industry hard, in particular the aviation industry. The demand for flights has essentially disappeared within a very short space of time. Many airlines are in an acute financial situation and are having difficulties securing loans on the capital market.

Aviation is currently very important for maintaining functioning transportation throughout the country. It is important for Swedish businesses – but also from the perspective of crisis preparedness and total defence – and for several different types of essential transport, such as medical transport, air rescue services and aerial firefighting services.

To make it easier for airlines to secure loans on the capital market, the State must be able to guarantee loans secured from commercial banks during the period that airlines are affected by the spread of SARS-CoV-2. The Government therefore proposed today that the Riksdag decide that credit guarantees can be provided. The Government has also decided to instruct the Swedish National Debt Office to take preparatory measures and, when the Riksdag has taken a decision and the European Commission approved the support, to begin the work of providing credit guarantees.

The purpose of this proposal is to protect essentially viable Swedish airlines from being put out of business as a result of the prevailing situation.

The ongoing crisis is also having an impact on critical infrastructure more broadly. Similar credit guarantees for the shipping industry can be managed through the Swedish Export Credit Agency. To enable the Agency to without delay, perform its task of promoting Swedish exports and, by extension, the Swedish shipping industry, it will also be proposed that the Swedish Export Credit Agency's credit guarantee framework be expanded by SEK 50 billion.

The situation is changing rapidly and preparedness to act swiftly is high should more measures be needed.

More information

The Swedish National Debt Office has been tasked with preparing to provide credit guarantees in 2020. These credit guarantees may amount to a maximum of SEK 5 billion for loans to airlines that on 1 January 2020 were in possession of a Swedish permit to operate commercial aviation activities and that have their main operations or their headquarters in Sweden. SEK 1.5 billion of the total SEK 5 billion are intended for SAS.

SAS plays an important role in meeting society's basic need for aviation infrastructure in both Sweden and Denmark. The Swedish and Danish governments have therefore agreed that the Danish Government will present a similar measure for SAS. The two governments have not ruled out the need for additional measures in the future.

Credit guarantees may be provided to around 20 airlines that have a Swedish permit to operate commercial aviation activities and have their main operations or headquarters in Sweden. Of these, a handful currently operate regular scheduled traffic. The others operate air ambulances or helicopter services, for example.

A guarantee fee will be charged to finance the risk for central government and administrative costs.

These credits guarantees should be provided as soon as possible; this is why the Government prepared the proposal yesterday for prompt consideration by the Riksdag.



Government Offices of Sweden

Press release from Ministry of Finance

Crisis package for Swedish businesses and jobs

Published 16 March 2020

The Government is now presenting additional measures to mitigate the financial impact of the virus outbreak. The proposals are based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

The Government intends to present the proposals to the Riksdag in the additional amending budget that the Government will adopt on 19 March.

The crisis package now presented can – depending on how the situation develops – encompass more than SEK 300 billion if the entire liquidity reinforcement through tax accounts is used.

Short-term layoffs introduced today

This proposal means that employers' wage costs can be halved, in that central government will cover a larger share of the costs. This model is similar to short-time work, but the subsidy level is significantly increased. The employee receives more than 90 per cent of their wage. The aim is to save Swedish jobs.

It is proposed that the proposal on short-term layoffs enter into force on 7 April and be in effect throughout 2020, but be applied from today, 16 March.

Central government to assume sick pay responsibility for two months

It is proposed that central government assume the entire cost of all sick pay during April and May. Self-employed persons will also be compensated in that they can receive standardised sick pay for days 1–14.

Liquidity reinforcement via tax accounts

Under this proposal, companies can defer payment of employers' social security contributions, preliminary tax on salaries and value added tax that are reported monthly or quarterly.

Company payment respite covers tax payments for three months and is granted for up to 12 months. This replaces the previously presented proposal.

It is proposed that the new regulations take effect on 7 April 2020, but can be retroactively applied from 1 January 2020. This means that companies that have paid into their tax account for January to March can receive repayment of the tax from the Swedish Tax Agency. Payment respite will not be granted to companies that mismanage their finances or are in some other way unethical. Nor will respite be granted to companies that have large tax debts.

The proposals on respite and short-term layoffs will now proceed to the Council on Legislation for fast-track consideration.

Overall economic measures in Sweden so far

- Central government will compensate municipalities and regions for extraordinary measures and extra costs in health and medical care associated with the COVID-19 virus.
- To reduce the risk of the virus spreading in society, the qualifying day for sick pay will be discontinued between 11 March and 31 May, in that central government will pay sickness benefit for the first day of sickness.
- The Public Health Agency of Sweden, the National Board of Health and Welfare and the Medical Products Agency will be allocated additional resources.
- Resources for the disease carrier's allowance will be increased, as it is assumed that the number of individuals entitled to this benefit will increase.
- Central government will temporarily assume responsibility for sick pay for two months.
- Liquidity reinforcement is given via tax accounts for VAT, employers' social security contributions and employees' preliminary tax from 1

January 2020.

- Short-term layoffs introduced as of 16 March.
- In addition to the Government's measures, the Riksbank has announced that it is loaning up to SEK 500 billion to companies via the banks to safeguard credit supply. Finansinspektionen (the Swedish financial supervisory authority) has announced that it is lowering the countercyclical capital buffer to zero to safeguard a well-functioning credit supply.



Press release from Ministry of Finance

Additional amending budget due to the coronavirus

Published 11 March 2020

Due to the coronavirus, a proposal for an additional amending budget is being presented today. The proposal is based on an agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

The Government and relevant public authorities are monitoring the ongoing virus outbreak very closely and are ready to quickly take measures to strengthen the response to the outbreak as well as its consequences. Ensuring that authorities and disease control officials have all the tools they need is not only crucial to fighting the disease, it is also essential to minimising its socioeconomic costs. The proposal for an additional amending budget contains proposals that cover four different areas.

Municipalities and regions will be compensated for extraordinary costs

Through the additional amending budget, an opportunity will now be created for the central government to retroactively compensate municipalities and regions for extraordinary measures and extra costs in health and medical care associated with the coronavirus. For example, this could mean higher staffing costs, higher costs to ensure staffing of 1177 Vårdguiden, laboratory analyses, extra consumption of supplies, contact tracing, etc.

Relevant government agencies will be strengthened

The Public Health Agency of Sweden will receive an additional SEK 41

million, primarily for staffing costs. The National Board of Health and Welfare will receive an additional SEK 20 million, primarily for staffing costs, training activities and supplies. The Swedish Medical Products Agency will receive an additional SEK 5 million for its efforts, together with the regions, to ensure the supply of medicines in Sweden. This additional sum corresponds to the Agency's own estimate of what is currently needed. The National Board of Health and Welfare's credit framework will be trebled from SEK 100 million to SEK 300 million to enable it to purchase protective equipment and testing kits.

Financial support to individuals

The qualifying day will be discontinued in that the central government will pay sickness benefit for the first day of sickness, and the appropriation for the disease carrier allowance will be increased. These measures are expected to reduce the spread of the disease and so the pressure on health care services.

Measures adopted to support companies affected financially

The proposal on short-time work, which is intended to avoid layoffs and give companies the opportunity to quickly get started again once the situation has changed, will be brought forward and it is proposed that it enter into force on 1 May 2020. It is also proposed that companies be given the opportunity to defer payment of employers' social security contributions and employees' preliminary tax for up to one year. The aim is for the deferment to apply for employers' social security contributions and preliminary taxes for no more than two months.

There is great uncertainty concerning the present situation, and the situation could change rapidly. In addition to what is being presented today, a large number of other measures are also being considered that can quickly be taken if the need arises. The Government is in contact with the Riksdag so that measures that require a Riksdag decision can be adopted as soon as possible.



Press release from Ministry of Finance

Global economy affecting well-equipped Sweden more and more clearly

Published 16 January 2020

Today, Minister for Finance Magdalena Andersson presented the Ministry of Finance's latest forecast for economic development and the situation in the municipal sector.

Following a couple of years of high growth, the Swedish economy began to slow down last year. Trade conflicts have checked global trade, which is affecting exports of Swedish goods, and uncertainty in the world economy is reducing willingness to invest, both in Sweden and other countries.

“The slowdown in the world economy that we have previously seen is becoming increasingly clear in the Swedish economy. In recent years, we have built up a welfare reserve by paying off national debt, which makes it possible to address the slowdown without savings packages,” says Ms Andersson.

The slowdown in the economy is also apparent in the labour market. Both employment and the labor force will continue to increase in the coming years. However, weaker demand is holding back the employment rate at the same time as more people are seeking to join the labour market which leads to a higher labor force participation rate. Aggregated, this leads to a higher unemployment rate. Labour force participation and the employment rate in the age group 20–64 in Sweden is still the highest in the EU and at levels we have not seen in Sweden since before the 1990s crisis.

Since 2014, Sweden has reduced its debt ratio and has therefore built up a welfare reserve. This year, the structural balance is estimated to amount to

0.3 per cent of potential GDP.

Ms Andersson also presented an analysis of the Swedish municipal sector. Needs are increasing in the coming electoral periods, not least because there are more and more children and older people in Sweden, which drives higher public consumption.

“Municipal and regional finances and strengthening welfare is becoming more important. The large group of people born in the 1940s is getting older and those born in the 1990s are of child-bearing age. This means that all future expenditures will have to be balanced against increased resources to welfare,” concludes Ms Andersson.



Press release from Ministry of Finance

Climate on the agenda as Minister for Finance hosts international conference in Stockholm

Published 02 October 2019

Representatives of a large number of finance ministries, the World Bank, the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD) will gather in Stockholm on Thursday and Friday. They will attend a conference held within the framework of the new Coalition of Finance Ministers for Climate Action – a group of ministers who want to step up their engagement on climate change. Specific taxes on carbon dioxide will be discussed at the conference.

“We finance ministers must take the lead in fighting climate change,” says Minister for Finance Magdalena Andersson.

The Coalition of Finance Ministers for Climate Action was launched in April this year and currently has 43 member countries. The group’s aim is to increase engagement and knowledge among the world’s finance ministers.

Sweden and Ms Andersson have a leading role in the group’s work, which entails finding effective ways to put a price on carbon dioxide emissions. This is also the theme of the conference hosted by Sweden this week.

“Sweden was one of the first countries in the world to introduce a carbon dioxide tax, almost thirty years ago. More countries are now taking an interest in our model, and it is often cited as a successful example, since we

have managed to reduce carbon dioxide emissions while maintaining good economic growth,” says Ms Andersson.

A total of 27 countries will be represented at the conference on 3–4 October.



Press release from Ministry of Finance

Budget Bill for 2020: Reforms for a stronger society

Published 18 September 2019 Updated 18 September 2019

Today the Government presents the Budget Bill for 2020 to the Riksdag. The Government is proposing measures to increase the number of jobs, tackle the challenge of climate change, safeguard welfare throughout the country and address crime and its causes. The proposals in the Bill are based on the January Agreement, the policy agreement between the Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

“The problems we have in Sweden today can only be resolved if we take greater joint responsibility for our security and cohesion. In this budget we are taking new initiatives to get more people into work, to strengthen welfare throughout Sweden, to improve pensioners’ finances, to improve the environment and to attain an ambitious climate transition that everyone, in the whole of Sweden, can be a part of. We are substantially increasing resources to improve security and safety,” says Minister for Finance Magdalena Andersson.

Slowdown in the economy – but Sweden is well-equipped

After several years of high growth, there is now a slowdown in the world economy and in Sweden, although resource utilisation in the Swedish economy is still higher than normal. At the same time, several of the risks highlighted by the Government in recent years have increased – for instance,

the trade conflict between the United States and China, and the United Kingdom's withdrawal from the EU.

“The Swedish economy is well equipped to address the uncertainties at home and abroad. Our public finances show a surplus, the central government debt-to-GDP ratio is the lowest since the late 1970s and unemployment has fallen. We have conducted a responsible fiscal policy so that Sweden can meet the slowdown with well-balanced reforms,” says Ms Andersson.

More people in work

Work is the most important condition for being able to earn a living and become established in society, and for financing joint welfare. The Budget Bill for 2020 therefore contains proposals for measures to ensure more people have jobs to go to. The Government proposes that resources should be allocated to extra jobs, introductory jobs and employment training, and that a labour market entry deduction should be introduced. The Swedish Public Employment Service is to be reformed with a new system, where independent actors match job seekers with job vacancies. The Government also intends to introduce entry agreements to stimulate jobs for new arrivals and long-term unemployed. To promote a high level of employment, measures are also being proposed for an active industrial policy, for instance, by further developing the existing export strategy.

Sweden is to be a fossil-free pioneer

Sweden is to take the lead and show that a fossil-free world is possible. The overall goal of environmental policy is to pass on to the next generation a society in which the major environmental problems have been solved without increasing environmental and health problems beyond Sweden's borders. Climate change will be addressed with an ambitious transition in which the entire country can take part. The Budget Bill for 2020 therefore proposes further reinforcement and streamlining measures of the Climate Leap and the Green Industry Leap, measures for the protection of valuable natural environments, measures for clean seas and water, and solar cell subsidies. The Government is also proposing that an ‘electrification commission’ be appointed to speed up the work on electrification of the heavy road freight and the transport system as a whole.

Strengthened welfare system

Sweden is to be a modern welfare nation. A high level of employment, universal welfare systems and good order in public finances form the foundation for the Swedish social model. It is a positive development that more people in Sweden are living longer, but this also requires extensive resources in the coming years to maintain a high level of quality in welfare. Reinforcement of general allowances to the municipal sector is continuing at a steady pace.

Access to health and medical care will be improved and waiting lists shortened. All those who have worked and paid tax in Sweden during their whole professional life should be able to look forward to a secure old age. All schools must be good schools with a focus on knowledge and a peaceful study environment.

To strengthen welfare, the Government is proposing, among other measures, improved opportunities for further education/training for nurses, further measures in child and adolescent psychiatry, and measures for children and young people with mental health problems, improved basic protection for pensioners, more teaching assistants, and reinforced support for equal schooling.

Growth throughout the country

The whole of Sweden will not only live, but also grow. Rural and sparsely populated areas, as well as small and large urban areas must be developed so that the whole of Sweden's potential is used. Possibilities to live and work throughout the country will be improved. In the Budget Bill for 2020 the Government is therefore proposing measures for the maintenance of roads and railways, and further funding to facilitate and increase the pace of broadband expansion, a farming package to strengthen the competitiveness of the food industry, a more effective and appropriate investment subsidy for housing, and more service offices. In addition, the national forest programme will be further developed to promote growth in the forest industry and sustainable forestry. The Government also intends to propose a tax deduction aimed at people living in certain sparsely populated municipalities.

Security is to increase and democracy to be safeguarded

The fight against crime and its causes will be intensified. Society must be strong enough to protect people from everything from petty crime to

terrorism. This is key to holding society together. An increase in defence capabilities is required to enhance security in Sweden and stability in our neighbourhood. Democracy must be safeguarded, both in Sweden and abroad.

The Government is proposing in its Budget Bill for 2020 measures to increase security and safeguard democracy. In addition to the reinforcements already decided for the coming years, the judicial system will be allocated further resources to tackle serious and organised crime. The Police, the Swedish Security Service, the Swedish Prosecution Authority and the Swedish Customs will be reinforced. In addition, a broad investment is proposed to combat crime against welfare systems. On top of this, there are proposals for continued investments to combat men's violence against women, and honour-related violence and oppression. The Government has also announced increased funding in 2022 for a stronger military defence.

Tax amendments for jobs and sustainable growth

Tax policy is to ensure stable tax revenues and create the conditions for sustainable growth and high employment. The proposed tax changes aim to contribute to higher employment, an increased number of hours worked and to attaining climate and environmental goals. This is at the same time as securing funding for welfare services.

Tax changes in the budget:

- The upper bracket for central government income tax ('austerity tax') is abolished
- Tax for people over 65 will be cut
- A requirement for electronic payment introduced regarding tax rebate for domestic and home renovation services
- A tax reduction should be introduced for residents in certain sparsely populated areas
- Funds for further tax reductions on employment and enterprise within the scope of the green tax shift is allocated for 2021
- A financial definition of 'worker' should be introduced
- A labour market entry deduction should be introduced
- A reinforced deduction for research and development should be introduced
- The ceiling for deferred capital gains when selling a home should be raised
- A tax on the financial sector should be introduced from 2022

- A tax on waste incineration should be introduced
- The fuel tax should be reduced
- A tax on plastic carrier bags should be introduced



Press release from Prime Minister's Office, Ministry of Finance

Government's preparations for a no-deal Brexit

Published 28 August 2019

The Swedish Government has assessed that the risk of the United Kingdom leaving the European Union without a withdrawal agreement has increased. To address the most serious consequences of a no-deal withdrawal, the Government has taken a range of measures that strengthen Sweden's preparedness. At a press conference today, Minister for Finance Magdalena Andersson and Minister for EU Affairs Hans Dahlgren outlined Sweden's preparations ahead of the UK's withdrawal from the EU.

“The Government has prepared for the consequences of the UK's withdrawal from the EU in various ways, for example through official information to companies on the new conditions for trade and on measures to assist private individuals. Central government finances are in order, and our national debt is at its lowest level since 1977. This means we are in a strong position for a no-deal scenario,” says Ms Andersson.

International analysts agree that Brexit – regardless of whether the UK leaves the EU with a withdrawal agreement or without one – will mean lower growth and less trade for the UK and EU Member States. No withdrawal agreement has yet been approved and the positions of the EU and the UK are far apart on the key issue of the backstop. Despite this, the Government is working – with other EU countries – for an orderly withdrawal.

“We would, of course, like to see an orderly withdrawal. But according to recent statements from the UK Government, the UK intends to leave the EU

on 1 November, with or without an agreement. The situation is serious and we need to be well prepared for a hard Brexit too,” says Mr Dahlgren.

The Government has taken measures in many areas. Preparations have been made in close cooperation with government agencies, the European Commission and other EU Member States. However, the Government notes that even if Sweden is well prepared, the negative consequences of a no-deal withdrawal will be unavoidable.

At Wednesday’s press conference, Ms Andersson and Mr Dahlgren outlined what has been done to:

- assist Swedish citizens residing in the UK and British citizens residing in Sweden;
- ensure that the financial markets can continue to operate effectively and that financial stability is not jeopardised by a no-deal withdrawal;
- inform companies and private individuals about the new customs regulations that may be introduced;
- enable Swedish Customs to manage the increased work burden that a no-deal withdrawal would cause;
- manage the new rules that would apply to the fishing industry and air and rail transport;
- ensure medicines supply in the EU.



Government Offices of Sweden

Press release from Ministry of Finance

Sweden well equipped for economic slowdown

Published 22 August 2019

Minister for Finance Magdalena Andersson today presented the Ministry of Finance's latest economic forecast and the focus of the budget during the Government's discussions at Harpsund.

“For some time now, we have been saying that we see an economic slowdown ahead. It's clearer now that we are entering this phase. The risks have increased. At the same time, resource utilisation remains higher than normal and the responsible fiscal policy we have pursued over the past few years has created scope to handle this slowdown. Sweden is well equipped,” say Ms Andersson.

The economic situation in Sweden has improved in recent years and growth has been high. Resource utilisation in the Swedish economy is currently assessed as being higher than normal, i.e. the Swedish economy is still producing above its long-term capacity. However, the economy slowed during the first half of 2019. The international economic downturn is now having a clearer impact on Sweden.

The risks of weaker growth increased during the summer due to events around the world. The trade conflict between the US and China has escalated, and the risk of the UK leaving the EU without an agreement has increased. The circumstances surrounding the withdrawal are currently very uncertain. Political tensions in the Persian Gulf have increased.

The unemployment forecast remains unchanged since the Spring Fiscal Policy Bill, and labour force participation and the employment rate are expected to remain at record levels. This year, the proportion of people who are dependent on sickness insurance, unemployment insurance, introduction

benefit or income support is the lowest since 1981.

Sweden's public finances are strong. Today, the central government debt-to-GDP ratio in Sweden is the lowest since 1977, and public debt is low in an international perspective. Next year, the structural balance is estimated to amount to 0.2 per cent of GDP.

“To start pursuing a forcefully austere fiscal policy in this situation would not mean a balanced fiscal policy. In addition, Sweden is facing a number of social problems that we can only solve by building a stronger society. In the coming budget, the Government will therefore give priority to measures that help get more people into work, strengthen our welfare system, improve pensioners' finances, and improve the environment and produce climate adaptation that is fair and ambitious. We will also increase resources to safety and security, which has broad support in Swedish politics,” Ms Andersson concludes.



Government Offices of Sweden

Press release from Ministry of Finance

The Government presents the 2019 Spring Budget

Published 10 April 2019

Today the Government is presenting a spring amending budget and its guidelines for economic policy. The Spring Fiscal Policy Bill and the proposals in the Spring Amending Budget are based on the January Agreement, the policy agreement between the Swedish Social Democratic Party, the Centre Party, the Liberal Party and the Green Party.

“Using the January Agreement as the foundation, we are now building change that is sustainable over time. We want to create conditions for a society where cohesion and security go hand in hand with people’s freedom and opportunities, and the transition to a fossil-free welfare nation. This is how we will move Sweden forward,” says Minister for Finance Magdalena Andersson.

Sweden’s economy is strong

The economic situation has improved in Sweden in recent years and growth has been high. However, in recent times there have been several indicators to suggest that economic development has dropped somewhat, which suggests that growth will slow in 2019.

The surplus in public finances is expected to be lower this year than in 2018.

“To ensure long-term sustainable public finances, the fiscal policy framework agreement must be safeguarded. The measures we’re presenting in the Spring Budget are therefore financed krona for krona,” says Ms

Andersson.

Sweden's social problems must be solved

The Government has designed the Spring Budget based on the January Agreement. The Agreement contains reforms to get more people in work, strengthen the welfare system, enable the entire country to grow and ensure that Sweden is a fossil-free pioneer.

More people in work

Work is the most important prerequisite for earning a living and becoming established in society. A high level of employment is also the foundation of our common welfare system. The employment rate in Sweden is the highest in over 25 years and the highest in the EU. Despite this positive trend, there are still major problems in the labour market. The Government will therefore pursue a policy that prioritises jobs and promotes the business sector's sustainable transition and competitiveness. The threshold to the first job must be lowered. Around SEK 1.1 billion has been provided to the Spring Amending Budget, including for extending the reduction of employers' social security contributions for the first employee and equipping jobseekers to match employer needs.

Strengthened welfare system

Sweden will continue to be a leading welfare nation. A well-designed universal and tax-financed welfare system is important for improving people's living conditions and contributing to equity and gender equality. It also promotes good economic growth. The need for welfare services increases as the population grows, especially when there are more children and older people. The Government is therefore providing an additional SEK 0.9 billion for additional funds to the state assistance allowance and more teaching assistants in schools.

Growth throughout the country

Our policies must benefit the entire country. Rural and sparsely populated areas, as well as small and large urban areas, must be able to develop. The Government is therefore investing SEK 0.5 billion in the Spring Amending Budget for support to agriculture due to extreme weather and for broadband expansion.

Sweden a fossil-free pioneer

The overall objective of environmental policy is to be able to pass on to the next generation a society in which the major environmental problems have been solved. Sweden will lead the way in climate and environmental action. The Government is therefore strengthening its environmental and climate action by around SEK 2.0 billion, including by reinforcing both the Climate Leap and the Green Industry Leap.



Press release from Ministry of Finance

This year's reform scope is exhausted by the budget decided by Parliament

Published 01 April 2019

Minister for Finance Magdalena Andersson will today present the latest forecast for the economy and public finances.

“The Swedish economy is strong. We have a historically high level of employment and strong public finances. But the Riksdag’s decision on the budget last year means that taxes have been reduced by SEK 20 billion. This means that the scope for reforms is non-existent in the coming spring amending budget, so new investments need to be financed,” says Minister for Finance Magdalena Andersson.

The Swedish economy has been strengthened in recent years and growth has been high. However, in recent times there have been several indicators to suggest that economic development has dropped somewhat, which suggests that growth will slow in 2019. Growth is expected to amount to 1.6 per cent this year and in 2020.

The labour market remains strong and the forecast for unemployment has been reduced slightly, which is due to the strong outcome of the fourth quarter of 2018.

However, the United Kingdom’s withdrawal from the EU, US trade policy and uncertainty in the Swedish housing market mean that there is a risk of development being weaker than expected.

“But we are well prepared for any economic imbalances,” says Ms Andersson. “We had a surplus in public finances the whole of the last

electoral period and we paid off part of the national debt. The national debt decreased by approximately SEK 130 billion, giving us the lowest national debt since 1977,” she adds.



Press release from Ministry of Education and Research, Ministry of Finance

OECD raises gaps in new report

Published 29 March 2019

The OECD presents its new report on the Swedish economy today. In the report, the OECD notes that Sweden has a stable economy and strong state finances, but also points to problems with increasing income gaps and the need to reduce gaps in schools to improve school performance.

Stable economy

In its report, the OECD notes that Sweden has enjoyed positive growth and that unemployment has reduced. In the future, the OECD expects “continued robust growth”, however somewhat slower, as a result of labour shortages in many sectors.

The report establishes that fiscal policy in recent years has invested considerable resources in important areas, such as education, integration, health care, defence, and the environment and climate.

Essentially small gaps, but income from capital has had an impact

The OECD stresses that inequalities in Sweden are generally low and prosperity is high, and that increasing employment has resulted in reduced relative poverty. The Government’s increased child allowance and housing allowance have benefited the most disadvantaged households. However, the OECD believes that increasing capital income in recent years has made the gaps increase.

“Between 1995 and 2016, average capital income grew by almost 500 per

cent. In addition, capital incomes have become more unevenly distributed, where a very large percentage goes to a small group of people. Dealing with this is crucial to combating income gaps,” says Minister for Finance Magdalena Andersson.

An ambitious environment policy

The report also covers Sweden’s environment policy. The OECD establishes that “Sweden is a frontrunner in the fight against climate change and in greening the economy” and that “the government has stepped up efforts” by increasing environmental investments and setting clear objectives for reducing carbon emissions.

Problems

The report also raises a number of problems that are high on the Government’s agenda. Income gaps, imbalances in the housing market and an increase in gaps in schools are problems that the Government is working on and has been pursuing measures to remedy since 2014.

“An equitable school system that gives all children the same opportunities to grow and develop, regardless of how much money their parents have, is an absolutely fundamental issue for the Government. According to the OECD, our market-oriented school system impedes such a system. I hope that the report’s conclusions can lead to a constructive discussion on how we can create an equitable knowledge-based school system of equal quality,” says Minister for Education Anna Ekström.

The OECD also makes a number of recommendations in these and a number of other areas.



Government Offices of Sweden

Press release from Ministry of Education and Research, Ministry of Finance

Invitation to press conference and seminar on new OECD report

Published 27 March 2019

On 29 March, the Ministry of Finance will host a press conference and follow-up seminar to present the most recent OECD Economic Survey of Sweden. OECD Secretary-General Angel Gurría, Minister for Finance Magdalena Andersson, Minister for Education Anna Ekström and experts from the OECD and Sweden will take part in the seminar. Ms Andersson and Mr Gurría will hold a press conference before the seminar. The press conference and parts of the seminar will be held in English.

The OECD regularly reviews the economies of its member countries, focusing on structural issues and economic performance in the medium term. The aim is to discuss and give recommendations on key economic policy issues.

The in-depth chapter in this report deals with schools and how to improve learning outcomes and strengthen equity.

The OECD report will be published in connection with the press conference.

Time and venue for the press conference:

Date and time: 29 March 2019 at 09.15 (entry from 08.45)

Venue: Bella (Björnen). Entry via Rödbodgatan 6

Press credentials and registration required. To register for the press

conference, please contact Per Strängberg. The press conference will be webcast on www.regeringen.se.

Time and venue for the seminar:

Media are welcome to take part in the seminar, but the number of places is limited. Advance registration is required by 28 March at 15.00 via: fi.anmalan.oecd-seminarium@regeringskansliet.se.

Date and time: 29 March 2019 from 10.15–12.15 (registration from 09.45)

Venue: Ministry for Foreign Affairs International Press Centre, Fredsgatan 6

Note! Unfortunately, it is not possible to bring film equipment into the room. Please bring identification.



Government Offices of Sweden

Press release from Ministry of Finance

Doorstep with finance ministers Andersson and Le Maire

Published 04 February 2019

Today, Minister for Finance Magdalena Andersson will meet the French Minister of the Economy and Finance Bruno Le Maire, who is visiting Sweden. During the meeting, issues related to the spring meeting with the European finance ministers at the Economic and Financial Affairs Council will be discussed.

Tid: 4 februari 2019 at 15:15 to 15:20

Plats: Entrance via security at Rödbogatan 6.

A short doorstep in English with the two finance ministers will be held after the meeting.

Entry between 14.40 and 15.00. Press credentials and registration required. Due to a lack of time, there will be no possibility for individual interviews on this occasion.

For registration, please contact isabel.lundin@regeringskansliet.se



Government Offices of Sweden

Press release

The ministers' press contacts

Published 22 January 2019

Here are the contact details for the ministers' press secretaries.

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Government Offices of Sweden

Press release from Prime Minister's Office, Ministry of Culture, Ministry of Defence, Ministry of Education and Research, Ministry of Employment, Ministry of Enterprise and Innovation, Ministry of the Environment, Ministry of Finance, Ministry for Foreign Affairs, Ministry of Health and Social Affairs, Ministry of Justice, Government Offices

New state secretaries at the Government Offices

Published 22 January 2019

The Government today appointed 31 state secretaries at the Government Offices. Former state secretaries have been dismissed from their positions. Most of the state secretaries have previously held corresponding positions at the Government Offices.

Prime Minister's Office

The Government has appointed Nils Vikmång as the Prime Minister's State Secretary. The Government has also appointed Madeleine Harby Samuelsson and Karin Wallensteen as state secretaries to Prime Minister Stefan Löfven.

The Government has appointed Paula Carvalho Olovsson as State Secretary to Minister for EU Affairs Hans Dahlgren.

The Government has appointed Mats Andersson and Maria Ferm as state secretaries in the coordinating committee at the Prime Minister's Office.

Ministry of Employment

The Government has appointed Annika Dahl as State Secretary to Minister for Employment Ylva Johansson.

The Government has appointed Karin Strandås as State Secretary to Minister

for Gender Equality, with responsibility for anti-discrimination and anti-segregation, Åsa Lindhagen.

Ministry of Finance

The Government has appointed Max Elger and Leif Jacobsson as state secretaries to Minister for Finance Magdalena Andersson.

The Government has appointed Ulf Holm and Elin Olsson as state secretaries to Minister for Financial Markets and Housing, Deputy Minister for Finance, Per Bolund.

The Government has appointed Alejandro Firpo as State Secretary to Minister for Public Administration Ardan Shekarabi.

Ministry of Defence

The Government has appointed Jan-Olof Lind as State Secretary to Minister for Defence Peter Hultqvist.

Ministry of Infrastructure

The Government has appointed Mattias Landgren as State Secretary to Minister for Infrastructure Tomas Eneroth.

The Government has appointed Sebastian De Toro as State Secretary to Minister for Energy and Digital Development Anders Ygeman.

Ministry of Justice

The Government has appointed Catharina Espmark and Lars Westbratt as state secretaries to Minister for Justice and Migration Morgan Johansson.

The Government has appointed Elisabeth Backteman as State Secretary to Minister for Home Affairs Mikael Damberg.

Ministry of Culture

The Government has appointed Helene Öberg as State Secretary to Minister for Culture and Democracy, with responsibility for sport, Amanda Lind.

Ministry of the Environment

The Government has appointed Eva Svedling and Gunvor Ericson as state secretaries to Minister for Environment and Climate, and Deputy Prime Minister, Isabella Lövin.

Ministry of Enterprise and Innovation

The Government has appointed Stina Billinger and Emil Högberg as state secretaries to Minister for Enterprise and Innovation Ibrahim Baylan.

The Government has appointed Per Callenberg as State Secretary to Minister for Rural Affairs Jennie Nilsson.

Ministry of Health and Social Affairs

The Government has appointed Maja Fjaestad as State Secretary to Minister for Health and Social Affairs Lena Hallengren.

Ministry of Education and Research

The Government has appointed Erik Nilsson as State Secretary to Minister for Education Anna Ekström.

The Government has appointed Malin Cederfeldt Östberg as State Secretary to Minister for Higher Education and Research Matilda Ernkrans.

Ministry for Foreign Affairs

The Government has appointed Annika Söder as State Secretary for Foreign Affairs to Minister for Foreign Affairs Margot Wallström.

The Government has appointed Per Olsson Fridh as State Secretary to Minister for International Development Cooperation Peter Eriksson.

The Government has appointed Niklas Johansson as State Secretary to Minister for Foreign Trade, with responsibility for Nordic affairs, Ann Linde.



Press release from Ministry of Finance

Caretaker government presents Budget Bill for 2019

Published 15 November 2018 Updated 15 November 2018

Because no new government has taken office, the caretaker government is presenting the Budget Bill for 2019 to the Riksdag today. A caretaker government has limited powers. The budget being presented is based on previous decisions by the Riksdag and leaves scope for adjustments when a new government is formed. The budget also contains a proposal, supported by broad consensus in the Riksdag, that cannot be implemented in the ongoing fiscal year. This is a proposal to reduce the difference in taxation between pensioners and wage earners that was previously circulated for comment.

“This is a scaled-down budget without party-political direction that provides good conditions for a new government to propose amendments based on its policy direction,” says Minister for Finance Magdalena Andersson.

Principled process

This is the first time a caretaker government has presented a Budget Bill. Work on the budget has been based on the principles that the government, following contact with the Moderate Party, the Centre Party, the Left Party, the Christian Democrats and the Liberal Party, considers that the Riksdag can accept.

The caretaker government has used the adopted budget for 2018 as the basis for its budget work. As a result, the vast majority of the announced changes

for 2019 proposed by the government in the Budget Bill for 2018 are not included, such as the additional welfare billions for municipalities and county councils. A number of temporary initiatives will also be extended.

“This budget should not be considered a final product for 2019; a new government will want to set its stamp after taking office,” says Deputy Minister for Finance Per Bolund.

The principles established mean that adjustments have been made to appropriations in the current budget according to the following (compared with the levels that apply for 2018):

- Appropriations used for administrative and investment purposes will be recalculated as regards prices and wages in the usual manner. Appropriations regarding rule-governed transfer systems will be adjusted on the basis of macroeconomic developments and altered volumes (e.g. the number of people covered).
- Appropriations will be adjusted as a result of adopted acts and ordinances, international agreements, agreements binding under civil law or EU legal instruments.
- Appropriations will be adjusted if the Riksdag decides to move purposes and activities between expenditure areas.
- Appropriations will be adjusted if this is necessary to maintain vital societal functions.
- To ensure that activities based on an authorisation to place orders for the coming year are given the conditions to operate at the same level in 2019–2021, the appropriation levels for all years will be adjusted with regard to the level of expected realisation of the economic commitments for 2019.
- Legislative proposals that are politically uncontroversial and that cannot be implemented in the ongoing fiscal year will be included where there is political consensus on them.

Corresponding principles for proposals concerning central government revenue have been taken into account where appropriate.

Growth slightly above average and labour market stable

Following relatively high growth in 2018, GDP is expected to grow at a slower rate next year. Unemployment is expected to land at 6.4 per cent in

2018 and remain unchanged in 2019. The forecasts are less relevant for the fiscal year than usual, as a new government may present a more comprehensive amending budget for 2019 than is normally the case.

Public finances in line with surplus target

The Riksdag has established that the level of the surplus target is to amount to a third of a per cent of GDP on average over a business cycle from next year. In the Budget Bill, the government considers that structural net lending in 2019 is compatible with the new level for the surplus target.



Press release from Ministry of Finance

Principles for a caretaker government's Budget Bill

Published 31 October 2018

Sweden is being governed by a caretaker government. Under Swedish law, a Budget Bill must be submitted by 15 November. Unless a new government takes office soon, the caretaker government will submit a Budget Bill. The Government will outline the principles that guide work on the Budget Bill at a press seminar today.

“Sweden must have a central government budget. No caretaker government has previously submitted a Budget Bill. The Government is therefore trying to establish good practice that will enable a new government to shape its own economic policy,” says Magdalena Andersson.

The Instrument of Government, the Riksdag Act and the Budget Act contain provisions on the Budget Bill and its contents. These also apply to a Budget Bill submitted by a caretaker government.

A memorandum from the Prime Minister's Office contains certain guidelines on a caretaker government's powers, which have been used in examining previous caretaker governments.¹ According to the guidelines, a caretaker government should only take decisions on ongoing or urgent matters and not submit government bills that are politically controversial or have a clear party political direction. In addition, the Instrument of Government makes clear that the most recently adopted budget will continue to apply if the Riksdag has not adopted a new budget.

In light of this, special principles have been developed for the design of this bill.

The Government has considered that the budget for 2019 should be designed based on the budget adopted for 2018, with the following general adjustments:

- Appropriations used for administrative and investment purposes will be recalculated as regards price and wages in the usual manner. Appropriations regarding rule-governed transfer systems will be adjusted on the basis of macroeconomic developments and altered volumes (such as the number of people covered).
- Appropriations will be adjusted as a result of adopted acts and ordinances, international agreements, agreements binding under civil law or EU legal instruments.
- Appropriations will be adjusted if the Riksdag decides to move purposes and activities between expenditure areas.
- Appropriations will be adjusted if this is needed to maintain vital societal functions.
- To ensure that activities based on an authorisation to place orders for the coming year are given the conditions to operate at the same level in 2019–2021, the appropriation levels for all years will be adjusted with regard to the level of expected realisation of the economic commitments for 2019.
- Legislative proposals that are politically uncontroversial and that cannot be implemented during the ongoing fiscal year will be included where there is political consensus on them.

Consideration will be given to corresponding principles on the revenue side where applicable.

If the Budget Bill is submitted by a caretaker government on 15 November, a new government will be able to propose adjustments and supplements to the central government budget in an amending budget next year.

¹The Prime Minister's Office's memorandum En övergångsregerings befogenheter (The powers of a caretaker government), SB PM 1990:1, revised 7 July 2014



Press release from Ministry of Finance

Prioritisation will be necessary in next electoral period

Published 16 August 2018

Minister for Finance Magdalena Andersson today presented the latest economic forecast from the Ministry of Finance and the focus of the budget during the Government's discussions at Harpsund.

"Sweden is in an entirely different position compared with four years ago. Unemployment has been pushed back, with 300 000 more people in work, we have good growth, and major deficits have been turned into surpluses. We have saved SEK 166 billion and paid off national debt, which will reach its lowest level this year since 1977. We have equipped ourselves – both to encounter a weaker situation and to tackle the major tasks that lie ahead. In the next electoral period we will have to prioritise. Dealing with climate change and the fact that Sweden will have 300 000 more older people over the next decade will require major resources. So we cannot afford major tax cuts for those who earn the most," says Minister for Finance Ms Andersson.

Strengthened economy and stable public finances

Compared with the last forecast, growth for the current year has been revised upwards by 0.3 percentage points to 2.9 per cent, primarily because GDP growth turned out stronger than expected in the second quarter.

Unemployment is still expected to fall further during the forecast period, to 6.1 per cent. The employment rate remains at its highest level since the early 1990s, and both the employment rate and labour force participation have been revised upwards since the last forecast. The proportion of people who are dependent on sickness insurance, unemployment insurance, introduction benefit or income support is the lowest since 1981 and is expected to

continue to fall.

General government net lending has been revised upwards by approximately SEK 10 billion, both for this year and next year.

Focus of the budget for 2019

"In the budget for 2018 we included major reforms, which will be further stepped up in 2019. We continue to take steps to abolish the unfair tax on pensions, and we are making major climate investments and investing SEK 1 billion to reduce disparities in schools," concludes Ms Andersson.



Government Offices of Sweden

Press release from Ministry of Finance

Welfare needs rise as we live longer

Published 21 June 2018

Today the Ministry of Finance presents its latest forecast for the economy and public finances, along with a new analysis of future demographic needs.

"Sweden is undergoing a demographic shift, as we are living longer and having more children. By 2026, we will need to have built more than 2 000 preschools, schools and homes for older people. We need to employ more than 150 000 additional welfare sector workers. This will be the major task of the coming electoral period. So we cannot afford to cut taxes for those who earn the most," says Minister for Finance Magdalena Andersson.

The expected growth rate this year is 2.6, slowing next year to 2.1 per cent. The unemployment forecast remains unchanged from the forecast in the Spring Fiscal Policy Bill and unemployment is expected to continue to fall. At the same time, the employment rate continues to be the highest in more than 25 years. Net lending is expected to be 0.7 percentage points this year, which is slightly lower than in the previous forecast. This is mainly due to a transfer of contributions to the EU between 2017 and 2018 for accounting purposes.

The risk of weaker-than-expected growth has increased. In addition to increased US protectionism, political uncertainty and the risk of a hard landing in China, the risk related to household indebtedness and Swedish housing prices remains.

"That's why it's so important that the Government has reduced the central government debt as a percentage of GDP by ten percentage points. This is the best insurance against a weaker position," Ms Andersson concludes.



Press release from Ministry of Finance

The 2018 Spring Budget: Building our society – a secure and sustainable Sweden

Published 16 April 2018 Updated 16 April 2018

The Government is today presenting a spring amending budget and guidelines for economic policy, including new economic forecasts. Public finances show a surplus. Sweden's economy is strong, employment is at record levels and unemployment is falling.

"We have taken Sweden in a new direction. Investments in jobs, health care, schools and the climate have borne fruit. The Government is now making additional investments for a secure and sustainable Sweden," says Minister for Finance Magdalena Andersson.

The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.

Sweden's economy continues to perform strongly

The Swedish model continues to deliver results. Since 2014, Sweden has had higher growth than most comparable countries, and growth is expected to remain high in 2018. Employment has increased, with 250 000 more people in jobs during the same period, and the employment rate, (the proportion of the population in employment) is at its highest level in more than 25 years. Moreover, Sweden has the highest employment rate ever measured in an EU country. Youth unemployment is at its lowest level since 2003. The demand for labour will remain strong and unemployment is expected to continue to fall to 6.2 per cent in 2018.

Public finances have shown a surplus since 2015 and are expected to continue to do so in the coming years. The surplus is expected to amount to approximately 1 per cent of GDP in both 2018 and 2019, and then increase up to and including 2021.

"We expect to see increasing needs in the welfare system in the coming years, as we are living longer and more children are being born. This will be the major task of the next electoral period. That is why the Government is giving higher priority to investments in increased security for a Sweden that stands together than to major tax cuts for the richest," says Ms Andersson.

Guidelines for economic and budget policy

More people in work

Despite positive trends, major challenges remain in the labour market. The Government is therefore continuing to pursue its broad jobs agenda, including measures for more and easier paths to jobs, an adult education initiative to ensure that those looking for work have the right skills, measures to secure growth throughout the country, and investments in the climate, welfare, infrastructure and housing. The Government is therefore providing an additional sum of around SEK 0.4 billion in the spring amending budget for initiatives such as Swedish language training and summer jobs for young people.

Sweden must have equitable knowledge-based education

After a long period of weaker learning outcomes, the performance of Swedish pupils is now improving in international assessments. At the same time, the Government believes there is excessive inequality in the education system, and wants to continue initiatives to ensure that learning outcomes continue to improve and inequality decreases.

Sweden will be a fossil-free welfare nation

The Government does not want our environmental problems to be handed down to future generations to deal with. It is possible to combine reduced greenhouse gas emissions with economic development, and the goal is for Sweden to be the world's first fossil-free welfare nation. By taking responsibility for our climate impacts at home, we are demonstrating leadership to countries around the world. The green transition will also

generate new jobs. The Government is therefore continuing its efforts to ensure that Sweden has net zero greenhouse gas emissions by 2045, and that it achieves its environmental objectives and secures a more sustainable energy system. This year the spring amending budget is already allocating an additional SEK 0.5 billion for subsidies to reduce methane emissions and for solar cells, etc.

Welfare system will be strengthened

A well-functioning welfare system promotes good economic growth and contributes to greater security, equality and gender equality. Today there are more than 100 000 people working in the welfare sector than when the Government took office. But more needs to be done. In the coming decade, at least 200 000 more people will need to be employed in the sector. In the amending budget for 2018 the Government is already allocating some SEK 1.5 billion in additional funds to the welfare system, for enhanced access to health and medical care and increased security for elderly people, etc. High employment, good schools and a universal welfare system are the foundation of a secure society.

Sweden must be safe

Concerted efforts are necessary to uphold security and democracy. Major investments have been made to ensure more and better-equipped police officers in the fight against crime and ensure terrorism is combated and our defence is reinforced. The work has begun, but the Government believes more needs to be done. Therefore, an additional sum of around SEK 0.3 billion has been allocated in the 2018 spring amending budget to the Swedish Police Authority and Swedish Customs, among others.



Press release from Ministry of Finance

Government submits written communication on new fiscal policy framework

Published 12 April 2018 Updated 12 April 2018

The Government has now submitted a written communication to the Riksdag on the new fiscal policy framework. The Government's account of how it intends to apply the framework helps to strengthen confidence in developing and reporting on fiscal policy. It improves the conditions for ensuring that fiscal policy has the intended effect.

The fiscal policy framework comprises various parts related to fiscal policy and methods for follow-up, evaluation and transparency. In June 2016, a cross-party agreement was concluded on changes to the fiscal policy framework. These changes were presented by a cross-party committee of inquiry in autumn 2016.

As a result of the agreement, the surplus target was changed beginning with the budget work for 2019 from 1 per cent to one third of a per cent of GDP on average over a business cycle. A debt anchor of 35 per cent of GDP for the Maastricht debt was also introduced.

The written communication that the Government submitted to the Riksdag on 12 April contains a cohesive description of the framework.

About the fiscal policy framework

The budget policy objectives for fiscal policy are a central part of the fiscal policy framework and consist of:

- a surplus target for the entire general government sector,
- a central government expenditure ceiling,
- the requirement for the local government sector to maintain balanced budgets, and
- a debt anchor of 35 per cent of GDP for the Maastricht debt.

These objectives, together with a disciplined central government budget process, external monitoring and transparency, comprise the central parts of the fiscal policy framework.



Government Offices of Sweden

Press release from Ministry of Finance

Sweden's economy continues to perform well

Published 21 February 2018

The Ministry of Finance is today presenting the latest forecast for the economy and public finances.

"Our forecasts for growth and unemployment remain largely unchanged, but public finances are expected to be somewhat stronger than they were in the last forecast," says Minister for Finance Magdalena Andersson.

Growth is expected to be 2.8 per cent this year, to then slow to 2.2 per cent next year. The unemployment forecast remains unchanged and unemployment is expected to continue to fall, at the same time as the employment rate continues to be the highest in over 25 years.

Public finances are estimated to be somewhat stronger, both this year and next, than forecast in December. This upward revision is primarily due to reduced government expenditure, but also because tax revenues are considered to be growing slightly faster.

The risk of growth being weaker than expected is substantial, however. In addition to the risk of a more dramatic slowdown in China, political uncertainty surrounds Brexit and the United States, coupled with recent financial unease and volatile housing prices.

"This is why it is so important that the Government has turned a deficit into a surplus during this electoral period, at the same time as the national debt has fallen substantially and unemployment has been pushed back. Sweden is thus well equipped to tackle both social problems and any economic imbalances," says Ms Andersson.



Press release from Ministry of Finance

Continued economic upswing next year

Published 19 December 2017

Today the Ministry of Finance is presenting the latest forecast for the economy and public finances. The employment rate and labour force participation have been revised upwards and growth continues to gain strength.

"Our GDP forecast for this year remains unchanged. For next year, we have revised the forecast for growth slightly upwards, mainly because global growth is expected to be stronger, which will benefit Swedish exports," says Minister for Finance Magdalena Andersson.

Ms Andersson is also presenting an analysis of the Swedish housing market. Prices have been dampened in the past three months, partially due to an increase in supply. It is difficult to predict how extensive the decline will be. There are, however, some underlying factors that indicate a robust increase in demand, such as high consumer confidence, stable income growth and the fact that there is still a large housing shortage, especially in certain segments.

The GDP forecast for 2017 remains unchanged. On the other hand, last year's GDP has proved to be stronger than in the previous forecasts, which means a decrease in the difference between the years. For next year, the GDP level has been revised upwards. Growth is broad-based, with household consumption, investments and exports continuing to increase steadily. Next year, the forecast for exports in particular has been revised upwards, due to a stronger international situation.

Unemployment is expected to fall to 6.1 per cent next year, while the employment rate and labour force participation have been revised upwards

for everyone in 2018–2020.

"We have not seen such a large proportion of employed people aged 20–64 since 1992. At the same time, we see that next year, the proportion of people dependent on unemployment insurance, introduction benefits or other support is expected to be the lowest since 1981," says Minister for Finance Magdalena Andersson.

Since the Budget Bill was presented, the forecast for net lending is virtually unchanged and remains at 1 per cent of GDP for the next few years.

The trend towards increasing income gaps appears to have been broken, and the forecast for next year suggests that in Sweden the gaps will decrease, which is a result of the policies pursued by the Government.



Press release from Ministry of Finance

Budget Bill for 2018: Building our society – investing for the future

Published 20 September 2017

The Budget Bill for 2018 that was presented to the Riksdag today proposes vigorous reforms so that Sweden's new economic strength benefits everyone, while the Government is also able to pay off national debt. The Bill is based on an agreement between the government parties and the Left Party.

"Sweden and the Swedish economy are in a strong position. Deficits have been turned into substantial surpluses. This new economic situation will be used to strengthen economic equality and combat unemployment. The society we build together will be made future-proof. In this way we create confidence in the future, hope and security," says Minister for Finance Magdalena Andersson.

Sweden's economy continues to perform strongly and the country's growth rate is among the highest in Europe. The employment rate is rising rapidly and is now the highest in 25 years and the highest ever measured in the EU. Unemployment is decreasing and will continue to do so next year as well. In 2018, unemployment is expected to be under 6 per cent.

Public finances are strong and have shown a surplus every year since the Government took office, at the same time as we have made important investments in the welfare system. The national debt has decreased and, as a percentage of GDP, is back on the same level as 1977. Public finances are expected to continue to show a surplus over the next few years. In 2018, the surplus is estimated at 0.9 per cent of GDP, to then increase until 2020.

"There is now scope to implement extensive reforms and still achieve the

surplus target for public finances. Sweden's economic success must benefit everyone, throughout the country. With extremely strong finances and an increasing number of people in work, the Government can now move ahead with vigorous investments for more people in work, reduced disparities in schools, more extensive climate action and increased welfare and security, at the same time as we pay off national debt," says Ms Andersson.

More people in work

The objective is for Sweden to have the lowest unemployment in the EU by 2020. Over 200 000 more people have a job to go to than before this Government took office, but more needs to be done. This particularly applies to those who have not completed upper secondary school or were born outside Europe. The Government therefore proposes consolidating and simplifying employment support and special measures, for example an education obligation, so that new arrivals can find work. The Government is also presenting a number of reforms to stimulate small and growing businesses. And work to ensure growth throughout the country will continue with measures concerning railway traffic, road maintenance and public transport, as well measures to ensure state presence throughout the country.

Sweden must have equitable knowledge-based education

Inequalities in the school system must be remedied so that pupils can learn more. All schools must be good schools. The Government has already invested more than SEK 11 billion in more equitable knowledge-based education in 2017, and 20 000 more people have been employed in schools since the Government took office. But to achieve the Government's goal of equitable knowledge-based education, more must be done. The Government therefore proposes an initiative amounting to SEK 1 billion to reduce disparities in schools. The Government will also continue to work for early intervention and to make the teaching profession more attractive. In addition, it is proposed that compulsory school attendance be extended.

Sweden will be a fossil-free welfare nation

Sweden will be one of the world's first fossil-free welfare nations. This is why the Government has made the largest investments in climate and environment in Sweden's history. Sweden is now closer to achieving

Sweden's climate target for 2020 through domestic measures alone. The Government is now further strengthening climate and environmental efforts through major investments in clean seas, protection of drinking water and dynamic and toxin-free urban environments, and measures to promote fossil-free travel and transport. The Government also proposes strengthening the Climate Leap at the same time as a Green Industry Leap is introduced, i.e. support for innovative projects and new technologies to reduce emissions of greenhouse gases. In addition, the Government proposes several tax amendments to reduce emissions from the road transport sector and aviation.

Welfare system must be strengthened

Sweden will be a leading welfare nation. Everyone must contribute, and everyone will share in the growing prosperity. The Government has implemented extensive initiatives in the welfare system. The work continues in this budget, and the Government is announcing an additional increase of the general government grants to local government in 2019. In addition to the general grants, the Government proposes increased targeted grants to county councils to shorten queues and improve coordination and the staffing situation. Maternity services will receive an additional SEK 1 billion next year, and major investments will be made in psychiatry and primary care. All told, health care services will receive an additional SEK 5.5 billion next year. That is the biggest health care investment in modern times.

In all, these investments mean that during this electoral period, the Government has strengthened the welfare system by more than SEK 35 billion in 2018. The Government also proposes raising child allowance, and that the tax gap between pensions and wages be gradually phased out between 2018 and 2020.

Sweden must be secure

Sweden must be a country in which everyone is secure and safe, regardless of where they live. This is why the Government is proposing that additional funds be allocated to the Swedish Police Authority, the Swedish Security Service, SOS Alarm and the Swedish Prison and Probation Service. Honour-related violence must be combated. The Government also proposes extensively strengthening the total defence's capabilities and allocating the largest increase in over a decade to Swedish Customs to stop illicit trade in drugs and weapons.

More equitable distribution

This government bill is projected, on average, to increase earnings in all income groups. The reforms are expected to have the greatest effect in groups with the lowest income and so even out the differences. In addition, women will benefit more than men, which will strengthen economic equality between women and men.



Press release from Ministry of Finance

Sweden in new economic situation

Published 24 August 2017

Minister for Finance Magdalena Andersson today presented the Government's latest economic forecast and the focus of the autumn budget during the Government's discussions at Harpsund. The Government's reforms will reduce unemployment next year.

"Sweden is in a new economic situation. We have turned a large deficit to surplus by replacing unfunded tax cuts and cutbacks with joint investments. Sweden's new economic strength will benefit everyone. More people will have jobs and there will be greater security. The strength of public finances will be used to help build our society by employing assistant nurses, child minders, teachers and police officers," says Minister for Finance Magdalena Andersson.

Increased economic growth

Compared with the previous forecast, economic growth for the current year is revised up by 0.6 percentage points to 3.1 per cent. The growth is broad-based, with a continued steady increase in household consumption, investment and exports. Investment in housing construction has shown particularly strong growth.

"Analyses from the National Institute of Economic Research show that the best way to quickly increase economic growth and create new jobs is through initiatives in the welfare system and public sector investment. Our fiscal policy is estimated to have improved growth by approximately half a percentage point per year in 2015–2017," says Ms Andersson.

Government's reforms will reduce unemployment next year

Unemployment is expected to fall further next year to 5.9 per cent. The downward revision is primarily due to the fact that most of the policies that will be presented in the coming Budget Bill are now included. This causes unemployment to be revised down by around 0.4 percentage points next year compared to the spring Budget Bill 2017. The total downward revision of unemployment since this spring is 0.5 percentage points.

"Unemployment shall continue to fall. Everyone who can work should" says Ms Andersson.

The employment rate for the 20–64 age group remains at the highest level since 1992 and the forecast for next year has been revised upwards. The proportion of people who are dependent on sickness insurance, disability pension, unemployment insurance, introduction benefits or income support is the lowest since the early 1990s and is expected to continue to fall.

Strong public finances

General government net lending is higher than what we were able to present in the Spring Fiscal Policy Bill, both for this year and next year. The preliminary reforms are included in this calculation.

"Many people probably expected that we would go down to the new surplus target of 0.33 per cent next year. But that would not be prudent, considering the economic situation – it is important to safeguard public finances," says Ms Andersson.

Focus of the Budget Bill

"The Government's priorities ahead of the autumn budget are clear. Sweden's economic strength must benefit everyone. We will invest in the future, in our children's schools and climate adaptation. More people must have jobs and security must increase. This is more important than unfair tax cuts," Ms Andersson concludes.



Press release from Ministry of Finance

More older people and children in the coming decade means increased needs for schools, health and social care

Published 28 June 2017

Today the Ministry of Finance presents the latest forecast for the economy and public finances, along with an analysis of future demographic needs. By 2025 the number of children and older people in Sweden will have increased significantly, resulting in a greater need for public welfare services. Resources for these services will also increase. The forecast for net lending has been revised sharply upwards both for this year and for the coming years.

"Our tight fiscal policy has put us in a new economic position. We will use this strong position to employ health and social care professionals, preschool staff, teachers and police officers," says Minister for Finance Magdalena Andersson.

Both children and older people are fast-growing groups; by 2025 there will be 300 000 more children (up to 19 years) and 300 000 more people over the age of 70. The growing number of children is mainly due to the large cohorts born around 1990 reaching child-bearing age. Over the last two decades, average life expectancy has increased by more than three years and is expected to continue to increase by more than one year by 2025. This is a very positive trend, but children and older people are also those who most need public services such as health care, schools and social services.

In 2017, the Government will invest almost SEK 30 billion more in welfare compared with 2014. For the coming year, the Government has so far presented a further SEK 5 billion that will go to health care, schools and social services.

"Although we have invested substantially in welfare services, we need to invest even more. I will always stand up to protect Swedish welfare. And the scope exists," says Ms Andersson.

Since the Spring Fiscal Policy Bill, the forecast for net lending has been revised upwards. With an upward revision of SEK 25 billion, this year's net lending remains at the same level as in 2016 and in line with the surplus target of 1 per cent of GDP. In total for the 2017–2020 forecast period, net lending has been revised upwards by SEK 85 billion. This revision is due to both higher revenues, mainly from capital and value added tax, and lower expenditure.

Unemployment is expected to fall further next year to 6.3 per cent and the employment rate has been revised upwards for all age groups. For the 20–64 age group, the employment rate is now at its highest level since 1992. The proportion of people dependent on sickness insurance, disability pension, unemployment insurance, introduction benefits or income support is the lowest since the start of the 1990s.

The forecast shows a growth rate of 2.5 per cent this year. This is a higher rate than in most comparable countries. Growth is broad-based, with a continued steady increase in household consumption, investment and exports.



Government Offices of Sweden

Press release from Ministry of Finance

The 2017 Spring Budget: Building our society – for security and a sustainable future

Published 18 April 2017 Updated 18 April 2017

On 7 April 2017, Sweden suffered a horrific attack. It was an attack not only against those directly affected, but an attack against all of us. The attack aimed to undermine our open and democratic society. This will never happen. Sweden will stand together. We will continue building our society – a society characterised by resolve, trust and confidence in the future. Policy work for a better and stronger society continues, and today the Government is presenting a spring amending budget and guidelines for economic policy, including new economic forecasts. The public finances are in surplus for each year of this electoral period. Sweden's economy is strong, employment is at record levels and unemployment is falling.

The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.

"By pursuing a responsible fiscal policy since taking office, we have succeeded in bringing the huge public finance deficit we inherited back to surplus each year of this electoral period. This has placed us in an entirely new position and offers us new opportunities to meet social challenges. The

Swedish model can continue to deliver," says Minister for Finance Magdalena Andersson.

Sweden's economy continues to perform strongly

Swedish growth is also expected to be high in 2017, forecast at 2.9 per cent (in calendar-adjusted terms). This is a higher growth rate than the forecast for comparable countries in Europe, and higher than what is expected in Finland, Denmark and Norway.

Growth is broad-based and driven by higher exports, increased private investments – primarily in housing construction – and increased consumption, both private and public.

Unemployment has fallen considerably since 2014 and is expected to continue to fall over the next few years. The employment rate of people aged 20–64 is now the highest ever recorded in the EU. Youth unemployment is the lowest in 13 years and long-term unemployment has fallen; Sweden now has the lowest long-term unemployment rate in the EU, together with Denmark.

A responsible fiscal policy and good employment growth brought the public finances back into surplus in both 2015 and 2016, and reduced the national debt. In 2014 the deficit was more than SEK 60 billion; by 2016 net lending had increased by SEK 100 billion and the surplus amounted to SEK 40 billion.

Measures in the spring amending budget for 2017

Since the Budget Bill for 2017 was presented to the Riksdag, events in Sweden and around the world have created the need for more measures to be taken as early as this year.

Increased security and safety

The Swedish Police Authority needs an injection of funds beginning this year in view of the major challenges it is facing. With the proposed injection of SEK 700 million, the Authority will, among other things, be able to further increase the number of employees.

In light of the deteriorating security situation, the Government and the other

parties to the defence agreement see a need to strengthen total defence starting as early as this year. Total defence will receive a further SEK 500 million.

Higher-quality schools and welfare

In the spring amending budget SEK 500 million will be allocated this year to schools with the greatest needs. The upper secondary Introduction Programme will receive SEK 150 million.

The need for mental health and social support services for children and young people has proven to be greater than previously assessed; an additional SEK 250 million has therefore been allocated to this area this year.

Maternity services are under extreme pressure. For this reason, the previous investment will be increased by SEK 500 million this year.

More rapid transition to a climate-resilient society

It is proposed that the Climate Leap, which co-finances charging stations, biogas plants and other climate investments throughout Sweden, be allocated SEK 500 million as the current pressure of demand points to the need for additional funds this year.

Guidelines for economic and budget policy

Unemployment must continue to fall

The Government's jobs agenda consists of investments in upskilling and an active labour market policy, investments in housing and infrastructure, and an active industrial policy. In addition, more employees are needed in the welfare sector. Strengthening schools, health care and the police also creates more jobs. The objective of achieving the lowest unemployment rate in the EU by 2020 guides economic policy.

Learning outcomes in schools must continue to improve

The Government's objective is equitable knowledge-based education for all pupils. The welfare billions support the municipalities but so do the Government's investments in, for example, smaller classes, the reading-

writing-arithmetic guarantee, and higher teacher salaries. Including the spring amending budget, the Government's total targeted investments in education amount to SEK 11 billion this year alone.

Sweden will be a leader in the transition to a climate-resilient world

The climate policy framework will guide the climate actions of this and future governments. The impact of environmental taxes will increase and promote more climate-smart transport and energy forms. Sweden will become one of the world's first fossil-free welfare nations. The transition also leads to more jobs, when investments are made in railways and trains and when Sweden's environmental technology exports increase. The Climate Leap will involve the entire country in reducing climate emissions to ensure that we achieve the national emissions target by 2020.

Sweden must be secure

Sweden must be a secure country. Society must therefore stand up to crime through law enforcement, crime prevention and the prosecution of those individuals who commit crimes. Penalties for serious criminal offences have been increased and the police have received more resources. The Swedish Police Authority has received funding to continue bringing more police officers closer to citizens. Increased police presence is essential. We must be tough on both crime and the causes of crime.



Press release from Ministry of Finance, Ministry for Foreign Affairs

Magdalena Andersson and Isabella Lövin to attend Spring Meetings of World Bank and IMF in Washington

Published 13 April 2017 Updated 13 April 2017

Minister for Finance Magdalena Andersson and Minister for International Development Cooperation and Climate, and Deputy Prime Minister, Isabella Lövin will attend the Spring Meetings of the World Bank Group and the International Monetary Fund (IMF) on 20–23 April in Washington D.C. The main themes of the meetings are the state of the global economy, inclusive growth, and the future role and resources of the World Bank.

The Spring Meeting of the IMF will address the state of the global economy and the measures that should be taken by the IMF and its Member Countries to strengthen recovery. Ms Andersson will take part in the discussions between finance ministers and heads of central banks, the subjects of which will include how to promote issues linked to inclusive growth.

The Spring Meeting of the World Bank Group will focus on the Group's role as a development financier, the question of Member Countries' influence in the Group, and the need to strengthen financial capacity.

In connection with the Spring Meetings, Ms Andersson will host an event on inclusive growth, with a panel discussion on how to turn words into action in the promotion of inclusive growth. She will also deliver an introductory address – alongside Canadian Minister of Finance Bill Morneau – at a

seminar on promoting gender equality in access to financial services.

Events attended by Ms Lövin will include a meeting on how climate efforts can be stepped up, also attended by World Bank President Jim Yong Kim and others. She will also co-host a round-table discussion, together with the World Bank, on support for the development of social security systems. Ms Lövin will also take part in a panel discussion on the refugee situation with United Nations High Commissioner for Refugees Filippo Grandi and World Bank CEO Kristalina Georgieva, and in meetings about the acute and serious famines in Africa and Yemen.

In connection with the Spring Meetings, Ms Lövin and the Embassy of Sweden in Washington will host a seminar on climate-smart growth and the role of the private sector in climate change adaptation. Seminar participants will include Honorary Chair of the Global Commission on the Economy and Climate and former President of Mexico Felipe Calderón, representatives of the World Resources Institute and the Haga Initiative and several business executives.



Press release from Prime Minister's Office, Ministry of Finance

Smaller EU budget and Sweden's contribution must be kept down – the Government's general priorities ahead of the upcoming EU budget negotiations

Published 27 March 2017

The EU's new budget must be smaller than the current one and Sweden's contribution must be kept down. Money should go to common areas such as migration and security rather than to agricultural aid, and payments to Member States must be subject to the condition that joint decisions in the area of migration are followed. This is the Government's position ahead of the upcoming EU budget negotiations that was presented by Prime Minister Stefan Löfven and Minister for Finance Magdalena Andersson today.

“We need a modern and efficient EU budget in the future. A budget in which money goes to the right things and where there are consequences for not taking responsibility and following EU decisions,” says Prime Minister Stefan Löfven.

When the United Kingdom leaves the EU, a major contributor to the EU budget will disappear. This will have major consequences for both the budget that applies now and future negotiations on a new budget.

The EU budget is governed by a multiannual financial framework, known as

the long-term budget. The current framework applies for the period 2014–2020. A proposal for a new long-term budget from 2021 is expected to be presented at the end of this year, or early next year.

Work on a new long-term budget has already begun, and today the Government is presenting its overarching positions ahead of the coming budget negotiations.

- When the UK's contribution disappears, the budget will have to be reduced by the corresponding amount. The Government wants to set an expenditure ceiling that does not exceed 1 per cent of the EU's GNI.
- Sweden's contribution must be kept down. We want to do this primarily by reducing the budget but also by defending the proportion we pay ourselves.
- The Government wants to see a modern budget with reprioritisations that benefit common measures, such as security, migration, competitiveness, research and climate change adaptation. This is done through reduced appropriations for agricultural support and structural funds.
- There must be a price for not taking responsibility. Countries that do not take their responsibility when it comes to migration policy should not be able to have access to support from the EU in the same way as is currently the case. All Member States must stand up for our shared values and joint decisions. The EU brings with it both benefits and obligations.
- The Government wants to see more effective control of how EU funding is used. With a reduced budget it will be even more important to ensure that the money is used in the right way.

“It is important that the budget is reduced when the British leave the EU. It is not reasonable that we, and other Member States, should have to pay more; we must keep Sweden's EU contribution down,” says Ms Andersson.

Sweden will take a proactive role in the coming budget negotiations and has already initiated a dialogue with the European Commission on Sweden's priorities.



Press release from Ministry of Finance

Government proposes strengthening Riksbank's financial independence

Published 17 March 2017

The Ministry of Finance today submitted a proposal that would strengthen the financial independence of the Riksbank by setting down in law a targeted level for its capital. The proposal also contains rules on how the Riksbank is to be recapitalised and how dividends to the State may be paid. In addition, it clarifies that borrowing in advance for the foreign exchange reserve may only be done if there are exceptional grounds. This proposal is in line with the Committee on Finance's report from June 2016 which had the support of all parties represented in the Riksdag.

The Ministry of Finance today submitted a proposal under which the Riksbank will only distribute money to the State if its own capital exceeds SEK 60 billion. The level will be adjusted upwards according to inflation to ensure that, in the future, the Riksbank is not dependent on appropriations from the Riksdag. The capital can be invested so that the Riksbank can cover its costs by a comfortable margin, which will strengthen the Riksbank's independence.

"The issue of the Riksbank's financial independence has been unresolved for nearly two decades, and has been examined several times. I am pleased that now, with broad support in the Riksdag, we can present a proposal that remedies this," says Minister for Finance Magdalena Andersson.

The memorandum also contains proposals on rules for how borrowing for the foreign exchange reserve may be done. The role of the foreign exchange reserve has decreased over time, as Sweden has long had a floating exchange rate. However, in crisis situations the need may arise to provide the financial markets with liquidity in foreign currency. The Riksbank must then be able to borrow foreign exchange via the Swedish National Debt Office. On the other hand, the Riksbank will not have unconditional drawing rights for the purpose of increasing its foreign exchange reserve.

"The size of Sweden's national debt is decided by the Swedish Riksdag. This proposal means that the Riksbank must repay currency loans corresponding to five per cent of Sweden's GDP," says Minister for Financial Markets Per Bolund.

As the government bonds issued to finance the foreign exchange reserve mature, the foreign assets will be sold. This means that taxpayers' costs for the national debt will decrease by about SEK 500 million annually. Upon maturity, the Swedish national debt will decrease by 20 per cent over time.



Press release from Ministry of Finance

Sweden praised in new OECD report

Published 08 February 2017 Updated 08 February 2017

OECD Secretary-General Mr Angel Gurría has today presented their report on Sweden's economic situation. This time a special focus is on equality and gender equality. The OECD also expresses clear support for the Government's fiscal policy. The report is part of the OECD's regular review of the economies of its member countries.

The OECD has studied a number of areas. It concludes that the economy is growing strongly due to an expanding labour force, rising investments and a recent pick-up in Swedish productivity. The OECD underlines that the Government is right in accommodating temporary immigration-related costs without compensating by implementing temporary tax increases or welfare cutbacks. The Government should "continue to pursue a prudent fiscal policy, while accommodating temporary immigration-related spending to facilitate integration."

"We now have another international institution confirming that the Government's fiscal policy is well balanced. Most recently it was the IMF and now it's the OECD. This is very positive," says Minister for Finance Magdalena Andersson.

The OECD reports that unemployment is falling although it is still relatively high for some vulnerable groups in the labour market. It states that the rise in income inequality we are seeing in Sweden needs to be contained, and proposes reforms in housing, wage subsidies and integration, along with a more systematic approach to uprating social benefits. It also considers that gender equality can be further enhanced, including through more evenly

shared parental insurance.

Meanwhile, the OECD notes that Sweden scores higher than the OECD average on all sub-components of the OECD's Better Life Index and stands out most clearly when it comes to environmental quality, health, civic engagement and governance, and work and life balance.

The OECD also wants to see more measures to address housing-market risks.



Government Offices of Sweden

Press release from Prime Minister's Office, Ministry of Finance

Prime Minister Stefan Löfven attends World Economic Forum in Davos

Published 12 January 2017 Updated 12 January 2017

Prime Minister Stefan Löfven will take part in the World Economic Forum Annual Meeting in Davos on 17–18 January. This year's theme is Responsive and Responsible Leadership and in his meetings Mr Löfven will highlight the importance of greater equality and reduced economic disparities in the wake of globalisation.

Mr Löfven will take part in discussions on the new UN Sustainable Development Goals and in a panel discussion on the advantages and disadvantages of globalisation.

A selection of Mr Löfven's programme points:

Tuesday 17 January

16.00–17.30 Seminar on the 2030 Agenda

Wednesday 18 January

7.30–8.45 Roundtable discussion with the Europe Regional Business Council

10.45–11.45 Governing globalisation – panel discussion on globalisation, Congress Centre, Aspen 2, open to the media

15.00–15.30 Press conference with Minister for Finance Magdalena Andersson, Press Conference Room, Media Village



Press release from Ministry of Finance

Swedish economy still strong

Published 20 December 2016 Updated 20 December 2016

Sweden demonstrates continued economic strength, with positive and stable growth, reduced unemployment and substantially strengthened public finances with a surplus also this year. This is the message from Minister for Finance Magdalena Andersson as she presents the Ministry of Finance's latest economic and public finances forecast today.

"The forecast shows a growth rate of 3.4 per cent this year and 2.4 per cent next year, and the Swedish model thereby continues to deliver high growth compared with the rest of the world," says Ms Andersson.

Unemployment is decreasing and, looking at the 20–64 age group, the employment rate is now at its highest level since 1992.

Added together over the forecast period, public finances have been strengthened by almost SEK 40 billion compared with this time last year. This is largely due to lower costs for sickness benefits and migration. The surplus for 2016 is estimated to amount to SEK 10 billion.

"The forecast today shows a surplus in public finances both this year and last year, in other words – two years of surplus out of two possible years," says Ms Andersson.

To better follow the distribution between various groups in society, the Ministry of Finance will begin to report using a new indicator in connection with the forecasts. This indicator involves the distribution of income, excluding capital income, using the Gini coefficient, a measure of income inequality in society.

"According to the OECD, growth in Sweden would have been more than 7 per cent higher between 1990 and 2010 if the income gaps had not increased so dramatically. Distribution of income is not just a matter of fairness – it is also important for growth," says Ms Andersson. "For this reason, we are now further highlighting the results of the analysis in this area."



Press release from Ministry of Finance

Review of surplus target completed

Published 30 September 2016 Updated 30 September 2016

Today, the Government received the parliamentary inquiry report 'A review of the surplus target' (SOU 2016:67), led by Jens Henriksson. The Inquiry proposes, among other things, that the level of the surplus target be amended to 0.33 per cent of GDP, that follow-up of the surplus target is tightened and that the framework be supplemented with a debt anchor.

"I am extremely pleased that broad parliamentary consensus has been achieved on these important issues," says Minister for Finance Magdalena Andersson. "The fact that we can agree on long-term rules for fiscal policy demonstrates the strength of the Swedish political system. The fiscal policy framework has served Sweden well and the proposed amendments will further strengthen the framework."

The Government intends to return to the issues in the 2017 Spring Fiscal Policy Bill following the usual preparation of the Committee's proposals.

Background

The Surplus Target Committee (Fi 2015:06), appointed by the Riksdag, was tasked with reviewing the target for general government net lending. An overall political agreement on a new surplus target, a debt anchor and stronger follow-up was presented by the Committee on 30 June 2016. On 30 September, the Committee presented its full proposals in its final report.



Press release from Ministry of Finance

IMF review of the economic situation in Sweden completed

Published 29 September 2016 Updated 29 September 2016

A team from the International Monetary Fund (IMF) visited Sweden in autumn 2016 to conduct its annual review, or Article IV consultation, of the economic situation in Sweden and has now published its results. A complete report will be discussed by the IMF board in November 2016 and subsequently published.

The IMF has analysed a number of areas. They conclude that Sweden is enjoying strong growth, aided by supportive monetary and fiscal policies. Employment has risen by 1.5 per cent so far in 2016, pushing unemployment down to about 7 percent. Domestic demand is the key driver of growth.

The IMF considers appropriate the way the Government is accommodating the migration-related costs, and the budget deficit is still expected to be small owing to robust revenues and also due to lower than expected spending in other areas, so the fiscal stance is broadly neutral. The IMF team welcomes the reforms in the Budget Bill for 2017, stating that "while preserving a small fiscal deficit in 2017, the budget provides for initiatives totaling 0.6 percent of GDP in education, child and elder care, and active labor market policies, among others". At the same time, the team points out that continued improvements of the reception and integration system will be crucial going forward.

The IMF also welcomes the changes being made to the fiscal policy framework, involving a reduction of the surplus target from 1 per cent to 0.33 per cent of GDP and the introduction of a debt anchor.

"It is very positive that there is clear international support that the

Government's pursued fiscal policy is well considered. The IMF also welcomes the investments we are making, including in education as well as child and elderly care, while at the same time we have a tight grip on public finances," says Minister for Finance Magdalena Andersson, who also observed that the team had taken note of the fiscal policy framework agreement.

The IMF also stresses that continued sustainable growth requires measures against risks, such as on the housing market. In the area of financial markets, risks linked to a large and international banking system were also emphasised.

"The Government generally agrees with the risks that were highlighted and this is reflected in our ongoing efforts. In the financial markets area, which is in particular focus, the Riksdag has called for an inquiry on the Riksbank that will be launched in the coming months. We are analysing alternatives to clarify the mandate of Finansinspektionen (the Swedish Financial Supervisory Authority) for macroprudential policy, and there are several international initiatives in the capital and liquidity area," says Minister for Financial Markets Per Bolund.



Press release from Ministry of Finance

The Budget Bill for 2017: Building our society – taking responsibility for Sweden

Published 20 September 2016 Updated 20 September 2016

The Budget Bill for 2017 presented to the Riksdag today contains the Government's proposals to continue building our society. The Bill is based on an agreement between the government parties and the Left Party.

"Sweden's economy is strong and unemployment is falling fast, but many challenges remain. In the budget for 2017, we are taking responsibility for Sweden and implementing necessary reforms to protect welfare, get more people into work and meet the climate challenge," says Minister for Finance Magdalena Andersson.

In a world characterised by slow economic recovery, Sweden is strong. Sweden's growth rate is very high by international standards and will continue to be among the highest in our part of the world in 2017. Unemployment is declining and the employment rate is the highest in the EU. Since this Government took office, 120 000 more people have a job to go to.

"We have pursued a tight fiscal policy, and the large deficit of over SEK 60 billion that the Government inherited has essentially been wiped out. This has been achieved despite the strain on public finances following the large number of asylum seekers who came to Sweden in 2015. As a result, we will be able to implement necessary reforms to meet the challenges we face both in the long term and here and now.

More resources for welfare

Sweden must have quality welfare services we can rely on. This is why the Government has made major investments in health, education and social services. Sweden's growing population makes strengthening welfare particularly important. The Government continues to prioritise welfare services and in this bill proposes that an additional SEK 10 billion a year be made available to municipalities and county councils in general government grants. This will enable them to take a long-term approach to developing their welfare services taking local conditions into account. Together with the Government's previous welfare investments, these resources correspond to the cost of roughly 30 000 employees in welfare services.

Education is fundamental to building an equitable society and a prerequisite for our future prosperity. In addition to the welfare billions, the Government proposes initiatives to promote reading and improve the conditions for highly challenged schools. To alleviate the teacher shortage, more teachers must be trained. The Government therefore proposes an expansion of teacher and preschool teacher education programmes. When fully implemented in 2021, this will correspond to 3 600 places.

More jobs

The Government is continuing its work to achieve the lowest unemployment rate in the EU by 2020. Although unemployment is falling fast and employment rates are the highest in the EU, there are still far too many people without work. To increase people's chances of finding work and improve labour market matching, the Government has launched a new adult education initiative that when fully deployed will offer around 70 000 places. The Government also proposes further steps to align labour market policy, strengthen establishment activities for new arrivals and modern public sector jobs. For many people, not having a driving licence is an obstacle to finding work. The Government therefore intends to introduce CSN loans for driving lessons during this electoral period. Investments in broadband expansion will make it easier to work and run a business in rural areas.

One of the world's first fossil-free countries

Sweden will be one of the world's first fossil-free welfare nations. The Government has taken several measures to reduce emissions, speed up the transition to a sustainable society and achieve the environmental quality objectives. This is the largest climate and environment budget in Sweden's history; SEK 12.9 billion will be invested in reforms to reduce emissions and

strengthen climate action. Among other measures, the Government proposes increased support to climate investments and urban environment agreements that strengthen public transport and promote cycling. The Government is also raising its level of ambition in the climate area by buying and cancelling emissions allowances and pushing for a tougher EU policy.

A safe and secure society

Sweden should be a country in which everyone can feel safe and secure. This requires measures that enable society to stand up against crime and terrorism. For this reason, the Government proposes increased resources to the Swedish Police Authority and the Swedish Security Service.

Refugee reception

The Government intends to reform the compensation system for the reception of unaccompanied minors and young people in order to simplify the regulatory framework, improve municipalities' planning conditions, reduce the administrative burden and increase cost effectiveness. The new compensation system should come into force on 1 July 2017. Funds will be allocated to allow for compensation to municipalities that have difficulty adapting to the new compensation system.

Gender equality in society

The overall objective of the Government's gender equality policy is equal power for women and men to shape society and their own lives. The increased resources to the local government sector will contribute to a better work environment and more staff in sectors that employ a large number of women. A higher large-family supplement and higher income threshold in the housing allowance will improve margins for many women in a precarious financial position. A special initiative is being taken to reduce men's violence against women. The Government also intends to establish a gender equality agency in 2018.

Key indicators September 2016

Reform and financing table



Government Offices of Sweden

Press release from Prime Minister's Office, Ministry of the Environment, Ministry of Finance, Ministry for Foreign Affairs

Government presents historic climate and environment budget

Published 13 September 2016 Updated 13 September 2016

The Government wants to further strengthen Sweden's position as a climate leader. The Budget Bill for 2017 proposes the largest investment budget in the area of climate and the environment in Sweden's history.

The Government's efforts to build our society are accelerating the transition to a more sustainable society. In the budget for 2017, the Government is proposing SEK 12.9 billion in new investments in climate action, fossil-free travel and renewable energy sources for the period 2017–2020. These investments will primarily be made in four areas: the transition to renewable energy, fossil-free travel, the 'Involving all of Sweden' initiative and international climate investments.

Climate Leap and urban environment agreements

Through the Climate Leap, the Government is investing a total of SEK 3.5 billion in regional and local initiatives to reduce greenhouse gas emissions. This is being matched by at least 50 per cent co-financing by businesses, municipalities, county councils and tenant-owner associations, thus enabling SEK 7–9 billion in climate investments in Sweden during the period 2015–2020.

The Government proposes increased investment in urban environment agreements. These agreements were launched to contribute to sustainable urban environments through support for public transport investments. This support will now be expanded to include investments in cycling infrastructure as well. The SEK 500 million per year in 2015–2018 that

previously applied will be increased by SEK 250 million in 2017 and SEK 500 million in 2018.

Fossil-free travel

As a step in breaking free from fossil fuels, the Government is continuing to strengthen the railways to improve the possibilities for more journeys and transports to take place by train. The Government is allocating SEK 5.9 billion to augment resources for the operation and maintenance of railways during the period 2019–2020, and intends to present an infrastructure bill to the Riksdag proposing an economic framework for a national plan during the period 2018–2020.

A special investment of SEK 200 million will be implemented in 2017 to increase railway capacity and make the system more robust.

International investments

The Government is also introducing a programme for purchasing and cancelling emission allowances in the EU. The intention is to invest SEK 300 million each year in the programme during the period 2018–2040. The initiative is a concrete measure to reduce the total amount of carbon dioxide that may be emitted within the EU Emissions Trading System. SEK 500 million will be added to the development cooperation framework during the period 2017–2020. The proposed increase will improve opportunities for climate financing in low and middle income countries.



Press release from Ministry of Finance

Good prospects for Swedish economy, but many challenges remain

Published 24 August 2016 Updated 24 August 2016

“I am pleased that we are now seeing unemployment pushed back, while at the same time we have essentially eradicated the major deficits we inherited. But a great deal of work remains for the Government.” This was the message from Minister for Finance Magdalena Andersson when she presented the Ministry of Finance’s latest economic forecast and the focus of the autumn budget at the Government’s discussions at Harpsund today.

The new forecast takes account of most of the policies that will be presented in the coming Budget Bill.

Compared with previous forecasts, growth is now expected to be somewhat higher in the coming years. However, there has been a downward revision for growth this year.

"Sweden is expected to remain one of the fastest growing economies in our region next year," says Ms Andersson.

The prospects for the labour market have improved considerably since the most recent forecast. The employment rate (15–74-year-olds) is expected to increase to 67.5 per cent, which is the highest Swedish employment rate for 25 years. At the same time, unemployment continues to fall and is expected to reach 6.3 per cent for the same age group by 2017.

General government net lending also looks better than in the previous forecast, due in part to lower expected costs for sickness insurance, migration and integration. In 2020, the surplus in net lending is expected to amount to 1.4 per cent of GDP instead of 0.7 per cent as previously. However, last year's large influx of refugees will continue to burden general government net lending in the period 2016–2018.

"Although the outlook is in many ways positive, major challenges still remain," says Ms Andersson. "The Government will present an austere budget with clear priorities. Welfare needs strengthened resources so that the municipalities can meet their obligations to the citizens, security needs to be strengthened and we need to continue dealing with the impact of last year's high refugee immigration. At the same time, the Government's long-term priorities remain in place. Everyone who can work should work, schools must be given better means to reverse weak school performance, and we need to do more to tackle climate change. This must be achieved at the same time as we continue to strengthen public finances. We are taking responsibility for Sweden," says Ms Andersson.



Press release from Ministry of Finance

The 2016 Spring Budget: Building our society – responsibility, security and development

Published 13 April 2016 Updated 13 April 2016

The Government is today presenting its proposed direction for economic policy ahead of the Budget Bill for 2017. The Government's priorities – jobs, schools and climate action – remain firm. In addition, proposals are presented to increase funding in the budget for 2016 to address the refugee situation. The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.

"In the spring budget, the Government continues to address the refugee situation and sets out the future direction – building our society takes precedence over new tax cuts. With the Swedish model as a foundation and modernisation as a tool, we will respond to the challenges our country is facing. Unemployment must be fought, pupils' learning outcomes strengthened and climate emissions reduced," says Minister for Finance Magdalena Andersson.

Strong Swedish economy

The prospects for the Swedish economy are good. The growth rate in 2015 was just over 4 per cent, which is well above the average rate of growth for Sweden in the last twenty years. The growth rate was also higher than for many other countries, including the US and Germany. Unemployment fell significantly in 2015 and is now at around 7 per cent. This is the lowest level

of unemployment for seven years. Youth unemployment and long-term unemployment also decreased significantly in 2015.

The Government has adjusted fiscal policy along more responsible lines, and the deficit has fallen sharply since the Government took office. The large number of people seeking asylum in Sweden in 2015 and the important investments being made to enable new Swedes to establish themselves in society and the labour market involve temporary costs. Towards the end of the forecast period, public finances will be in balance and show a surplus.

However, the economic forecast is uncertain and there is a substantial risk of a weaker outlook.

Government priorities ahead of the autumn budget

"The challenges that Sweden is facing make the Government's ongoing efforts to build a cohesive society even more important," says Ms Andersson.

Reducing unemployment

The Government's objective that Sweden will have the lowest unemployment rate in the EU by 2020 remains firmly in place. Investments in job creation will be made under the Government's jobs agenda. These include skills, education and matching initiatives, investments for the future including in housing and infrastructure, and an active business policy for more and growing companies. Welfare investments are also an important part of employment policy.

Providing equitable knowledge-based education and time for each pupil

Central to building our society is an equitable school system that gives every child the opportunity to develop. The main focus is on boosting learning outcomes through early intervention, enhancing the attractiveness of the teaching profession and improving equity in education.

Tightening up climate policy

Sweden aspires to be one of the world's first fossil-free welfare nations. Climate change is the Government's top environmental priority. To lead

global development, Sweden is taking further steps to tighten up its national climate policy and reducing emissions.

Strengthening welfare and increasing equity

The Government's objective is that everyone will benefit from Sweden's growth and prosperity. The Government prioritises building a society in which welfare is strengthened and opportunities are made to employ more people in welfare services.

Increasing equality between women and men

The Government will continue its efforts to ensure gender mainstreaming in all areas of policy-making and is also implementing special initiatives.

Initiatives in the budget for 2016

The current situation has given rise to needs in a number of areas that will be addressed this year. The Swedish Migration Agency will receive a significant increase in appropriations to manage the large number of asylum seekers.

As more people seek asylum, more asylum cases end in rejection. Return activities will be improved.

To facilitate introduction, funds will be allocated for language initiatives and skills assessment for asylum seekers, and skills validation of new arrivals. A new fast track for newly arrived entrepreneurs will be introduced.

The Swedish Police will receive increased resources, community police will be strengthened and efforts to combat hate crimes will be prioritised. Anti-terrorism efforts will be enhanced, including through increased resources to the Swedish Security Service. In addition, resources to the Swedish Migration Agency will be reinforced to increase security at asylum centres.

Preventive action to protect our open society against violent extremism and racism will be strengthened.



Press release from Ministry of Finance

Regulations on taxation initiation to be reviewed

Published 28 January 2016 Updated 28 January 2016

The Government has been informed that the current Swedish regulations on taxation initiation can lead to double taxation in some cases when companies undergo restructuring through a merger or a division. The Government will undertake an urgent review of the regulations.

The Income Tax Act contains provisions regulating various situations in which taxation is carried out for the first time ('taxation initiation'). 'Taxation initiation' means that an asset that previously did not fall under Swedish tax regulations will now do so. These rules are applicable, for example, when a foreign subsidiary is merged with its Swedish parent company and the subsidiary operates from then on as a foreign branch of the Swedish company.

In certain cases, applying the regulations in such a situation can lead to double taxation of the activities that, following the merger, are taxable in Sweden. The double taxation arises because the value on which taxation in Sweden is based sometimes differs from the value on which the foreign taxation was based. Such double taxation is unintended and can be a disincentive to mergers and divisions that make sense for business reasons.

For this reason, the Government will undertake an urgent review of the regulations on taxation initiation in connection with mergers and divisions.



Press release from Ministry of Finance

Strong Swedish economy

Published 21 December 2015 Updated 21 December 2015

The Swedish economy is in recovery, with growth this year and next expected to be considerably stronger than previously foreseen. We believe GDP growth in 2015 will reach 3.6 per cent, which is the highest growth rate for more than four years. This is the message from Minister for Finance Magdalena Andersson, presenting the Ministry of Finance's latest forecast for the economy and public finances today.

"The forecast shows a strong Swedish economy, with consumption and investments contributing substantially to growth this year and in the coming years," says Ms Andersson.

Unemployment is expected to continue to decline. The forecast shows employment continuing to grow relatively rapidly in the next two years and unemployment falling to 6.5 per cent in 2017.

However, some of the assessments in the forecast are uncertain. These largely have to do with assumptions concerning the refugee situation. The number of people arriving in Sweden, and the capacity of the public sector to recruit labour, may not develop as expected. In addition, there are considerable risks in the world around us.

The forecast shows stronger public finances next year than assumed in the Budget Bill. Although expenditure is expected to be higher, tax revenues are expected to contribute to net lending being nearly SEK 3 billion greater in 2016. This is due partly to surprisingly large outcomes for tax revenues and partly to the expectation that the stronger forecast will generate higher tax revenues in future.

"In just one year we have halved the deficits in the public finances that we inherited, by conducting a responsible economic policy. We will reduce the deficit further in the future," Ms Andersson says.

"In the situation we find ourselves in, with an unusually large number of people seeking asylum in Sweden this year, we have also taken measures that enable us to avoid hitting the expenditure ceiling next year. The framework of expenditure ceilings and targets for net lending must be complied with while still safeguarding welfare," says Ms Andersson.



Press release from Ministry of Finance

Amending budget in response to refugee situation

Published 12 November 2015 Updated 12 November 2015

In an amending budget submitted to the Riksdag today, the Government is proposing an expenditure increase of SEK 11 billion. The main part of this amount consists of temporary support to municipalities and civil society in order to handle the current refugee situation.

“These extra funds in the budget for 2015 are primarily the result of the measures that the parties agreed to on 23 October in response to the refugee situation,” says Minister for Finance Magdalena Andersson. “These funds will alleviate the work of municipalities and civil society organisations.”

The Government proposes that SEK 9.8 billion is provided as one-off funding to municipalities and county councils, while civil society is to receive SEK 200 million extra. In addition, the Government proposes that the appropriation for allowances and housing costs for asylum seekers is increased by SEK 961 million due to the increased number of asylum seekers.

If the Riksdag adopts the Government’s proposal, the allocated funds are expected to be available in December and can be used to cover increased costs in both 2015 and 2016.

Table: Amendments to the budget for 2015 (pdf)



Press release from Ministry of Finance

The Budget Bill for 2016 – Investing in Sweden's future

Published 21 September 2015 Updated 21 September 2015

In the Budget Bill for 2016, to be presented to the Riksdag today, the Government proposes investments in jobs, schools and climate action. The Bill is based on an agreement between the government parties and the Left Party.

“The Government is investing in what makes Sweden strong. In our Sweden, more people will have a job, school performance will be turned around and climate emissions will be reduced,” says Minister for Finance Magdalena Andersson.

The Government expects Sweden's economic situation to improve in the coming years. This is mainly due to a stronger international outlook and, together with the policies pursued, will lead to falling unemployment in Sweden. But this economic upturn is uncertain and there is a substantial risk of weaker growth.

The recovery and the policies pursued mean that the deficit in the general government finances is expected to decrease in the coming years.

“By setting tough priorities, we will reduce the deficit step by step. We have now prioritised reforms worth a total of more than SEK 24 billion for 2016. This is on top of the SEK 20 billion announced in the spring budget,” says Ms Andersson.

Investments in jobs

One of the Government's most important tasks is to reduce unemployment

and increase employment. The Government's jobs agenda consists of three parts: investments in the future – in housing, climate adaptation and infrastructure; an active enterprise and innovation policy for more and growing companies; and investments in skills and matching. The agenda will include a clear gender equality perspective.

Investments in schools

Sweden should be a leading knowledge nation. To turn around performance in schools and improve equity in education, the Government proposes initiatives to raise teacher salaries, enhance further training for teachers and improve opportunities for development in the schools that face the greatest challenges. The reforms are based on previous government initiatives, such as more staff in primary school.

Investments in climate adaptation and energy

Sweden should be a leading force in climate adaptation. By setting ambitious goals, Sweden will take a leading role in the international negotiations on a new climate agreement. The Government therefore proposes reforms to meet the challenges of climate change, increase the share of renewable energy and stimulate development of innovative environmental technology. This includes investing in climate financing in developing countries, solar cells and green cars, as well as increased environmental taxes.

Reforms for increased welfare and security

Sweden should be a country characterised by gender equality, justice and shared responsibility. The Government therefore proposes various reforms to ensure that Swedish health and medical care is of world class, one of the goals being to improve women's health. The reforms also include lower taxes for pensioners, abolishing the maximum time limit in sickness insurance, increased security and opportunities for all children, and a higher basic level of parental benefit.

Better reception and faster introduction

Sweden should have a long-term, sustainable and legally certain migration policy that safeguards the right of asylum. When more people seek refuge in Sweden, this places great demands on society to make use of and develop the resource that immigration represents. For those who are granted a

residence permit, it is important that their introduction to the labour market and to society goes quickly. The Government therefore proposes reforms to speed up the introduction of newly arrived immigrants and also higher compensation to municipalities for reception.

Sweden in the world

A troubled international environment demands a capability to defend Sweden and to take our share of responsibility for the victims of conflict. The Government therefore proposes raising the level of ambition regarding development cooperation. Increased anti-terrorism measures are also proposed. In addition, increased funds for defence are proposed, following an agreement between the Government, the Moderate Party, the Centre Party and the Christian Democrats.

“We will not solve unemployment, low performance levels in schools or the challenge of climate change by making further cuts and short-sighted tax reductions. To tackle these challenges, we need to invest in Sweden. In homes and infrastructure, in knowledge and competitiveness, in the transition to a sustainable society,” concludes Ms Andersson.



Press release from Ministry of Finance

Increased growth but greater risks

Published 21 August 2015 Updated 21 August 2015

The Government's priorities ahead of the Budget Bill for 2016 are clear. We will invest in what makes Sweden strong. In our Sweden, more people will have a job, the negative trend in schools will be turned around and climate emissions will be reduced. This is the message from Minister for Finance Magdalena Andersson, presenting the Ministry of Finance's latest economic forecast and the focus of the Budget Bill for 2016 at Harpsund today.

Growth around the world is increasing in line with the previous Ministry of Finance forecasts. The prospects for the euro area are looking ever better, primarily for the large economies of Spain and Italy. Good growth continues in the United States, where there is a positive trend in the labour market and unemployment has continued to fall this year.

Stronger growth throughout the world is boosting the economic situation in Sweden and the outlook is better compared with the June forecast. In Sweden, employment looks set to grow somewhat stronger and unemployment is expected to be lower than in the last forecast. This is because the economy is expected to grow stronger in the months ahead and the effects of new policies[1] have been incorporated into the forecasts.

However, there is a substantial risk of growth being weaker than expected. Apart from the risk of stagnation in the euro area, there are major concerns about the emerging economies, and more and more indicators are pointing to a more dramatic slowdown in China than in previous forecasts. Moreover, there are problems in Sweden's immediate neighbourhood, where the Norwegian economy is growing more slowly than a few years ago and the

Finnish economy looks set to continue its relatively weak growth.

The forecast for public finances is somewhat higher than the assessment made in June. The deficit is expected to shrink more quickly and net lending is expected to reach balance in 2019.

“Last year the public sector had a deficit of SEK 75 billion – that is not sustainable. Step by step we are shrinking the deficit. This means setting tough priorities in several areas, but that is all part of taking responsibility. We will therefore need to fully finance our reforms in the Budget Bill for 2016. That’s what we did in the spring and it’s what we’re doing now,” says Ms Andersson.

“The Government’s priorities ahead of the Budget Bill for 2016 are clear. In our Sweden, more people will have a job, attainment in schools will be turned around and climate emissions will be reduced. And we will not solve unemployment, low attainment levels in schools or the challenge of climate change by making further cuts and short-term tax reductions. To tackle these challenges, we need to invest in Sweden. In homes and infrastructure, in knowledge and competitiveness, and in the transition to a sustainable society,” concludes Ms Andersson.

[1] Budget negotiations are still under way, which may mean adjustments will be made.



Press release from Ministry of Finance

Swedish economy on the way up amid uncertainty

Published 30 June 2015 Updated 30 June 2015

The Swedish economy is on the way up and, according to the forecast, growth will gradually strengthen in the coming years. However, the situation is uncertain, not least because of developments in Greece. This is the message from Minister for Finance Magdalena Andersson, presenting the Ministry of Finance's latest economic forecast at Almedalen today.

“Looking around the world, we have seen increasing growth since 2013. Many factors indicate a further strengthening of growth next year. The US economy is expected to continue to grow strongly this year, despite a weak first quarter. In the euro area, we saw clear growth in all the four largest economies in the first quarter, for the first time in a long time, and conditions are in place for continued recovery. Having said that, somewhat weaker growth in China and other fast growing economies means that the global economy is gaining strength rather more slowly than we thought earlier this year,” says Minister for Finance Magdalena Andersson.

Growth in the Swedish economy in 2015 is expected to derive mainly from domestic demand, while demand from abroad remains weak. However, in connection with the expected strengthening of the international economy from 2016 onwards, net exports are expected to increase and contribute to stronger GDP growth.

The Minister for Finance particularly underlines the impact of the crisis in Greece on the Swedish economy and trends in Swedish exports and industrial production. Commentators have long been expecting a clear strengthening of industrial production, but this upswing has still not

materialised. The risk of weaker international demand continues to delay the upswing.

The forecast was made at the beginning of June, when developments in Greece were included as a risk in the assessment of the future economic outlook. In light of developments in the Greek crisis in recent days, this risk has increased. However, the impact on the Swedish economy is difficult to assess.

The forecast for the public finances is somewhat lower than the assessment made in the Spring Fiscal Policy Bill. Central government expenditures are growing more slowly than in the previous forecast. However, weaker tax revenues, larger investments in the local government sector and weaker saving in the old-age pension system result overall in a rather slower rate of growth in general government net lending than forecast in the Spring Fiscal Policy Bill. Net lending/borrowing is not expected to reach balance until 2019.

“We are moving towards stronger public finances. This year we expect to reduce the deficit by more than SEK 20 billion and it will continue to shrink in the years ahead. At the same time, a delicate balance needs to be struck between ensuring the sustainability of the public finances and protecting the recovery,” says the Minister for Finance.



Press release from Ministry of Finance

Spring Fiscal Policy Bill 2015: A Sweden that keeps together

Published 15 April 2015 Updated 17 May 2015

Today the Government is presenting its proposed direction for economic policy ahead of the Budget Bill for 2016. At the same time, reforms amounting to SEK 8 billion are being presented, which will take effect in 2015. The starting point is the policy that was presented in the Budget Bill last autumn. The reforms focus on more jobs and greater competitiveness, knowledge-based education in equal schools with more time for each pupil, a sustainable future and increased welfare and security. The Spring Fiscal Policy Bill and the proposals in the spring amending budget are based on an agreement between the government parties and the Left Party.

“Sweden is facing a number of major future challenges that we must tackle. At the same time, the large deficits mean that our reforms must be fully funded. We are now prioritising investments in our common future for more jobs and greater competitiveness, knowledge-based education in equal schools with time for each pupil, a better environment and increased welfare and security,” says Minister for Finance Magdalena Andersson.

The Swedish economy is recovering and the global economy also appears to be growing stronger. But this recovery is expected to go slowly, particularly in the euro area. The risks of weaker growth remain significant, with poorer economic development in the euro area considered the largest single risk.

Unemployment has become entrenched at a high level and many people have been out of work for a long time.

The deficit in public sector finances is expected to decline from 2015 onwards as a result of the economic recovery and the responsible conduct of economic policy. Net lending is estimated to be -1.4 per cent of GDP in 2015 and is expected to be in balance in 2018.

In the spring amending budget, reforms totalling SEK 8 billion in 2015 are proposed. The proposals are based on the economic policy that the Government presented in its Budget Bill for 2015.

More jobs and greater competitiveness

One of the Government's most important tasks during this electoral period is to reduce unemployment permanently and increase employment. More people must have a job to go to and fewer must be part-time unemployed. Sweden needs a knowledge boost. The Government is therefore increasing public sector investments in infrastructure, industrial policy and education to strengthen competitiveness and improve matching in the labour market.

Knowledge-based education in equal schools with time for each pupil

Strengthening learning outcomes in school is necessary – both to keep Sweden together and to ensure Sweden's competitiveness in the long term. To strengthen learning outcomes, teachers must have more time with each pupil, the quality of teaching must be improved and resources must be provided to areas where the challenges are greatest. The Government is therefore proposing reforms that focus on early action, a more attractive teaching profession and that all schools must be good schools.

A sustainable future

The Government's objective is a resource-efficient economy in which consideration for the environment is a natural part of the development of society. Environmental degradation must be stopped and climate emissions reduced. Reduced climate emissions require various types of measures and cohesive global and national political action. The Government is therefore proposing measure for climate investments and measures for biodiversity and nature conservation.

Increased welfare and security

Resources for welfare must be increased and income differentials between women and men must be reduced. Too many people – primarily women – have cut back their working hours to provide care for relatives when welfare services are insufficient. Investments in welfare and security help keep Sweden together and contribute to a more gender equal labour market. The Government is therefore proposing measures for more staff in elderly care. The Government is also proposing higher maintenance support for single parents and housing supplement for pensioners. To increase security and adjustment capacity, unemployment insurance will also be strengthened.

Press release from Ministry of Finance

Government wants to review net lending target

Published 03 March 2015 Updated 17 May 2015

The Government has decided to task the National Institute of Economic Research with analysing the effects of changing the general government net lending target from a surplus of one per cent to balanced net lending. This was announced by the Minister for Finance at a press conference today.

“The fiscal policy framework has served Sweden well and will continue to serve us well in the future,” says Minister for Finance Magdalena Andersson.

When the Social Democratic Government introduced the net lending target in 1997, it gave three main reasons:

- to restore confidence in the public finances and reduce the need for foreign borrowing,
- to provide scope for stabilisation policy, and
- to help the public sector meet the demographic challenges ahead.

“Today, almost two decades later, we see that the demographic pressure we foresaw when the framework was adopted is now a reality. We can see that the proportion of older people in the population is increasing. Demographic pressure affects both public sector revenues – when a smaller proportion of the population is in paid work – and expenditure – when a larger proportion of the population will require certain welfare services. One consequence of an ageing population is the decline in savings in the old-age pension system. Maintaining the general government net lending target would require the state to increase its savings significantly to compensate for this. As the old-age pension system is designed to be a stable system, a compensatory

tightening up of this kind does not seem warranted. In light of the central government's low gross debt and considerable net assets, the argument for a one per cent surplus target for general government net lending is weaker today than when introduced. For this reason it is reasonable to review the target," says Ms Andersson.

"In the short term, the budgetary effects of changing the target would be minor. As the public finances today show a substantial deficit, even a lower target will require reforms to be funded krona for krona. However, in the longer run, some space would be freed up for public investments," says Ms Andersson.

The National Institute of Economic Research will soon be tasked with analysing the effects that changing the general government net lending target to zero per cent would have on the public finances, growth and employment. The results of the study are to be presented by mid-August 2015 at the latest.



Press release from Ministry of Finance

Slow recovery in Swedish economy

Published 20 January 2015 Updated 17 May 2015

Recovery around the world is going slowly, which in turn means slow recovery in the Swedish economy. Public finances are not expected to reach surplus during the forecast period. This is shown by the Ministry of Finance's most recent forecast, which was presented by Minister for Finance Magdalena Andersson today.

“In the short term we see that growth in Sweden has still not really picked up. The slow recovery around the world is holding back growth in the Swedish economy,” says Magdalena Andersson.

Lower growth forecast for the coming years

Growth abroad was unexpectedly weak last year. While the economy in the US and the UK is developing relatively strongly, growth in the eurozone remains weak. The global economy is expected to strengthen somewhat in the coming years, but there is still significant risk of growth abroad being lower than we expect. Developments in the eurozone give cause for concern, and there is a risk of stagnation. In addition, there is a risk that deepened geopolitical unrest and renewed financial turmoil will lead to weaker growth.

As the recovery around the world gains somewhat in strength, growth in Sweden will also increase. It is still primarily household consumption that is expected to contribute to the recovery, even if this now appears to be weaker than previously projected. Unemployment is also expected to decrease at a slower pace than the Ministry of Finance previously anticipated, which is primarily due to greater growth in the labour force as a result of stronger population growth.

Continued deficits in public finances

The weaker growth forecast and expenditure increases for sickness insurance and migration and establishment result in a weakening of net lending. Public finances are expected to show a deficit throughout the forecast period.

“Given the public finance deficits, there is no scope for extravagances, but at the same time we have to nurture the recovery,” says the minister for finance. “The recovery has proven to be a marathon rather than a 100-metre dash. It is therefore important to keep something in reserve.”



Government Offices of Sweden

Press release from Ministry of Finance

Budget Bill for 2015 - A Sweden that keeps together

Published 23 October 2014 Updated 17 May 2015

In the Budget Bill for 2015 to be presented to the Riksdag today, the Government proposes reforms for more jobs, better results in schools, a better environment and a sustainable climate, and reforms to protect the Swedish model. The Bill is based on an agreement between the government parties and the Left Party.

“With this budget the Government is presenting measures for a Sweden that keeps together. Greater cohesion and gender equality are crucial for Sweden’s development. With reforms for jobs, schools, the environment and a functioning Swedish model, Sweden’s economy and labour market can be strengthened and can perform better,” says Minister for Finance Magdalena Andersson.

The Government’s assessment is that the Swedish economy will steadily recover over the coming years. Unemployment will gradually decrease from its current high levels. At the same time, there are clear risks of weaker growth. These have increased in recent times as a result of turbulence in the world around us.

The Government expects net lending to clearly miss the surplus target of 1 per cent, which will not be achieved during this electoral period. That will take another year or so.

“We need to reinstate respect for the budget regulations,” says Ms Andersson. “The unfinanced reforms of recent years must be replaced by an order in which reforms are carried out responsibly. All of the reforms we are

proposing are therefore fully financed,” adds Ms Andersson.

The Government will invest around SEK 25 billion in 2015 in the following areas.

Reforms for gender equality

Economic policy must be shaped by a feminist philosophy so as to contribute to greater gender equality. Women and men must be given the same opportunities in school and other education and training, and a secure position and career opportunities in the labour market.

The Government is also proposing a number of reforms to increase gender equality. An additional month is to be reserved for each parent in parental insurance to more quickly establish a more gender-equal distribution of parental leave. The Government is also proposing a series of measures to prevent men’s violence against women.

Reforms for more jobs

More women and men finding a job is crucial for a Sweden that keeps together. Policy must therefore be steered by a clear employment target. The number of people in work and the number of hours worked in the economy must increase to such an extent that Sweden’s unemployment rate is the lowest in the EU in 2020.

To strengthen employment and reduce unemployment, the Government proposes investments in an active business policy, increased public investments in areas such as infrastructure and reduced climate impact, and investments in the labour market and education and training. Investments in labour market policy will target in particular young unemployed people and long-term unemployed people.

Reforms for a better environment and a sustainable climate

The Government’s aim is for the use of fossil fuels to be clearly reduced during this electoral period. Stimulatory measures and economic instruments will be used to bring about a shift in Sweden. The influence of environmental taxes is to increase. The national environmental objectives must be met.

The Government is therefore proposing the introduction of a climate policy

framework and a substantial strengthening of support to protect biodiversity. It must be more worthwhile to choose climate-friendly solutions, and climate investments will be supported both locally and globally.

Reforms to turn around performance in schools

The Government's aim is to return the Swedish school system to the international forefront. A number of school reforms are proposed to reverse declining school performance. To address pupils' problems at an early stage, measures are proposed that focus in particular on preschool class and the first three years of school, with reduced class sizes and greater support for pupils who need it. To address the teaching crisis, measures are proposed that will increase the attractiveness of the teaching profession and ensure skills supply. Moreover, the Government is proposing measures to distribute a larger share of resources in accordance with pupils' needs and to ensure that all schools are good schools with good conditions for all pupils.

Reforms to protect the Swedish model

A fair and socially sustainable society requires reduced income and health gaps, greater gender equality and reduced racism and discrimination. This, in turn, requires publicly financed welfare services, such as childcare, education, health and medical care, and care of the elderly, to maintain the highest possible standards and to be available to all. The Government is therefore proposing reforms to improve health and medical care, improve standards in care of the elderly, create a fairer Sweden and increase gender equality. In addition, social insurance reforms are proposed to support people returning to good health and work, and reforms to unemployment insurance to facilitate readjustment in the labour market.

Other reforms

The Government is also proposing in this Bill a series of inquiries to ensure that tax revenue for schools and welfare goes to what it is intended for. Moreover, the Government is proposing a series of measures to create a more efficient public sector, improve access to culture, give aid policy a fresh start and design a modern Swedish security policy.



Press release from Ministry of Finance

Proposal on supplementary loan agreement for Ireland

Published 15 October 2014 Updated 17 May 2015

The Government proposes that the Riksdag approves a supplementary agreement to Sweden's loan agreement with Ireland. The agreement will enable Ireland to prepay a part of its loan from the International Monetary Fund (IMF), without making a corresponding prepayment to Sweden. The Government Bill is being submitted to the Riksdag today.

In November 2010, the EU and the IMF agreed, along with Denmark, the United Kingdom and Sweden, to lend a total of EUR 67.5 billion to Ireland. Sweden's share of the loan was EUR 600 million. Under the agreements between the lenders and Ireland, the country must repay an equal percentage to all lenders if any part of the loan is repaid early.

On 19 September 2014, Ireland applied to prepay EUR 18.3 billion of its total IMF loan of around EUR 22.5 billion, without simultaneously needing to repay other lenders. The Government proposes that the Riksdag approves a supplementary loan agreement with Ireland, enabling the country to repay the IMF without simultaneously needing to repay Sweden. This would enable Ireland to reduce its borrowing costs. The other lenders also take a positive view towards Ireland's application.

Ireland has clear financial ties to many of the largest economies in Europe and the rest of the world, and economic developments in the country may have an impact on the developments in smaller euro area countries and in Sweden. Consequently, it is important that Ireland is given the opportunity to improve the sustainability of its public debt.



Press release from Ministry of Finance

Troubling situation of public finances

Published 13 October 2014 Updated 17 May 2015

Net lending is expected to fall well short of the surplus target. The unfinanced tax cuts in recent years have led to growing public finance deficits, even at a time when the economy has been growing stronger. These deficits must now be driven down step by step so that Sweden stays within its fiscal policy framework. Accordingly, new reforms will be fully financed in the Budget Bill for 2015.

"Public savings are in a very troubling position. Fiscal policy must therefore follow a more responsible path in the time ahead," said Minister for Finance Magdalena Andersson, presenting the economic situation today.

The Swedish economy is expected to recover in 2015. However, there are still substantial unused resources in the economy and the risk of weaker growth predominates.

At the same time, the public finances are assessed to lie far below the target of an average 1 per cent surplus over the course of a business cycle. To get back on target, the deficits must be driven down. The unfinanced tax cuts of recent years need to be replaced by an order in which reforms are carried out responsibly. In the years ahead, the Government's proposals will be fully financed.

"For the third time out of three, a centre-right government has left a situation after it in which the central government finances are full of holes. It is high time for responsible policies. Rules are there to be kept," says Ms Andersson.



Government Offices of Sweden

Speech from Ministry of Finance

Speech by Magdalena Andersson at Conference on carbon pricing and aviation taxes

Published 20 June 2019

The Hague, 20 June 2019. Check against delivery.

Ladies and gentlemen,

Dear colleagues,

Thank you for the invitation to speak here today. Special thanks to the Government of Netherlands for bringing the climate impact from aviation to the forefront of the international agenda. Thank you for taking initiative to this very important conference. Seeing so many of you here today makes me hopeful of what we can achieve together. Because, as you all know, taxing emissions from international aviation cannot be achieved unless we do it together.

But before we dig into the tool box - why are we here? Why am I speaking to you today? After all, I am a Minister for Finance - not environment. Is climate change important to a Minister for Finance? I am here today, on the brink of our Swedish midsummer festivities, because it is. Let me give you three reasons.

First of all, our children and grandchildren. Greta Thunberg, our Swedish 16-year-old climate activist, has grasped what very many of us adults have not. She calls climate change an "existential crisis" and is urging us to listen to the scientists.

When the young generation is urging leaders of the world to stop ignoring facts, what could be more important? There is still a long line of powerful and influential people who deny the need for change. This may be

discouraging, but there is no time to give up. This is what Pope Francis, the spiritual leader of over 1 billion people, did in May when he gathered finance ministers from all over the world. He said to us:

“Time is of essence. We await your decisive action for the sake of all humanity.”

His message is loud and clear. We need to take action. Now. And that’s why we’re here today.

Second of all, we must understand that climate change means huge costs. Human costs for sure, whether they are caused by droughts in Australia, cyclones in Mozambique or fires in Portugal and Greece. But also costs for our treasuries.

I know that for the Netherlands the struggle against climate change has been present and concrete for a long time. The amounts of money you have had to invest in fighting the flooding is something I, as a Minister for Finance, am not envying for a second.

Last year also Sweden got a real feeling of what threat climate change is posing to us. As you may know, summer tourists in Sweden are generally spending their vacation budget on coats and umbrellas. But last summer, we were suddenly experiencing the warmest summer since measurements started 260 years ago. Only kilometres from where I live, woodland caught fire and burnt down as my neighbours and I were standing on the cliffs watching the skilled Italian firefighter planes from EU’s Civil Protection Mechanism. The drought continued throughout the whole summer and led to the most widely-spread forest fires in modern times.

All the damage from last summer has cost the Swedish Government over two hundred million euros to relieve local governments and to forest owners for increased costs and to farmers for increased costs and income losses. Money we could have spent on health care and education.

My third reason for being here today, is that Ministers for Finance have the money to invest in actions against climate change. And we need a lot of money – because building a climate-friendly society will cost a lot of money. Because we need to do a lot of investments: to electrify our transports, to have green electricity, to isolate our buildings etc etc

I am part of the “Coalition of Finance Ministers for Climate Action” which

was started exactly for this reason. So, for these good reasons, Ministers of Finance should be working hard on replacing fossil fuel in our societies.

But the investments require something else. Something more. It requires financing.

There is only one way to finance these costs created by climate change – this is through taxes. The structural changes that are required to stop climate change will not happen through voluntary contributions or market solutions. We cannot rely on goodwill or corporate social responsibility actions. Or, as the Dutch historian Rutger Bregman said at Davos this year: “Taxes, taxes, taxes, and all the rest is bullshit in my opinion”.

Particularly interesting is environmental taxation. Such taxation can serve multiple purposes; it raises revenue for climate investments and at the same time changes behaviour. Market externalities are priced better. A win-win situation.

To put a price on carbon can make people change their behaviour. It may get them to choose wiser.

Carbon pricing also makes investments in biofuels technologies economically beneficial and ensures that fossil fuels are priced fairer and therefore used efficiently. To me, this is also smart economics. The polluter pays principle is favoured by economics. It's a wise principle.

But –in a democracy, we also need to win the hearts of the people. This is very much the case when it comes to environmental taxes. Why, well first because environmental taxes tend to be regressive rather than progressive. Second because it often takes an investment to lower your carbon print. For people with low incomes it can therefore be difficult to participate. Environmental taxes therefore require careful analysis to make sure the consequences are fair.

Sweden has a long and good experience of carbon taxation. We have applied a carbon tax for more than 25 years. I hear that the Netherlands and Germany are discussing a carbon tax. It makes me hopeful. The Swedish carbon tax has been an effective instrument for decreasing emissions of greenhouse gases while maintaining economic growth. The Swedish example shows that decoupling between emissions of greenhouse gases and economic growth is in fact possible. One large adjustment has been to phase out oil heating in our Swedish homes. Carbon tax was one reason. We also

introduced an incentive when installing alternative, climate-friendly, heating. And I can assure you, no Swede misses oil heating anymore.

Swedes don't miss it, because we still do heat up our houses in Sweden. Just not using very much oil anymore.

Pollutions by oil heating or driving a car are bad. Pollutions by air plane are worse – since emissions have a doubled effect in high altitude. And still there is no carbon tax for aviation. This is the reason why last year, the expression “fly shaming”, in Swedish “flygskam”, was acknowledged as a new expression in the Swedish language. It is described as “a feeling of that it, from an environmental point of view, is reprehensible to fly”. I am not here to give you (or me!) this. I am here to propose concrete actions – we want the world to be connected. Just not by fossil fuels. That is why we are here today.

So what do we do? Well, we should simply have the possibility to introduce a carbon tax on fossil aviation fuel.

The obstacle that Ministers for Finance all over the world have when it comes to taxation of aviation fuel, is the Convention on International Civil Aviation and the policies of the ICAO connected to this convention.

The convention is old; much older than myself and Greta Thunberg together. It was designed in another time; in a time where the second world war was about to end and aviation was in its cradle. Don't get me wrong, it made sense at the time. Aviation has brought us closer and has been a driver of trade and economic growth. But we now have new challenges.

As I see it, the convention itself is not as big of a problem as the policies from the 90's of the ICAO. These policies are the real problem when it comes to taxing aviation fuel the way we want. Sweden, as well as Norway and the Netherlands and some other countries, have made reservations to the policies. We made reservations because we did not agree with the policies. And our disagreement is even stronger today.

To tax aviation fuel would make a lot of sense. Just as the carbon tax on other fossil fuels. But not only would it address climate change. It would also address imbalances that exists between different means of transportation today, where we have taxes on fuel in our cars – but not in airplanes.

So, in addition to environmental reasons, a tax on aviation fuel would also

benefit competition. Because today, all we have is a huge exception for the aviation sector when it comes to fossil fuel. This is a harmful subsidy.

Just like the carbon tax, a tax on aviation fuel would meet the polluter pays principle and raise public funds that could be used for necessary investments, not least in the climate. It would also be easy to administer for both authorities and companies.

A tax on aviation fuel can change people's behaviour. It would be a reminder that what they are dealing with is polluting our climate. And that someone needs to pay for it.

And one of the most important impacts, is that a tax on aviation fuel would stimulate both energy efficiency and the reduction of fossil fuels. Taxing the fossil component of the fuel could also stimulate the much-needed production of bio fuels for airlines.

Since high-income households fly more frequently and longer distances than households with lower incomes a tax on aviation fuel is to a greater extent paid by high income earners.

As I have already said; there are challenges. Let's be clear about that.

If we are going to make progress when it comes to the policies of the ICAO, we are much stronger together than alone. This is part of the agreement that forms the basis for the Swedish Government following last year's election. It seems to me this should be part of the tool-box for the "Coalition of Finance Ministers for Climate Action

But to be honest, this could take time. So what steps can we take in the meantime?

We of course have trading schemes in the form of EU ETS. The EU ETS provides further regulation of flights within the EU but it does not replace the need for taxes. Also, the level of ambition of the EU-ETS needs to be enhanced to ensure that aviation contributes sufficiently to the 1.5 degree objectives of the Paris Agreement.

When it comes to CORSIA, it can only become a relevant policy tool if it is ambitious enough. What is outlined in CORSIA so far is by no means sufficient in order to tackle the climate challenge. Thus, we need stronger actions internationally, bilaterally and nationally.

Since we cannot base our taxation of international aviation on fuel tax yet, several countries have tried other measures. But to tax the aviation sector has been proved very hard. Several countries have introduced aviation tax and then abolished it. It has been hard also in Sweden.

During 2006, when I was State Secretary for taxation, the Swedish government proposed a tax on air travel. But since certain parts of Sweden were to be exempted we needed a state aid approval from the Commission. And before such an approval was obtained we had an election, where my party lost power. And the new government decided not to go ahead with the tax.

Then in 2017, now as a Minister of Finance, I started to work on that tax again. During these discussions there were even threats from the political opposition to carry out a vote of no confidence against myself in parliament if we went ahead with the tax. We did anyway, and it was introduced.

Then we had elections again and it was close to being abolished but earlier this week Parliament confirmed that it stays. So, both I and our aviation tax are still going strong.

And now, public opinion polls even show a majority approval of the Swedish aviation tax. People seem to be ok with paying a few more euros when they buy their ticket. And perhaps some of them choose to take the train instead.

The tax is an important signal to our citizens that we need to phase out fossils fuels and that every sector needs to take its responsibility. Even if the tax is not high, it is a nudge from the state that if you can choose some other mean of transportation, please do so. If you don't, we want you to pay for your emissions.

From MY perspective, as the Minister for Finance, the tax on air travel is a well-motivated source of money and since the airline that carries out the flight is liable to the tax, it is easy to collect.

If we are going to be serious about the Paris agreement, and we are, it is obvious that no sector can be totally without economic measures and in that sense not paying for at least a part of their climate costs. To all of you who don't tax air travel I, can just say that it works for us.

The tax on air travel in Sweden now stays. But this is not our preferred option, because it would make much more sense to actually tax the fuel and

the emissions than to tax the journey itself.

So, one way that is taking this further while we are working on a global change of the ICAO policies, can be agreements between EU member states on taxing aviation fuel. This is explicitly allowed according to the EU energy tax directive.

I can see bilateral agreements as a way forward or why not a convention for more and more member states to enter into?

This way we could to provide good examples to show that this is possible. Agreements on taxation have worked well in other areas. One example is heavy goods vehicles where Sweden and the Netherlands are working together with Denmark and Luxembourg. We have a common system for levying taxes and sharing costs. Before it was introduced, many people who said it was not realistic to levy tax this way. This is now a stable system that has been running for a long time.

Maybe it's time to start discussing if we could do something similar when it comes to aviation.

This is one of the things I hope you will discuss during this conference.

To wrap this up: US Supreme Court Justice Oliver Wendell Holmes Jr stated in 1927: "Taxes are what we pay for civilized society". In a civilised society we have to address the consequences of climate change. For this, we need Ministers of Finance that take responsibility. In a preventive way, through environmental taxes, investments to replace fossil fuel and adjustments that will protect us better through extreme weathers. But also, that are ready when there is an emergency.

This is the most fundamental issue for our generation. This is what our youngsters urge us to do. This is what we owe them.

We need to fill up the tool box for aviation taxation and it is urgent. Let's get to work.



Government Offices of Sweden

Speech from Ministry of Finance

Speech by Minister for Finance Magdalena Andersson at Stockholm Tax Conference Concerning Capacity Building

Published 01 June 2018

Stockholm, 30 May 2018 Check against delivery

His Excellency President Mbeki,

Excellencies,

Distinguished delegates,

I would hereby like to welcome you to the Stockholm Tax Conference and to the intensive and important work on capacity-building that we have ahead of us.

Seeing so many of you here makes me hopeful of what we can achieve together. But the agenda is long and our time is short – so let me get right into the topic.

I would like to focus on what, in my experience, is important to create an effective tax administration.

First of all, let me take a step back and talk briefly about taxation as a concept.

What is tax? As US Supreme Court Justice Oliver Wendell Holmes Jr stated in 1927: "Taxes are what we pay for civilized society".

I agree. To achieve a society where we do not resort to the rule of force, but

instead can rely on the rule of law, we need taxation.

Our people and property need protection, regardless of income. Police is necessary and territories must be secured, and we must ensure equal justice for everyone.

Taxation is the only way to guarantee this for each of our residents.

But tax is more than that. Tax can also be smart economics. Paying taxes will make us richer in the long run. If – and I mean IF – taxes are spent well and levied well.

To me, tax is spent well when it is providing businesses with infrastructure and helping to educate the workforce. Then taxes are good for our companies and for innovation.

Tax is spent well when it is creating growth that is inclusive – economic growth for the benefit of a good society.

Inclusive growth is created when boys and girls have the right to attend high quality schools, when higher education is accessible regardless of your parents' income, and when affordable healthcare is available for all.

And taxes can have a role in creating a structure that benefits economic growth. Let me give you an example.

Even if we in Sweden have high taxes from a global perspective, our employment rate is the highest that has ever been measured in an EU country.

High female labor force participation is an important explanation.

How did we achieve this?

First, we abolished joint taxation in 1971. With separate income taxation the marginal tax decreased dramatically for families when women started to work. And more women entered the labor market.

Number two, publicly funded parental leave and high-quality child care, and number three – often forgotten – publicly funded elderly care.

This structure makes it possible for women and men to combine family life

and working life.

To fund this structure with taxes is smart economics. A structure where women can work increases economic growth and makes it more inclusive.

So, what does spending taxes well have to do with capacity-building? Well, it's about trust.

Trust between the legislator and the taxpayer.

As a taxpayer, not only do I want to know where my money goes, I also want to support this use of the tax money. I want to know it is spent carefully and wisely on things that benefit our society. Then I'm willing to comply with the tax rules.

But not only do I want to support the use of the taxes; the levying of the taxes itself also needs to be fair.

So, let me move on to fair taxation.

When there is a call for tax breaks from a certain group or interest, theories in the field of behavioural economics are useful to test against the broader aim of fair taxation.

Let me explain this by painting a picture.

Imagine two children who you suddenly decide to serve a glass of fruit punch on a sunny afternoon.

One child gets half a glass, while the other's glass is filled to the brim.

Behavioural economics and the prospect theory, developed by Nobel laureate Daniel Kahneman, were crucial in explaining in economic theory what every parent has known for generations.

Namely that you would end up comforting an upset child.

In the same way, the tax system must be fair to maintain its legitimacy.

Everyone needs to pay their fair share of the taxes, which means that we have broad tax bases and few exceptions.

Basically, my aim is to have as neutral a tax system as possible.

As soon as you give one person, company or interest group a tax break, you need to consider the other one standing next to it with a half-empty lass of fruit punch.

This is also the one explanation of my commitment and determination to fight tax evasion. If someone slips through the system, it is very difficult to keep other taxpayers motivated. Fighting tax evasion is crucial for the legitimacy of our tax system.

Quite simply, you need to distribute the fruit punch in a way that is fair and accepted, or you will end up spending a lot of money buying more fruit punch.

But even if the spending of the taxes is supported and tax legislation is fair, there is still one factor left: the relationship between the taxpayer and the tax authority.

And this relationship is also about, yes, trust.

This is something we have spent much time and effort on. In Sweden, in fact, even though we have high taxes, I am very proud to say that the Tax Agency is the most popular government agency in Sweden.

It has been a long journey from a feared tax collector to a popular service agency whose motto is: "Our vision is a society where everyone is willing to pay their fair share."

This journey has happened thanks to its service oriented attitude and professional services to the taxpayers – their pre-printed, simple tax returns and easy access to the Agency by phone.

Few people need to pay for legal advice on their tax return in Sweden.

One key aspect has been the clear context for employees of the Tax Agency that they are working to create a better society. And that citizens who contact the Tax Agency do so because they want to pay their taxes.

So again, it comes back to mutual trust.

This is all capacity-building in practice. Spending taxes carefully and wisely, creating a fair tax system and well-functioning service oriented tax agencies.

Capacity-building is high on the international agenda. The 2015 Addis Ababa

Action Agenda on Financing for Development and the 2030 Agenda identify domestic resource mobilization as a key area.

Sweden was one of the signatories of the Addis Tax Initiative that was launched in Addis in 2015.

Sweden offered to host this international conference to contribute to stronger tax administrations across the globe.

The aim is to strengthen the capacity of low-income and middle-income countries and facilitate the implementation of effective tax policies through dialogue and experience exchange.

The conference will feature case studies for mutual learning in plenary as well as working sessions. The emphasis will be on best practices and technical and administrative expertise.

I hope this conference will bring forward the work that started in Addis in 2015.

I hope that we can take with us a lot of good examples to pave the way for more inclusive and efficient work on capacity-building. The base for a civilized society.

Thank you, and welcome once again to the Stockholm Tax Conference.



Government Offices of Sweden

Speech from Ministry of Finance

Speech by Minister for Finance Magdalena Andersson at the Policy Networks conference" "Beyond Brexit: Can the EU-27 re- engineer growth?".

Published 24 October 2016 Updated 24 October 2016

London, 24 October 2016. Check against delivery.

Thank you so much for the invitation.

Today we see worrying tendencies towards beliefs in simplified solutions, in Europe and elsewhere. Quick fixes and promises without substance are abundant in the debate. The political landscape is getting more difficult for responsible politicians.

And so are the policy challenges such as large migration flows, rapid technological change, and the continued rise of income and wealth inequalities. Policy challenges we know only can be addressed by collective solutions and international cooperation. Yet, the debate is often going in the other direction.

But one thing is clear, both the real challenges and the political debate would benefit greatly if we would see better growth. So the theme for this session is well chosen. We need a growth agenda for Europe...

I'm going to talk a lot about the European Union. And I will be critical. And Sweden is often seen as an EU-sceptic country, together with the UK. So let me just make clear that Swedes are in general in favour of the EU. In fact, Swedish public opinion towards the EU has become more positive after the Brexit vote.

And I agree. We need a well-functioning European cooperation. Without for a moment forgetting problems and deficiencies, the EU single market is the world's largest domestic market, we have the four freedoms, applying to 500 million citizens and to our firms. For a small and open economy like Sweden – being part of this market is a great advantage.

But let's now turn to problems, challenges, and hopefully some potential solutions, that is the job of politicians.

We know that growth has been low ever since the financial crisis. When it hit, it became painfully obvious that we were not prepared for it. We simply did not have our house in order. A lot has been done since then, both at the national level and at the EU level, but we are still confronted with serious problems.

Trend growth is low. So is productivity. Unemployment is very high in several Member States. The banking system has weaknesses. Public debt levels are high, implying no or limited room for manoeuvre for national fiscal policy. Underlying some of these problems may be structural changes that have led to a fall in the natural interest rate and thereby difficulties for monetary policy to support growth and employment.

Our economies are also burdened by recent shocks. We have seen an unparalleled inflow of migrants, where a few countries shouldered most of the responsibility. Sweden for instance. The referendum here in the UK to leave the EU did not have the outcome I think most of us in this room were hoping for. Furthermore, there is not enough progress with the important free trade agreements with Canada and the USA.

There are a lot of challenges. And I see people having very different solutions to those challenges.

Some say that now is the time for further EU integration. For new grand projects in Europe. A fiscal capacity or a Eurozone finance minister, for instance.

Others, including Sweden, think that we should focus on well-needed structural reforms, implementation of the frameworks we have already agreed on and on policy areas where there is a clear added-value of working together.

It is clear that the EU has a confidence problem. I believe the European

Union needs to focus on those tasks that generate value for the citizens. Where there is a clear added value of acting together. Active collaboration against terrorism and organized crime, effective supervision of our external borders and a shared responsibility for asylum seekers, joint efforts against climate change and, the further initiatives to promote more and better jobs within Europe.

But we need to be careful going forward. For some challenges EU-institutions and bodies are best suited to address common cross-border challenges, whereas for others national authorities are far better at identifying challenges, as well as shaping and executing policies at national level. Striking the right balance between EU and national responsibilities is therefore key.

Frankly, I have seen many demonstrations across Europe the last years. But I have very seldom heard demonstrators shouting – more power to Brussels.

So –what do we do instead? What should a growth agenda look like? Well, I think we should do four things. We clean up our public finances and the European banking sector, we implement already agreed on measures such as the investment plan for Europe, we renew our efforts to finalize trade deals with Canada and USA and we carry out structural reforms on a national level.

First – I cannot see how we can renew growth and become an investment-friendly continent as long as many countries run large deficits and have very high public debt.

But, this is not only me. We have agreed on the Growth and Stability pact. A pact that stipulates no more than 3 percent deficit and a maximum public debt of 60 percent of GDP. And we have agreed on this for a reason. Namely that it is sound economic policy – not an unwelcome constraint. So we have a pact that we have all agreed on. Why don't we just stick to it.

Don't get me wrong - I did not join the social democratic party some 35 years ago because of my deep conviction of sound public finances or my love for fiscal policy frameworks. I wanted to change the world, like many of us - I still do. But one crucial thing has changed. With age and experience comes the insight that the world cannot be changed without the responsible use of our common resources.

Too often we hear of a false contradiction between sound public finances on

the one hand and growth and employment on the other hand. I do not agree with that. Sound public finances are a prerequisite for growth and employment. Jobs and growth must be built on a solid foundation. Investments are not drawn to countries with unstable macroeconomics.

We are therefore deeply worried about the disrespect for the rules in the Stability and Growth Pact. The tendency to make the rules more and more flexible and to create additional loopholes is a cause of concern. We have endless EU discussions among ministers and technical experts on creative accounting, on extra time for complying, on bending the rules in ever more inventive ways. The countries which are fighting hardest for changes in this direction, do they have the best growth and employment record? No, they certainly do not. Deficit and debt is not the road to sustainable growth and employment.

The euro would be a stronger project with sounder public finances. One effect is that there is less room – or no room – to use fiscal policy in a downturn. When the next crisis comes – and it will come – the Eurozone is more vulnerable. History tells us that this will hurt the weakest in society. Basically, it is time for each Member State to do its home work. There are no shortcuts. Weakening the Growth and Stability Pact is not a shortcut. Nor is a fiscal capacity for the Eurozone or Euro finance minister. We simply need more budget discipline.

But we also need to clean up the balance sheets of the European banking sector. As with public finances, we can't really talk about growth before we've done that. Banks not only play a key role in financing the private investments, worries around banks also tend to spill back on the country itself. For instance by pushing government borrowing rates higher or decreasing foreign investment because of fears of an unstable banking system. In my view, stabilising the European banking sector could deliver more investments and growth within the Eurozone than a further deepening of the monetary union ever could.

And, to be fair, a lot has been done since the financial crisis in this area. The introduction of a Banking Union. Higher capital requirements, a new resolution framework, a single supervisory mechanism.

But still, the latest update from the European Banking Authority showed that the non-performing loans of banks in the EU remain up to three times higher than in other global jurisdictions.[1] That's just not sustainable. More has to be done.

So, sound public finances and stable banks. The second thing we need to do is to implement the investment plan we decided on last year. The plan, called the Juncker plan, rests on three pillars.

- The European Fund for Strategic Investments, or Efsi, which is supposed to mobilise investments of at least €315 billion in three years.
- A list of projects as well as an advisory hub supporting investment.
- And the third pillar of the investment plan is creating an investment friendly environment.

This is to me the most important pillar. We need to do more here. Because, given the low interest rates – why doesn't private companies decide to do more investments? How can Europe become more attractive for private investments?

For a start, we should continue to strengthen the single market. Here, the EU has launched a number of interesting initiatives. We are very supportive of Frans Timmerman's better regulation agenda. We are also supportive of the aim of the capital market's union, to provide a complement to bank funding. The digital single market is another important priority. We need to harness the growth potential of increased eCommerce through harmonised regulations as well as simplified and more secure online payments and data flows. We will also work for an energy union with forward-looking climate policies.

The third thing we do is finish the trade agreements with Canada and the USA. We will fight for them.

But we know that globalisation and free trade are currently coming increasingly under fire, paradoxically in some countries that benefit tremendously from free trade.

The fact that countries on the whole benefit from free trade and globalization doesn't automatically make each and every one better off. The last decades of world growth have improved living-conditions for millions and millions of families. At the same time, working class families in several OECD-countries have not had the same experience. As an example, the bottom half of the income distribution in the US has only seen 8 percent increase in real wages since 1979.

Their jobs have moved to Asia, or have been taken over by robots. They are worried about their future and many feel insecure.

So they are, not only in the US, rather skeptical towards more globalization, more free trade. Some see no point in being part of the European Union any more.

If we, as politicians are to reverse this trend, if we want to increase global trade, and see new free trade agreements we have to make sure that all our citizens are winners in the globalized economy. That means more redistribution. Of possibilities. And of outcomes.

I see two structural reforms on the national level that provides a base if we are to act against anti-digitalisation and anti-globalisation sentiment. The first one is creating a stronger safety net. Where a decent unemployment insurance is number one. An unemployment insurance on a level that ensures that you don't need to sell your house the first month of being unemployed. Preferably an insurance with requirements on the unemployed to be active.

The second is an active labour market policy. Life-long learning. When I'm unemployed because my job is now done by a machine – or has moved to China – I must have the possibility to re-educate and re-train for another job. It is obvious. It is a smart way to use human capital. But it is too often not done.

Here I see a lot of reform potential and this is an area my government has been very active.

But, it's not only about providing adult education - because we know that people who have a good educational base to stand on have an easier time learning new things when older. So it goes all the way back to having good pre-schools. Basically, it goes back to Tony Blair, and politicians' world wide's most important task. Education, education, education.

A modern labour market can never protect jobs. But it can protect workers through decent unemployment insurance and a good opportunity to re-train. If we as politicians don't provide that – we cannot expect citizens to be enthusiastic about globalization.

But to be honest. This will not be enough. We will have to work more on redistribution. If the rising inequalities are not dealt with by serious political alternatives – other, sometimes frightening alternatives will pop up. And we already see it happening.

Other obvious growth-enhancing structural reforms are the ones that increase women's labour force participation rates. Publically financed child and elderly care as well as paid parental leave are examples of such reforms. Gender equality, through women's increased labour participation, will increase national growth prospects. This is will be important, not least given the demographic situation we are facing in Europe. In McKinsey's Global Gender Gap Report 2015 advancing women's equality is estimated to add 12 trillion US dollars to global GDP by 2025 (11 percent). In a "full potential" scenario in which women play an identical role in labour markets to that of men, as much as 28 trillion US dollars (26 percent) could be added to global annual GDP by 2025. In the words of Christine Lagarde, "women's empowerment is not just a fundamentally moral cause; it is also an absolute economic no-brainer"

To sum up – do I think we can revamp growth in Europe? Absolutely.

Number one: We have to get the basics right.

Sound public finances and a well-functioning banking sector.

Number two: Implement the third pillar of the Juncker plan by strengthening the single market.

Number three: strengthen Europe as an open and free-trade oriented continent by and renewing the efforts to finish negotiations on trade agreements with the outer world.

Number four: Structural reforms on the national level to protect workers, invest in education and increase female labour force participation.

This would at least be a good start for a European growth agenda.

Let me finish by saying a few words about the relationship between the UK, Sweden and Europe after the referendum

The overarching goal for Sweden is to preserve a strong and effective EU for the future, while at the same time preserving a close relationship between the EU and the UK. I think the focus should be on minimizing the joint loss of this separation

That being said, I think there needs to be awareness that there can't be cherry-picking. With access to the single market comes regulation, and the four freedoms are closely interlinked.

But my premise is that we should work towards a deal that is as beneficial as possible for both the UK and the European Union. And I think that will be important for future growth – in the EU and the UK.

In many respects, Sweden and the UK have had similar views on the EU cooperation. Together we have advocated a strong EU agenda on climate issues which contributed to a new, ambitious climate agreement in Paris.

Along with the UK, Sweden has worked to develop the EU's single market and an open trade to the outside world. At the last hearing on the EU's long-term budget, we succeeded to not only defend and preserve our rebates , but also for the first time reduce the total EU budget and redirect the money to more growth enhancing measures.

The UK also has safeguarded the interests of those member states, including Sweden, that have not adopted the single currency.

So, from a Swedish perspective, you will be greatly missed. At the same time – I'm certain that we will find new ways to cooperate after Brexit.

Thank you.

[1] 5.7% in EU, 1.7% in the U.S. and 1.6% in Japan.



Government Offices of Sweden

Speech from Ministry of Finance

Speech by Minister for Finance Magdalena Andersson at "Finanz im Dialog" in Vienna

Published 18 October 2016 Updated 18 October 2016

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Speech by Minister for Finance Magdalena Andersson at "Finanz im Dialog" in Vienna, 17 October 2016.



Government Offices of Sweden

Speech from Ministry of Finance

Speech by Minister for Finance Magdalena Andersson at the EU Budget Focused on Results Conference in Brussels

Published 28 September 2016 Updated 28 September 2016

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Ladies, Gentlemen

I wish to thank Kristalina Georgieva – for the invitation and the possibility to speak today.

The EU-budget in general

Let me start by two remarks on the EU-budget in general.

Firstly, the European Union and our Member States face a number of challenges. When talking about the EU-budget, I think it is important to start thinking about which ones ought to be addressed by the EU-budget and which ones shouldn't.

For some challenges EU-institutions and bodies are best suited to address common cross-border challenges, whereas for others national authorities are far better at identifying local challenges, as well as shaping and executing policies at local level. Striking the right balance between EU and national responsibilities is therefore key.

One of the most urgent challenges we are facing is the low growth in our union. This is however not a challenge that to any larger extent either can or should be solved by the EU-budget. Instead this calls for national structural reforms that can permanently increase potential growth in the Member

States.

The problem today is that too much of the EU-budget is used to conserve economic structures and hamper structural change. In order to change this we ought to reduce the CAP and parts of cohesion policy considerably in the medium term.

At the same time, there are areas of genuine common interest that are more important than ever before.

We need to refocus the spending profile in order to better address common challenges such as security and external relations, for example finding sustainable solutions to the root causes of irregular migration.

So, we need national structural reform to increase growth potential. The EU-budget should to a larger extent focus on genuinely common problems rather than conserve old economic structures. Because, in the long run public spending can never substitute structural reform.

Secondly, in all Member States we are working hard to have control over our national budgets. We have to make difficult choices to prioritize between important areas when something needs extra spending. Or between lobbyists that want new tax-cuts.

Furthermore, many Member States have spent the last years making incredibly difficult decisions consolidating their budgets.

From this perspective I believe it is more important than ever that the EU-budget is managed in a budget-restrictive way. No trying to go around the rules through new flexibility or innovative financing schemes, instead true reprioritization when new challenges turn up.

It is more important than ever that the European level acts as a role-model when it comes to budget discipline.

Enough of the general remarks.

The MFF review

Regarding the MFF review, the focus on migration, growth and external policy in the Commission's proposal is well balanced given current challenges.

But as I said, it is absolutely crucial that an agreement respects the expenditure ceilings of the current MFF. Financing of new priorities through a depletion of margins, increased budget flexibility and/or new flexibility mechanisms is not obviously in line with this - which is deeply concerning and clearly comes with risks for increased national contributions.

A key to achieve sustainable financial development is re-prioritisation. Increased expenditure for one purpose should be off-set by correspondingly lower expenditure in other areas. This principle is transparent, simple and key to sustainable development of public finances.

As for Sweden, we will be prepared to make sacrifices in our areas of priority in order to make both ends meet, should this be required. Naturally we expect equally constructive attitudes from all Member States.

The next MFF

Moving on to the next MFF. I believe we should continue to build on the progress made back in 2013. That means being restrictive on the level of spending and set priorities based on European added value.

Fair burden sharing has been a guiding principle for as long as Sweden has been a member of the EU and should continue to be so. A system of reductions is necessary to achieve this objective. This will be equally valid in the next MFF.

Brexit

When we shape the next MFF we have to base our analysis and reach an agreement with a different union in mind. The outcome of the UK referendum will sadly mean that the EU for the first time will lose a member state.

Brexit will mean the loss of an important net contributor. Accordingly we need to adjust the budgetary ambitions of the union downwards in order to avoid increases in Member States contributions to the EU-budget. So, when UK leaves, the EU-budget has to shrink accordingly.

That a result of Brexit would be that other net contributors with an EU-skeptical opinion would need to pay even more to the EU-budget – well that is simply unthinkable.

This is particularly relevant for my country. Last year we received more than

163 000 asylum seekers to Sweden – and we are a ten million people country. That is more asylum seekers per capita than any OECD-country has received in modern times. This will for a long time affect our country and our public finances.

The support we have seen from the European Union has been varied, and particularly some countries have been reluctant to even implement decisions we have taken together. The lack of solidarity shown by certain Member States during the migration crisis does not correspond with the solidarity that the big net contributors – and their tax-payers - show regarding the EU-budget.

To ask us to show even more solidarity as a net contributor than we do today would be, to say the least, difficult to explain to the Swedish public.

Let me instead quote President Juncker's State of the Union speech two weeks ago.

"When it comes to managing the refugee crisis, we have started to see solidarity. I am convinced much more solidarity is needed. But I also know that solidarity must be given voluntarily. It must come from the heart. It cannot be forced."

End of quote.

I agree – and I presume the same is valid for net contributions to the EU-budget. Solidarity within the EU has to be a priority for all Member States, not just a few. This can not be a club where some only gives and others only receive. It has to be mutual. Because, as in all relationships – it takes two to tango.

Thank you



Statement from Ministry of Finance

Shared views of the Finance Ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Sweden, and The Netherlands about Capital Markets Union

Published 18 July 2018

It is central for ensuring continued prosperity in Europe that we tap into all sources of growth available. Mobilising capital in Europe to help promote sustainable growth in the real economy to the benefit of all citizens, investors and companies in the Union remains a key priority. The development of open and globally competitive capital markets in the European Union, and the reduction of barriers to capital flows will help ensure businesses have access to sources of financing from other countries and through means other than traditional bank based financing and better match investment demands with those who have savings to lend. Extending cross border private risk sharing will make our financial system more robust and less vulnerable to financial crises.

Given the challenges facing the European Union, fully delivering CMU is essential. CMU has already delivered in a number of targeted ways such as amending Europe's prospectus and securitisation frameworks, facilitating Europe's venture capital funds investment in start-ups and small and medium sized businesses by amending EuVECA and seeking to promote financial knowledge via the work of the Sub-Group on Financial Literacy. Vice-President Dombrovskis has highlighted that the prospect of Europe's largest financial centre leaving the European Union makes our task more challenging, but all the more important. The United Kingdom's decision to leave the European Union, while regrettable, must act as a catalyst to redouble our efforts in further developing and integrating EU capital

markets.

Taking account of the European Union political and institutional cycle, time is not on our side and so we must set an ambitious target and prioritise. This means that we should focus our resources on those outstanding parts of the CMU Action Plan with the largest impact, which enjoy broad support among Member States and can be completed quickly. This includes the Investment Firms Review which will implement a more proportionate regulatory regime for investment firms and the proposed framework for covered bonds which would enhance their use as a stable and cost-effective source of funding for credit institutions to help finance the real economy. In addition proposals that help provide financing to European companies that actively contribute to a low carbon and environmentally resilient economy and sustainable development must also be advanced. In that regard, accessible and comparable information about sustainability aspects for investors is crucial. We also have to make sure that the financial industry becomes aware of the risks related to climate change and the necessary transition to a sustainable economy.

Second, we also need to focus on those proposals that will allow the financial services industry in Europe to benefit fully from technological developments and innovations that improve financial services and enhance their integrity. Financial technologies solutions using for example digital identification, mobile applications, cloud computing and cyber security principles change the financial industry and at the same time create the opportunities to provide better access to finance and address financial inclusion, support operational efficiency and enhance the competitiveness of the economy.

Third, an effective supervisory framework provides the foundation for integrated European capital markets as it ensures a consistent approach to the implementation of the Single Rule Book across Member States. It also provides an environment which attracts international capital and expertise into the Union. The Review of the European System of Financial Supervision is an important opportunity to enhance the current framework and build upon the existing strengths of the three European Supervisory Authorities (ESAs). The focus of the ESA review must be to ensure that there is a level playing field in the Union on the provision of financial services in order to ensure supervisory convergence between Member States. We should ensure that the expertise and knowledge of national competent authorities continues to be shared with the ESAs. The voice of the national competent authorities is a central part of the ESA framework, which are member organisations. This outcome essentially depends on strengthening the existing tools. We

remain convinced that amendments can be agreed by the Council within the timeline of this Commission and Parliament, but progress on CMU should not depend on the ESA Review.

Fourth, national reforms can play an important role in achieving the aims of the CMU. The pursuit of national reforms will result in the further development of local capital markets, helping to diversify financing options for the real economy and improve financial stability via diversified funding sources. The Commission's Structural Reform Support Service has assisted Member States in introducing reforms to develop their capital markets and we believe it has an important role in helping further develop our capital markets.

Notwithstanding the complexities of the many CMU Action Points, we are committed to working constructively within Council and with the Parliament and the Commission in order to help ensure the priority issues are delivered within the current term. We reiterate that this will require a prioritisation of the existing open legislative files in order to ensure that CMU is advanced as much as possible by early 2019.



Statement from Ministry of Finance

Global cooperation is key to address tax challenges from digitalization

Published 01 June 2018

The Nordic countries belong to the leading countries in digitalization. Digitalization has hastened the development of our economies and enabled new business models to develop. It is essential to ensure that all companies including digital companies have a growth-friendly environment also in the future. Well-designed and fair taxation is one key factor in achieving this.

Digitalization has led to discussions in the EU and on a global level on how the existing tax rules work in relation to the new business models. For us, it is important to ensure that everyone pays their taxes, digital companies as well as all others. The Nordic countries are generally at the forefront of the global fight against tax avoidance, and have actively participated in the work done within the EU and in the OECD to combat base erosion and profit shifting (BEPS). And we remain ready to do more on this issue. We note that the recent US tax reform with its GILTI provision should precisely address issues of tax avoidance by US digital companies, by ensuring a minimum taxation of 13 per cent on profits from foreign sales, which previously could often go untaxed for a long time. This is an important contribution to securing a level playing field between US and European companies.

In March 2018 the EU Commission made two proposals for directives introducing special tax rules for the digital economy. We welcome and support the active EU engagement in the discussion on counteracting base

erosion and profit shifting in light of digitalization, but note that the two proposals are mainly about changing the current rules for allocating taxable income between countries, for the digital economy, rather than fighting tax avoidance. The proposals partly shift taxing rights to the country of the consumer or the digital user, based on the premise that these contribute to value creation in the digital economy.

This deviates from internationally established principles. Traditionally, exporting firms do not pay taxes in their export destination simply because they have consumers there. The proposal for a digital services tax means that basically all value creation is deemed to take place at the location of the consumer. Furthermore, a digital services tax deviates from fundamental principles of income taxation by applying the tax on gross income, i.e. without regard to whether the taxpayer is making a profit or not.

Such substantial changes to the current international principles need to be discussed and agreed internationally. If we in the EU unilaterally apply a digital services tax on gross income, including to non-EU firms, the tax will be difficult to enforce and there is a substantial risk that it will complicate international cooperation in the tax area. Furthermore, it seems unlikely that third countries would quietly accept isolated EU actions in this area without introducing corresponding measures for taxing companies of EU Member States. In the end, we would risk moving to a general destination-based allocation of taxing rights, which is not in the interest of the EU.

We believe there are no reasons to deviate from internationally established principles regarding the allocation of taxing rights for the digital economy. The digital economy as well as the traditional economy should be taxed where value is created. Therefore, there should be a thorough analysis whether and to what extent, users in some specific digital business models contribute by creating value for the business and whether this should be somehow reflected in taxation.

This analysis needs to reach a certain international consensus to be effective, and so a substantial part of it must again be done in the OECD. The Nordic countries will continue to participate actively and constructively in such work, and we would support an acceleration of the OECD discussions on this topic, so that we can find a consensus-based solution rapidly. In these discussions, we must also keep in mind the crucial part innovation and research and development play in creating value for businesses and growth and welfare in general. A system based on where the users are located must not reduce the incentives for states to provide a favourable climate for

business.

Digitalization is changing the world swiftly and in the future it is bound to affect also the businesses we now see as traditional ones. Our aim is to guarantee that all businesses – new and old, more or less digital, national and international – are taxed in a similar efficient and fair matter, based on where value is created, so that the Nordic countries and the rest of the EU remain competitive in an increasingly interconnected and digital world.

The OECD BEPS project has in the recent years delivered significant results in the fight against tax avoidance, showing that global cooperation on tax matters is not only desirable, but also possible. Crucial BEPS initiatives are now being implemented in both EU and the US helping to counter tax avoidance by for instance the digital giants. We are convinced that global cooperation needs to be given a real chance to succeed also when it comes to digital taxation.

Ms. Magdalena Andersson, Minister for Finance, Sweden

Mr. Kristian Jensen, Minister for Finance, Denmark

Mr. Petteri Orpo, Minister of Finance, Finland



Statement from Ministry of Finance

Finance ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands and Sweden

Published 06 March 2018

The current strength of the euro area is notably the result of the decisive steps that have been taken at the European level to strengthen the Economic and Monetary Union as well as wide-ranging reforms at the national level. Against the background of the benign economic conditions, European ministers of finance discussed the future of the EMU on several occasions over the last couple of months, while Leaders exchanged thoughts in December. Discussions on the future of the EMU will continue among finance ministers in the coming months and Leaders agreed to come back to the matter in March and June.

We will take the opportunity over the coming months to give a clear voice to the values we generally share:

First, we believe discussions about the future of the EMU should take place in an inclusive format. European cooperation is based on strong shared values, among others the value of inclusiveness. Unity is a key asset for the remaining EU27 and must be safeguarded. The future of the EMU (fiscal, structural, financial, institutional issues etc.) is relevant to all and should therefore be discussed and decided by all. New EMU initiatives should be open on a voluntary basis to non-euro area countries on equivalent terms.

Second, a stronger EMU requires first and foremost decisive actions at the national level and full compliance with our common rules. It starts with implementing structural reforms and respecting the Stability and Growth Pact, thereby building up fiscal buffers in national budgets to allow room for

national fiscal policies, both automatic and possibly discretionary stabilisation, in order to smoothen economic downturns. This would ensure a robust EMU with better stabilisation, resilience and sound structures as well as improved convergence. The EU should make use of the strengthened fiscal, economic and financial frameworks already in place, to deliver concrete results for European citizens in terms of stability, jobs and growth.

Third, we should focus on initiatives that have public support in Member States. The financial crisis and the subsequent sovereign debt crisis have affected citizens in all Member States. With a view to the future, it is of the essence that we do our utmost to strengthen economic and financial stability and regain public trust. Further deepening of the EMU should stress real value-added, not far-reaching transfers of competence to the European level. For that reason the discussion on the deepening of the EMU should find a consensus on 'need to haves', instead of focussing on 'nice to haves'. In line with the outcome of the Leaders' discussion in December, priority should be given to areas with the greatest convergence of views between Member States, notably the completion of the Banking Union, and the transformation of the ESM into a European Monetary Fund. The EMU strengthening should be complemented by further building on core EU strengths within the broader economic cooperation to create tangible value for citizens and strengthen growth potential, including completing the single market and pursuing an ambitious free trade agenda. Stronger performance on national structural and fiscal policies in line with common rules, along with these European initiatives, notably the Banking Union, should have priority over far-reaching proposals.

Fourth, we are all committed to the process of completing the Banking Union. The Council Roadmap to Complete the Banking Union from June 2016, provides an agreed outline and priorities for the completion of the Banking Union, and provides a firm commitment by all Member States. The Roadmap should remain the basis for future discussion. A next step could be to add more precision as regards to the specific steps that have to be taken. Important elements in this regard, as principally contained in the 2016 Council Roadmap, include adequate buffers for bail-in, flexibility to address macro prudential and systemic risks at the national level, sound provisioning policy for non-performing loans, regulatory treatment of sovereign exposures, ongoing work on improving the efficiency of national insolvency procedures, transparency to markets as well as minimizing the use of state-aid. We should continue discussions on the common backstop for the SRF and continue technical discussions on EDIS. We could start political discussions on the first stage of EDIS as soon as sufficient progress has been

made on the measures on risk reduction. We should also continue to ensure openness and equivalent treatment of all Member States participating in the Banking Union. In addition to the Banking Union, progress should also be made with the development of a Capital Markets Union, in order to foster cross border private risk sharing.

Fifth, the ESM should be strengthened and possibly developed into a European Monetary Fund (EMF). An EMF should have greater responsibility for the development and monitoring of financial assistance programmes. Decision making should remain firmly in the hands of Member States. The current subscribers to the ESM Treaty stress the importance of preserving the current voting rules, as fostered by the current intergovernmental set-up. Moreover, the modalities of a strengthened framework for orderly sovereign debt restructuring in case of unsustainable debt levels should be explored as part of the set-up of an EMF.

Sixth and finally, the post-2020 Multiannual Financial Framework can help to foster sustainable growth and can be better aligned to the implementation of structural reforms, whilst respecting the responsibility and ownership of Member States for such reforms. Structural reforms are key for strengthening the resilience and potential growth of Member States and the EU as a whole. Recent growth rates in Member States that implemented reforms during and after the crisis illustrate that reform efforts pay off. Potential for further reforms remains. Better focus of the EU budget on structural reform could support their implementation, while targeted investments financed by the EU budget could also complement the effects of structural reforms. Such measures would need to reflect the budgetary constraints of the future EU-budget.