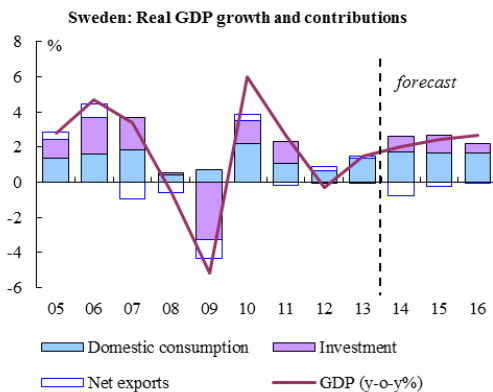


INVESTMENT IN SWEDEN

What is the situation in Sweden?

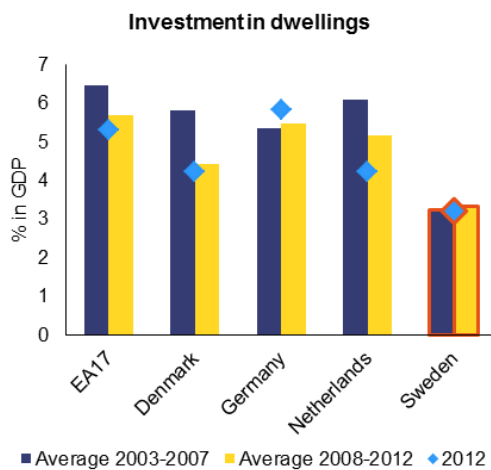


Source: European Commission 2014 Autumn Forecast

Although investments have been stagnating since 2012, they are forecast to pick up gradually as external demand stabilises and is projected to grow above the EU average.

Overall investment levels in Sweden are higher compared to similar EU economies (such as Germany, the Netherlands or Denmark). Investment has been primarily driven by the public and the service sector over the past years, while industry investments have remained weak.

What is the main challenge?

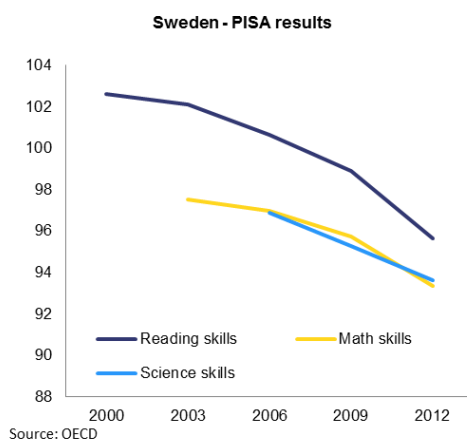


Source: Commission Services

The main challenge is related to housing. Residential housing investment has been particularly low for a long time compared to similar economies. Investment in residential property finally picked up in 2014, but in light of the strong demographic developments, rising urbanisation and a housing shortage, there are major investment needs in the country.

A second challenge relates to R&D. Although Sweden performs well (Sweden's R&D spending was 3.2% of GDP, while the EU average was 2% of GDP in 2013), such spending has gradually slowed since 2007 and there is a risk Sweden may not achieve its Europe 2020 target of 4% of GDP.

Opportunities for investment



Source: OECD

In order to reverse the declining trend and to boost the long-term competitiveness of the country, further Research & Development investments are required. The sharply deteriorating results of Swedish students in the OECD PISA tests suggest that investment is needed in education. Investments in road and railroad infrastructure to improve connectivity within and between urban areas could help to alleviate some of the constraints caused by the housing shortage.

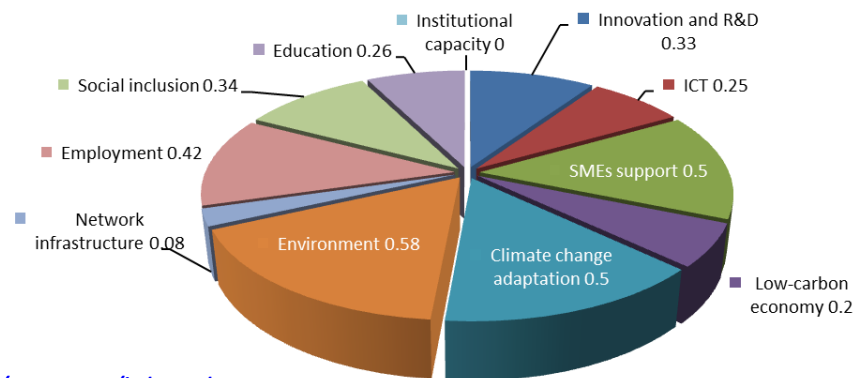
Reforms for investment

In the Country Specific Recommendations for Sweden, the European Union recommended:

- | | |
|---|---|
| <ul style="list-style-type: none"> Continue to pursue a growth-friendly fiscal policy and Preserve a sound fiscal position | <ul style="list-style-type: none"> Further improve the efficiency of the housing market |
| <ul style="list-style-type: none"> Moderate household sector credit growth and private indebtedness | <ul style="list-style-type: none"> Improve basic skills and facilitate the transition from education to the labour market. |

EU funding for investment

2014 - 2020
in billion EUR



Source: Partnership Agreement:
http://ec.europa.eu/contracts_grants/agreements/index_sv.htm

Past or ongoing projects for investment

Transport interconnections

Connecting Europe Facility:
"Scandinavian - Mediterranean"
core network corridor
(Finland,
Sweden,
Denmark,
Austria,
Germany,
Italy,
Malta)

