



2023 OECD ECONOMIC SURVEY OF SWEDEN

From a challenging present towards a green future

STOCKHOLM, 14 JUNE 2023

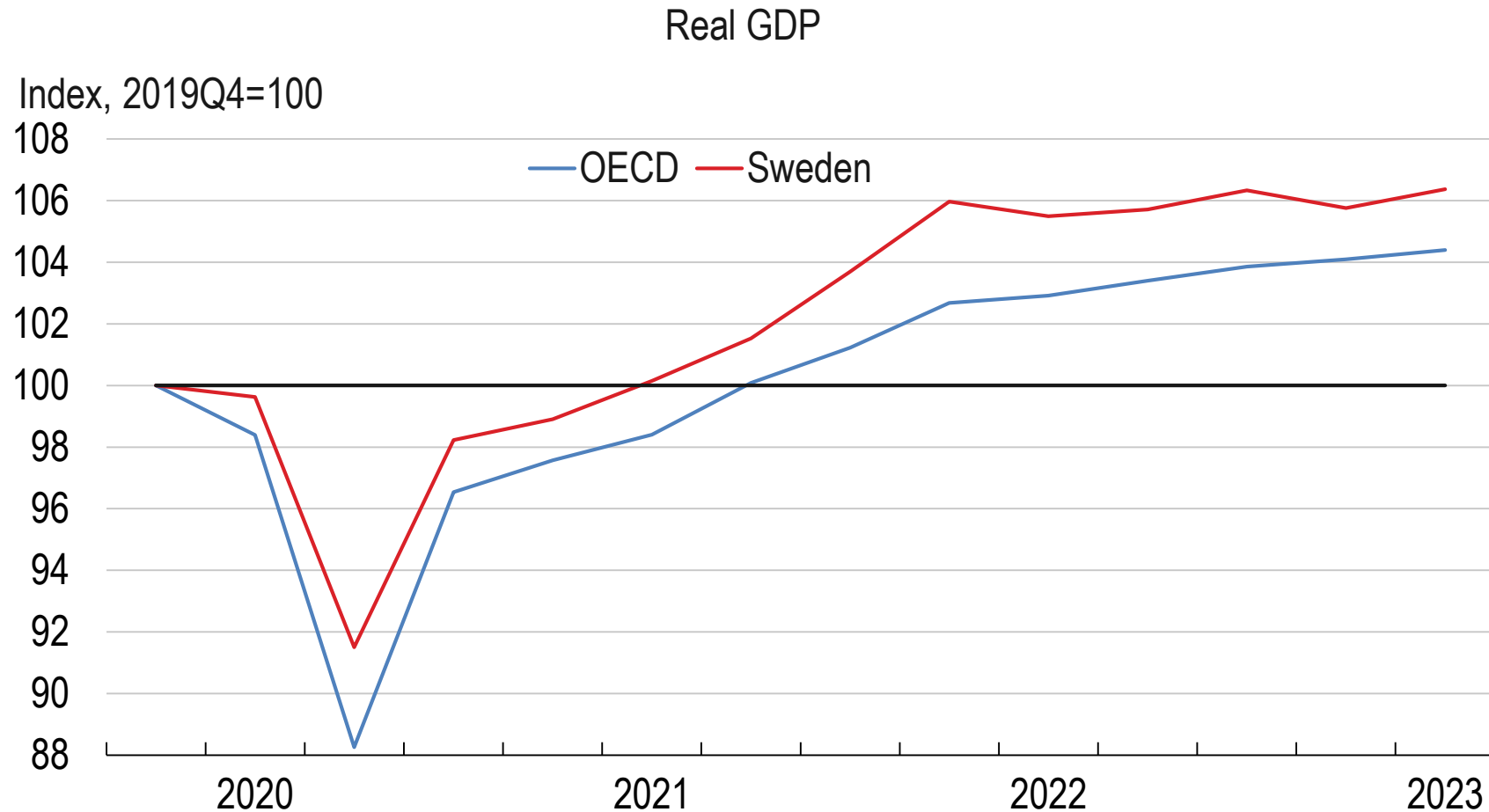
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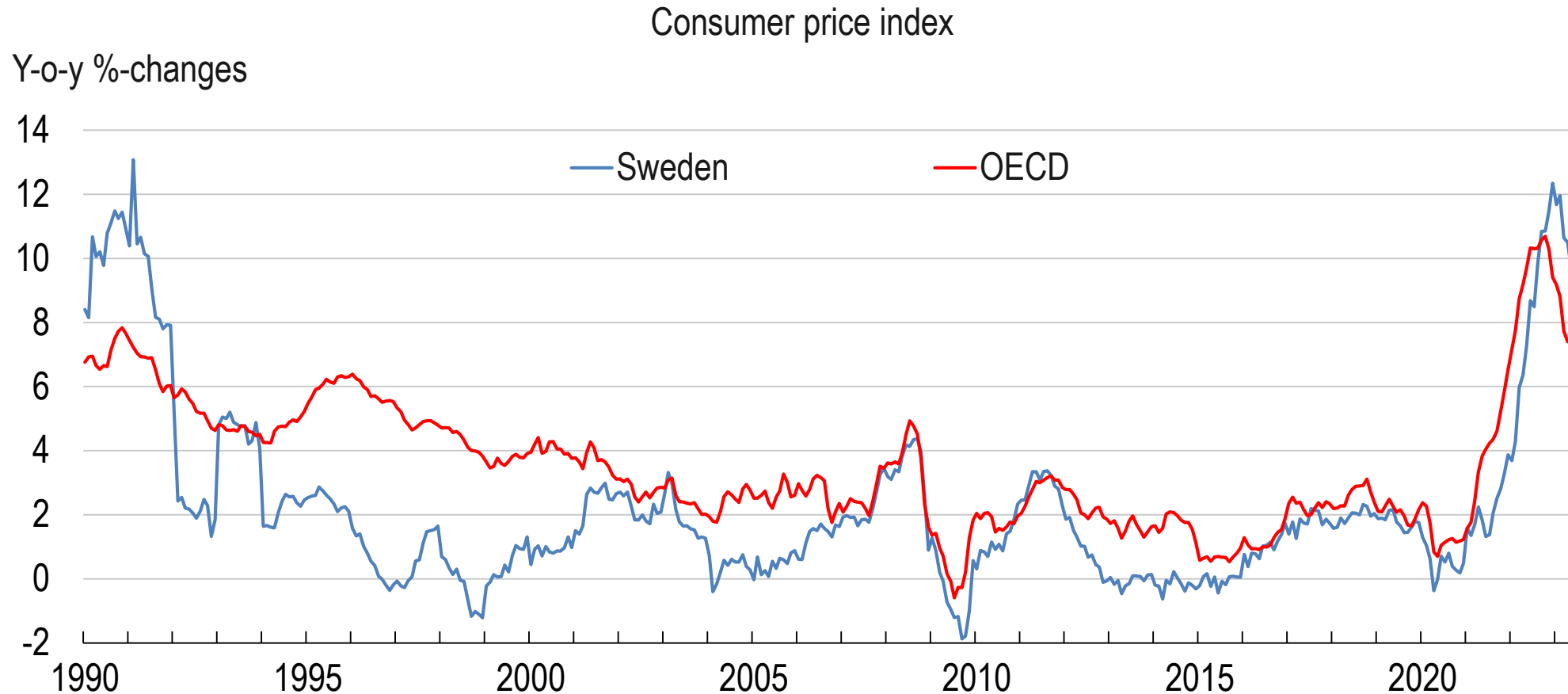
After rebounding strongly from COVID-19, the recovery has stalled



Source: OECD Economic Outlook database.



Inflation peaked at a 30-year high

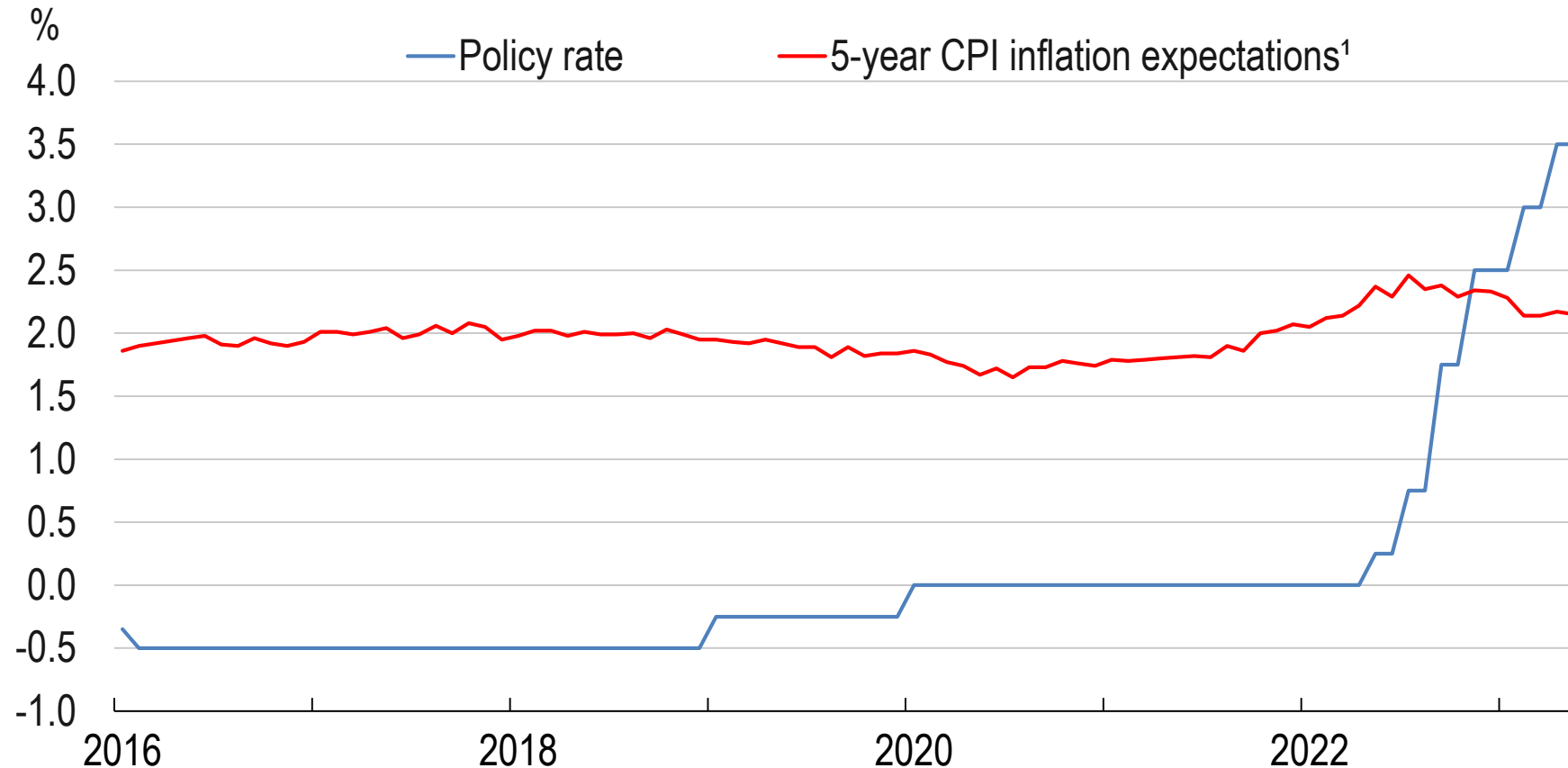


Note: Last observation for Sweden is May 2023 and for OECD April 2023.

Source: OECD (2023), Consumer price index.



Monetary policy is appropriate, and needs to remain responsive to inflation and inflation expectations

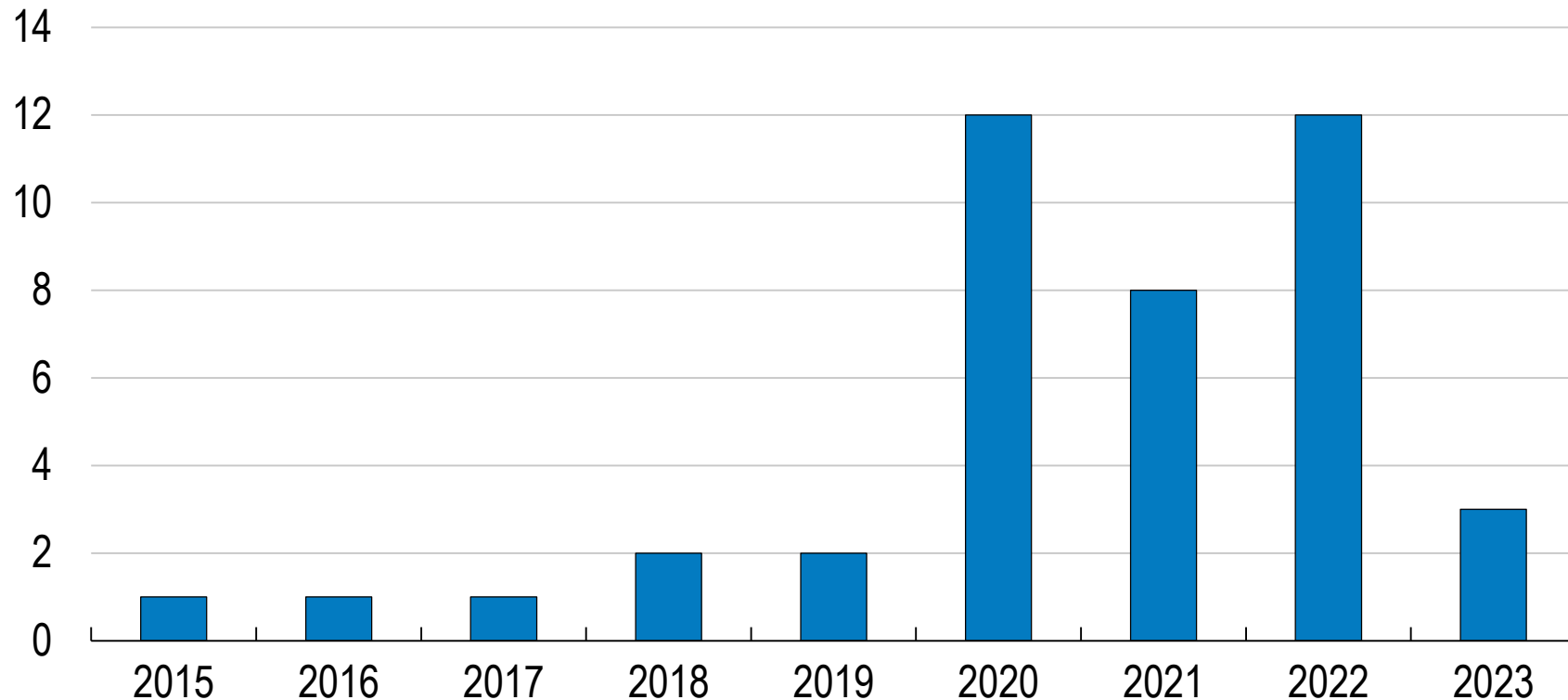


1. Money market participants' expectations. CPI stands for Consumer Price Index.
Source: Riksbank.



Reducing off-cycle spending decisions can help to safeguard fiscal sustainability

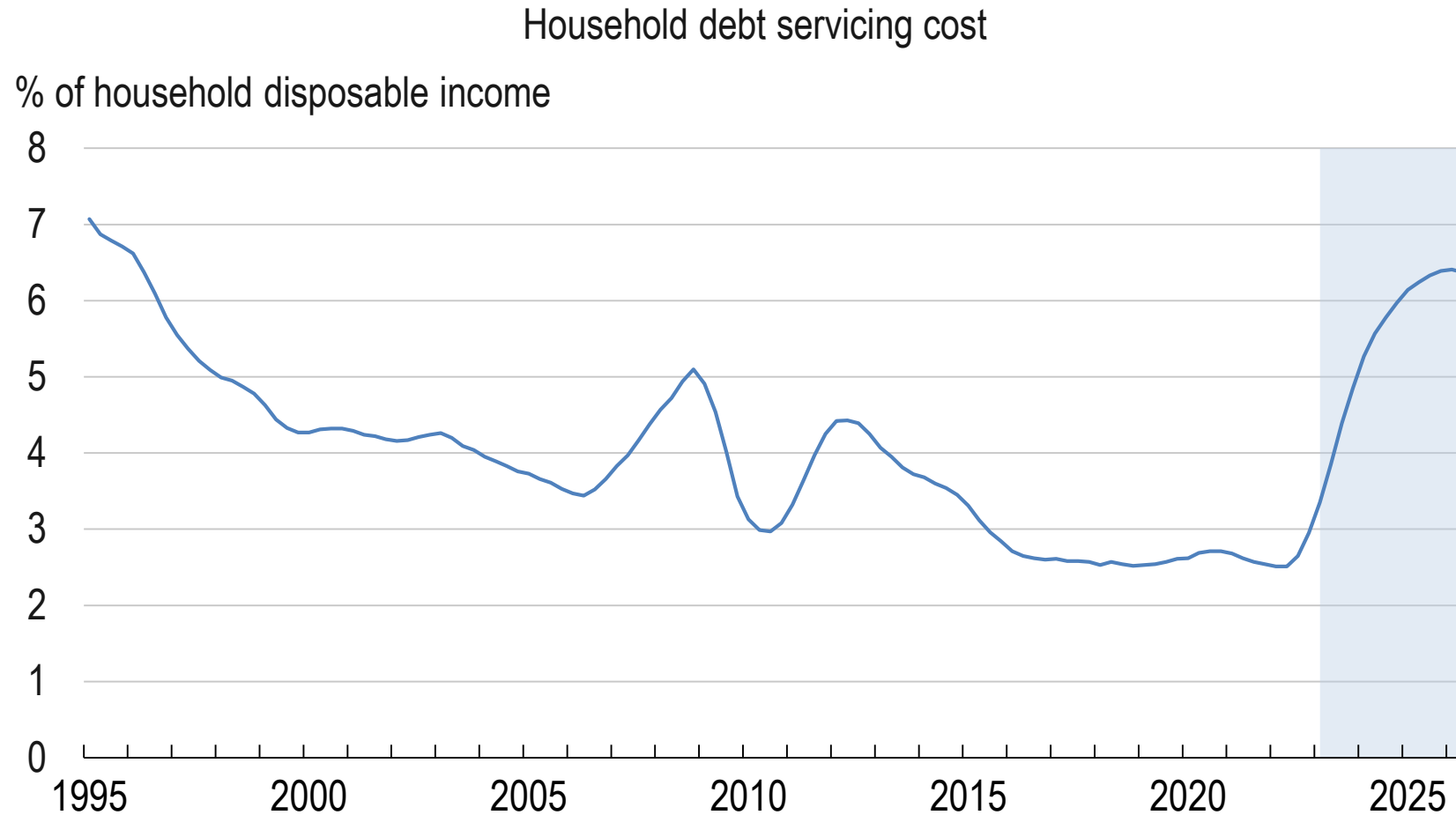
Number of extraordinary amendment budgets



Note: Extraordinary amendment budgets are fiscal decisions taken outside the regular budget process.
Source: Ministry of Finance of Sweden.



Households face rising debt servicing burdens



Note: The shaded area represents the Riksbank's forecast on household debt servicing costs.

Source: Riksbank's Monetary Policy Report, April 2023.



Growth is expected to resume after a 2023 contraction

Annual growth rates, %, unless specified

| | 2022 | 2023 | 2024 |
|--------------------------|------|------|------|
| Real GDP | 2.9 | -0.3 | 1.4 |
| Unemployment rate, % | 7.5 | 7.9 | 8.0 |
| Consumer price index | 8.4 | 7.9 | 2.4 |
| Fiscal balance, % of GDP | 0.7 | -0.4 | -0.6 |

Source: OECD Economic Outlook No 113.



Reforms for stronger growth and a more inclusive labour market

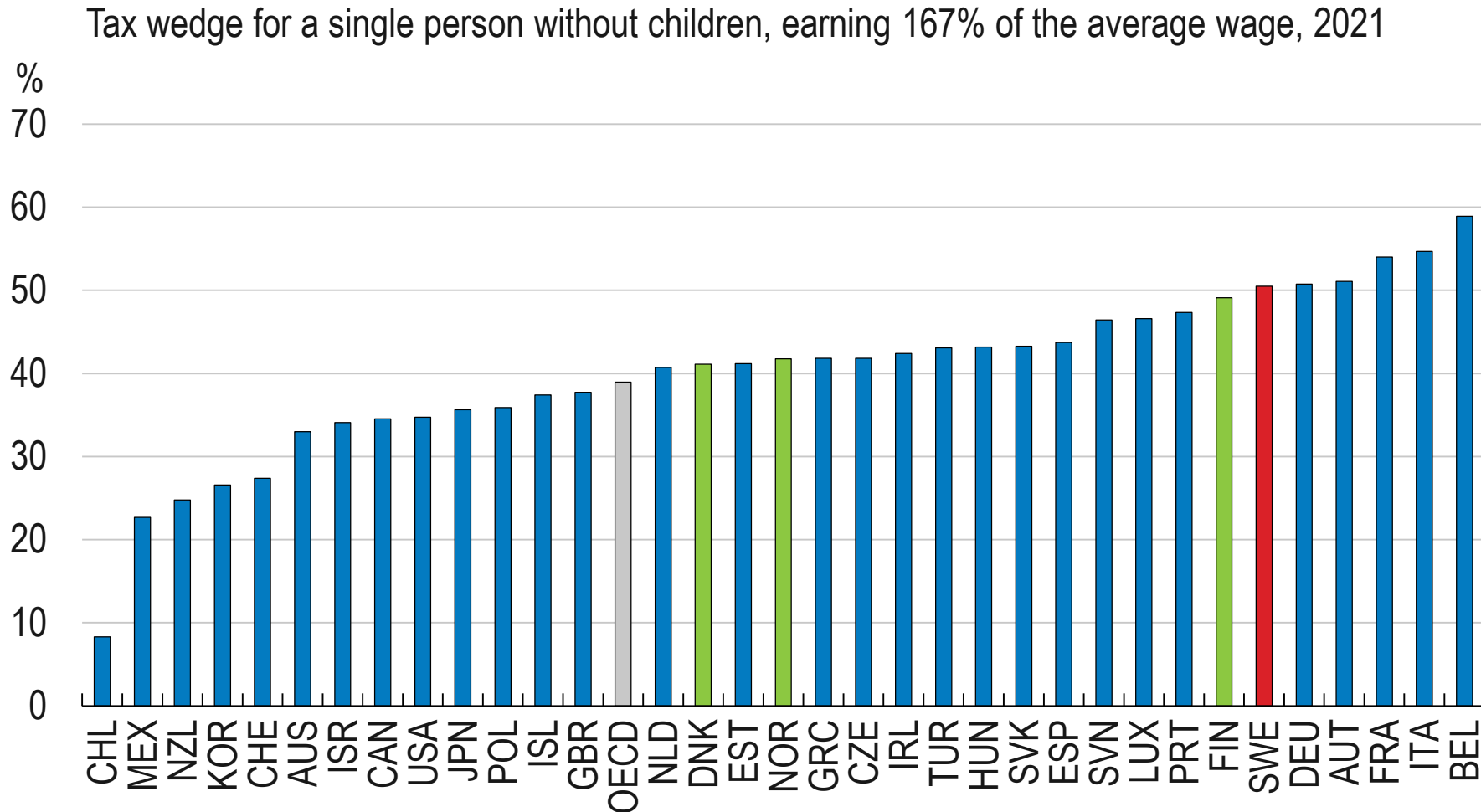


ARBETSFÖRMEDLINGEN

SWEDISH PUBLIC EMPLOYMENT SERVICE



Reducing labour income taxes could prevent income shifting and increase work incentives

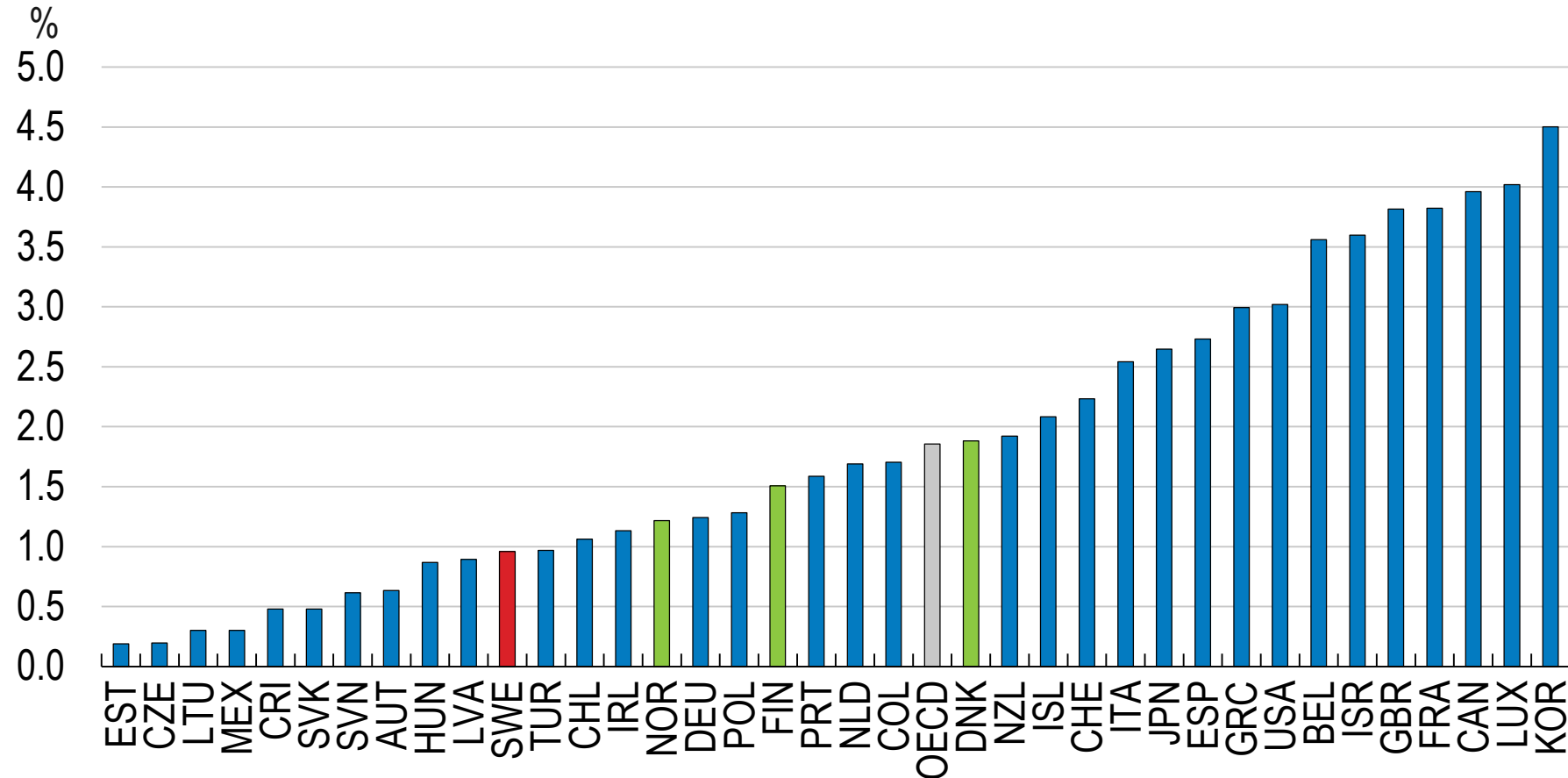


Source: OECD Taxing Wages.



There is room to raise property taxes to improve the tax mix

Tax on property, share of GDP, 2021¹



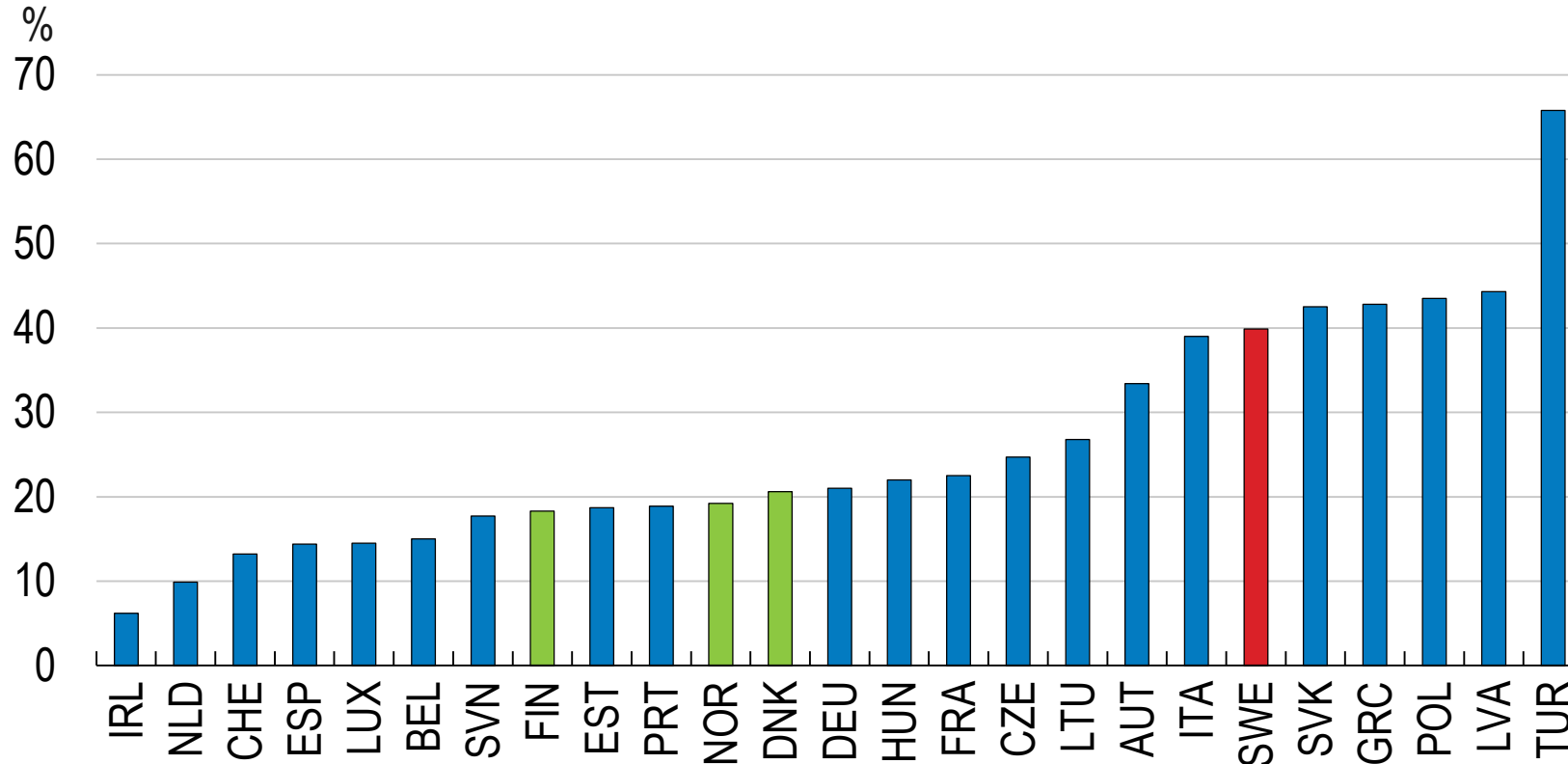
1. Tax on property is defined as recurrent and non-recurrent taxes on the use, ownership or transfer of property.

Source: OECD (2023), Tax on property (indicator).



Relaxing rent controls could reduce overcrowding and improve labour mobility

Overcrowding rate for the 20% households with the lowest income, 2021

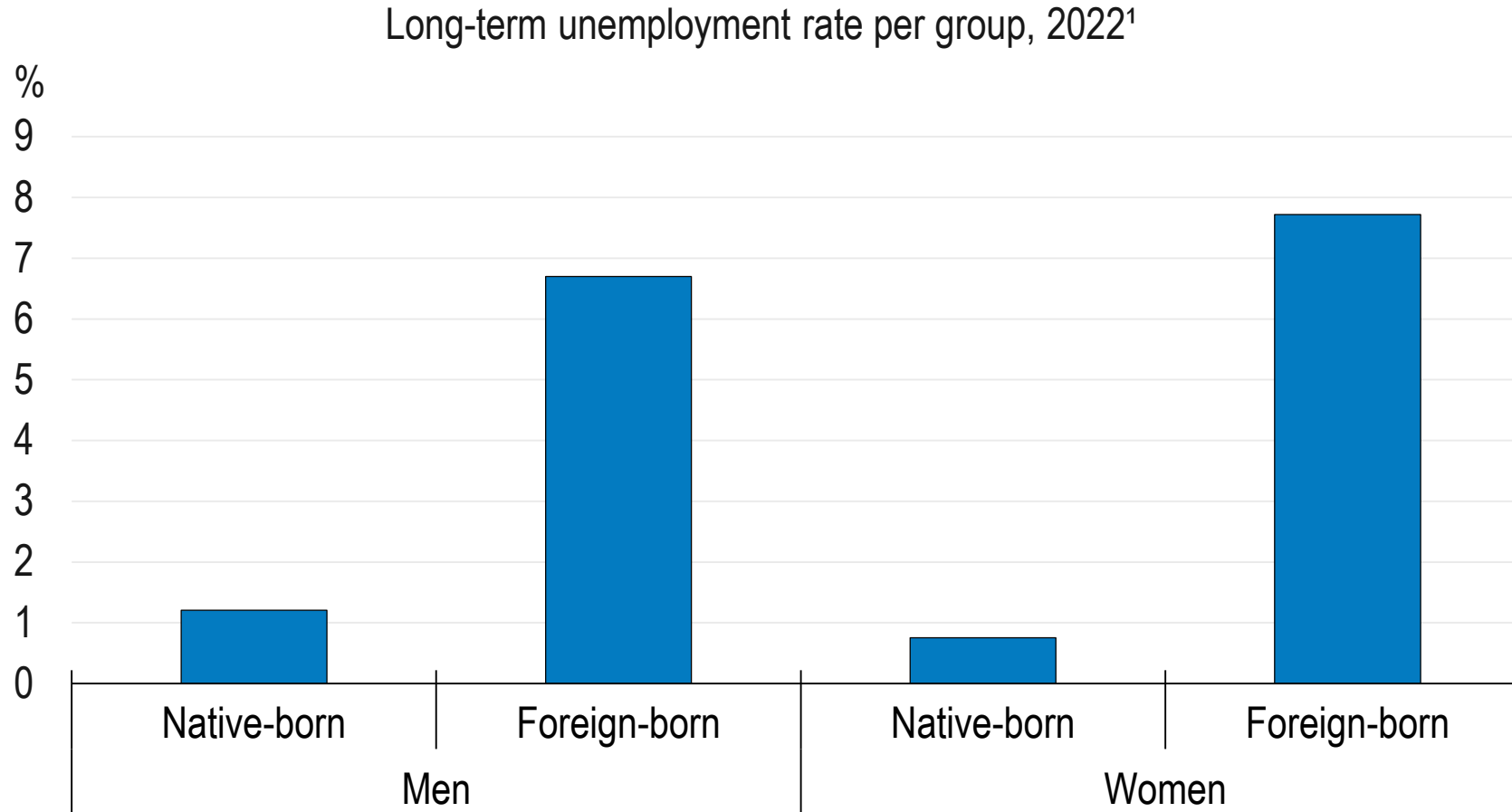


Note: The overcrowding rate is defined as the percentage of households living in an overcrowded housing unit. 2020 data for Norway, the Slovak Republic, Switzerland and Türkiye.

Source: Eurostat, Income and Living Conditions database.



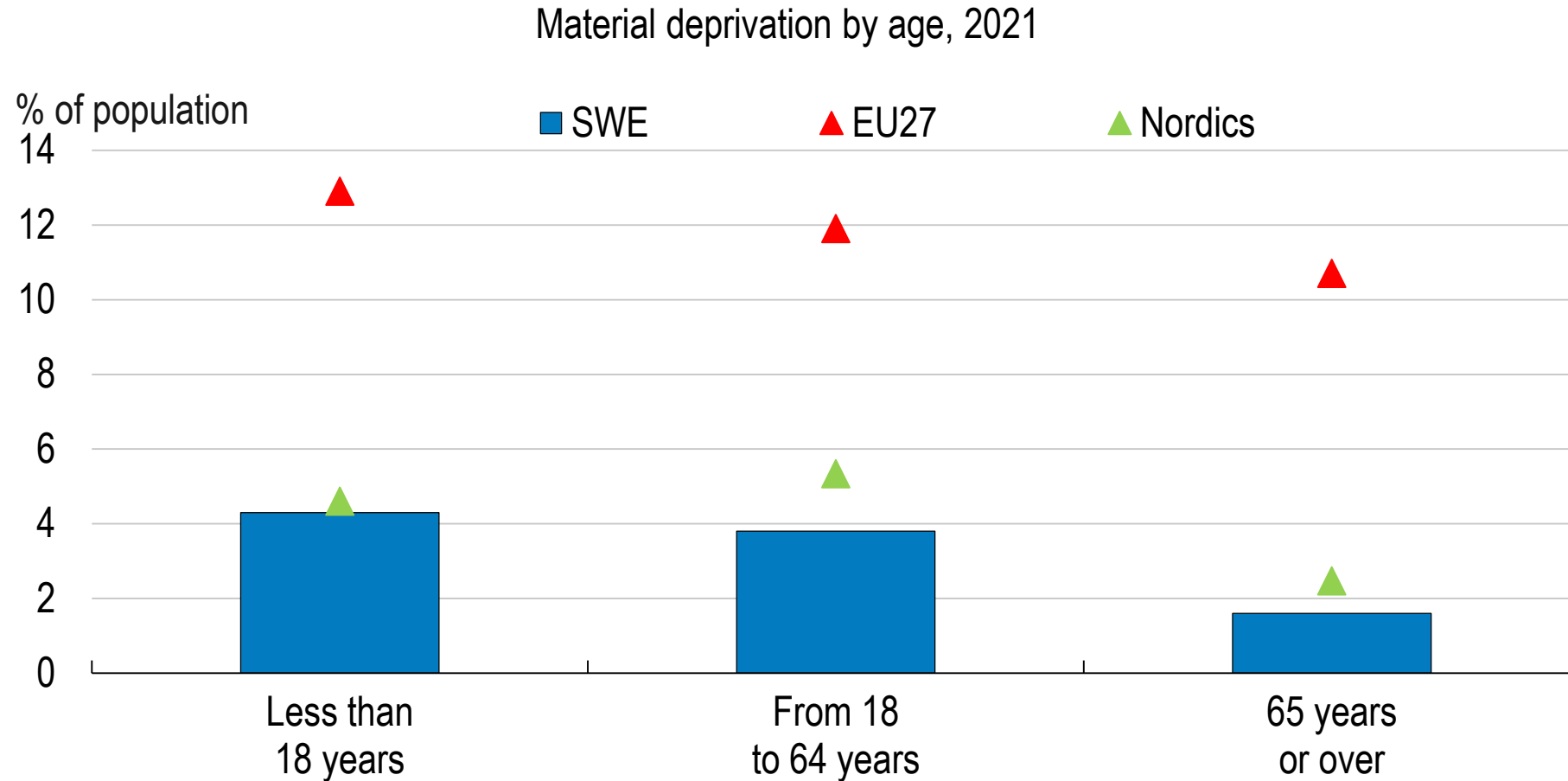
Reviewing benefits and active labour market policies could reduce long-term unemployment



1. People who have been unemployed longer than 27 weeks, as a share of the 15-74 labour force.
Source: Labour Force Surveys, Statistics Sweden.



The pension system provides decent incomes, but sustainability and work incentives need to be reinforced



Note: Nordics is an average of values for Denmark, Finland and Norway. Data for Norway come from 2020.
Source: Eurostat, Income and Living Conditions database.

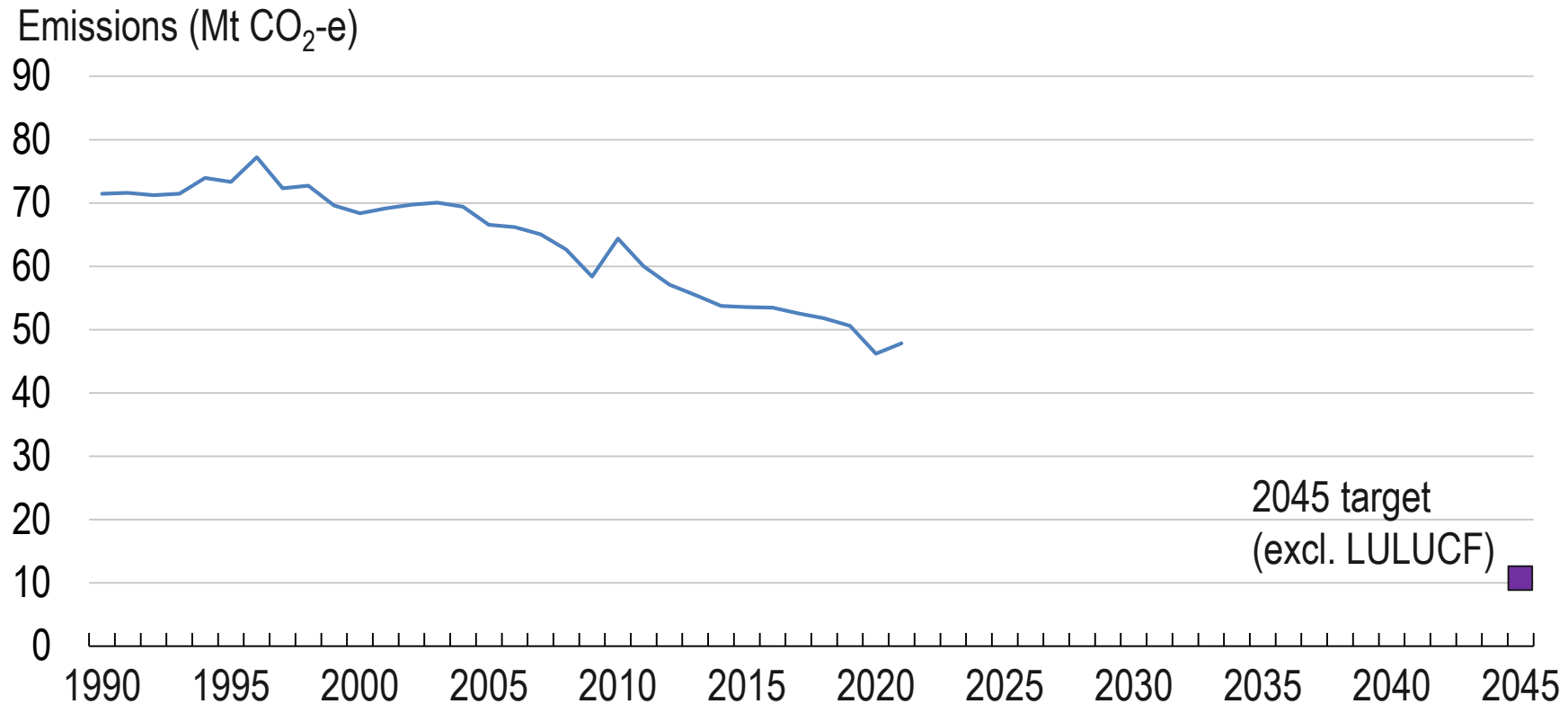
Climate policies and Sweden's green industrial revolution





Sweden's success in reducing emissions needs to continue

Total greenhouse gas emissions, excl. LULUCF

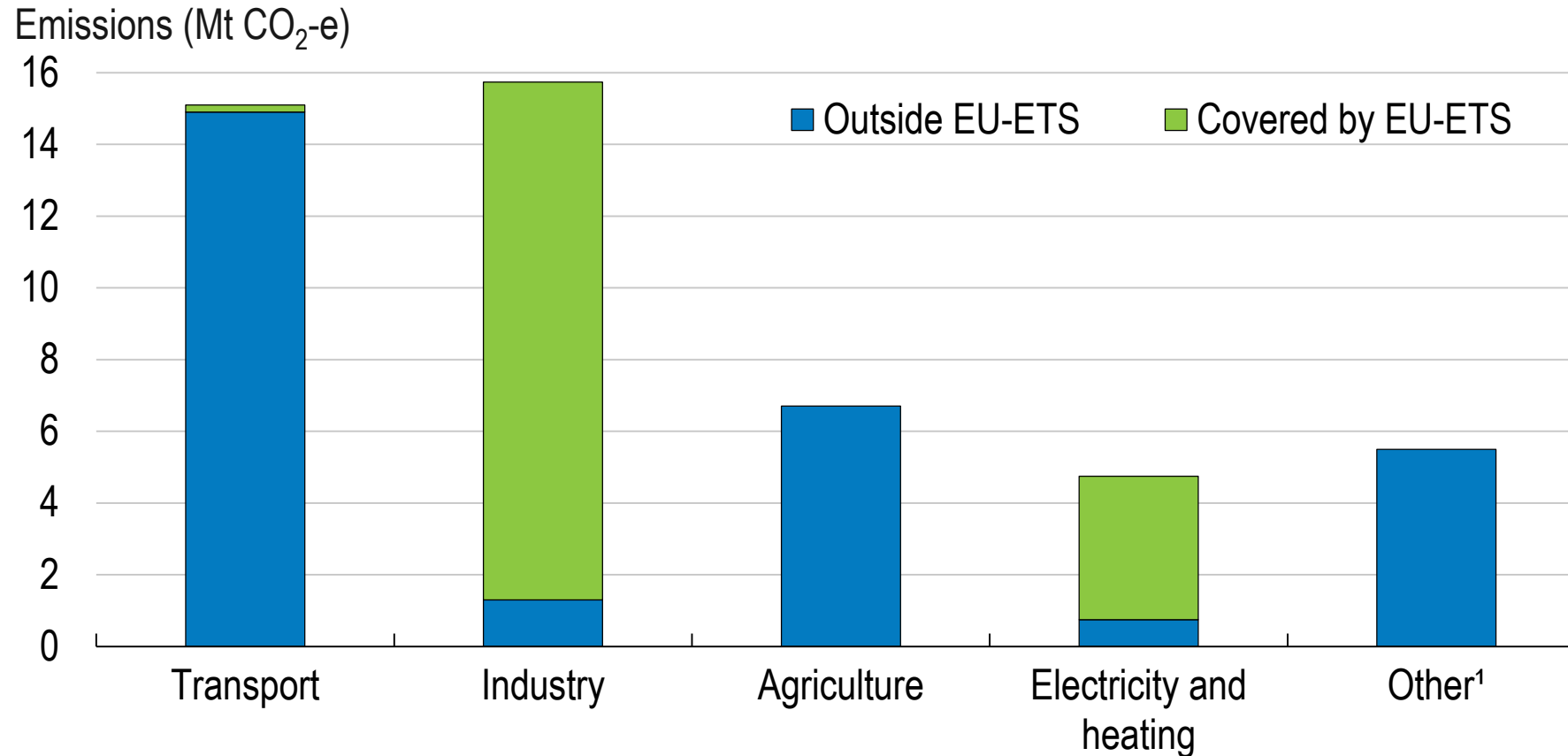


Note: LULUCF stands for Land use, land-use change and forestry.
Source: Statistics Sweden.



Policies in transport, agriculture and other non-ETS sectors need to be tightened

Greenhouse gas emissions by sector, 2021



1. Emissions from waste, working machines and product use including solvents.

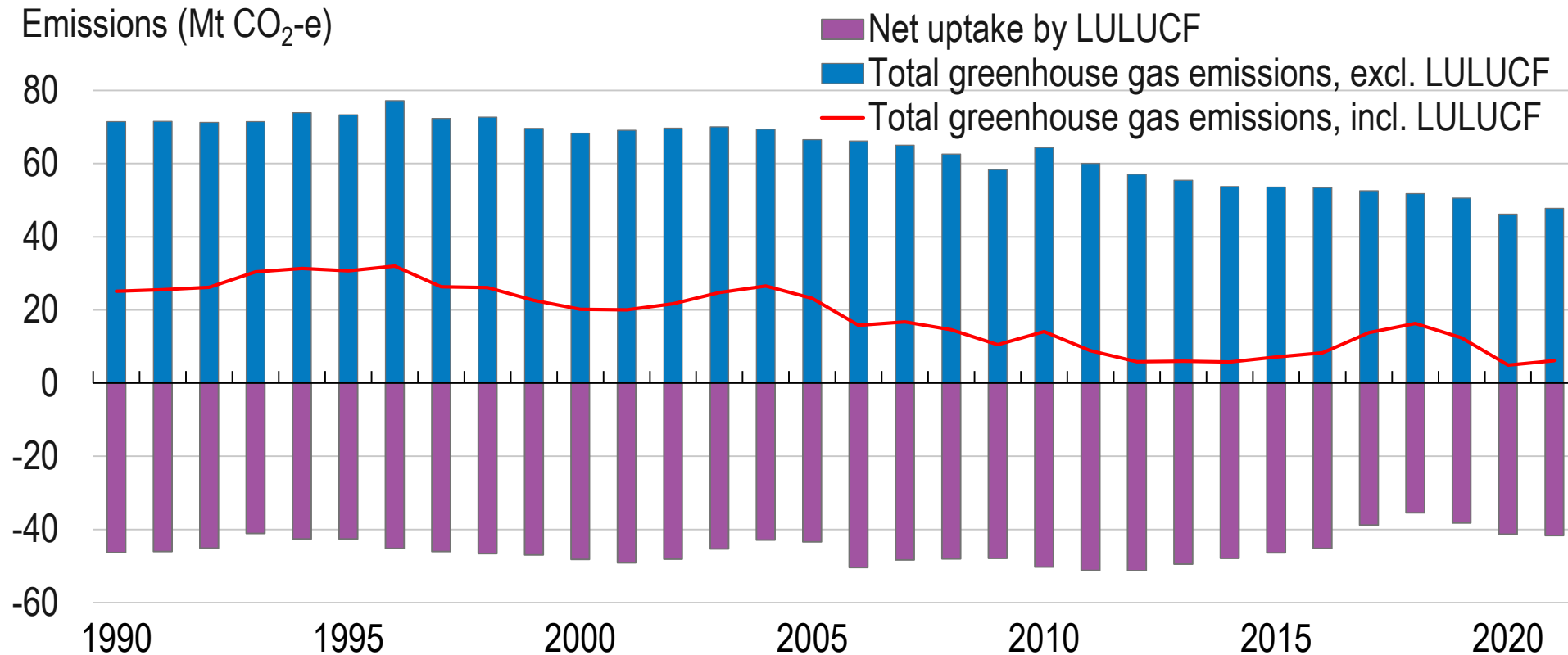
Note: ETS: Emissions Trading Scheme.

Source: The Swedish Environmental Protection Agency.



Natural and engineered emission removals should be incentivised like emission reductions

Total greenhouse gas emissions and uptake by LULUCF

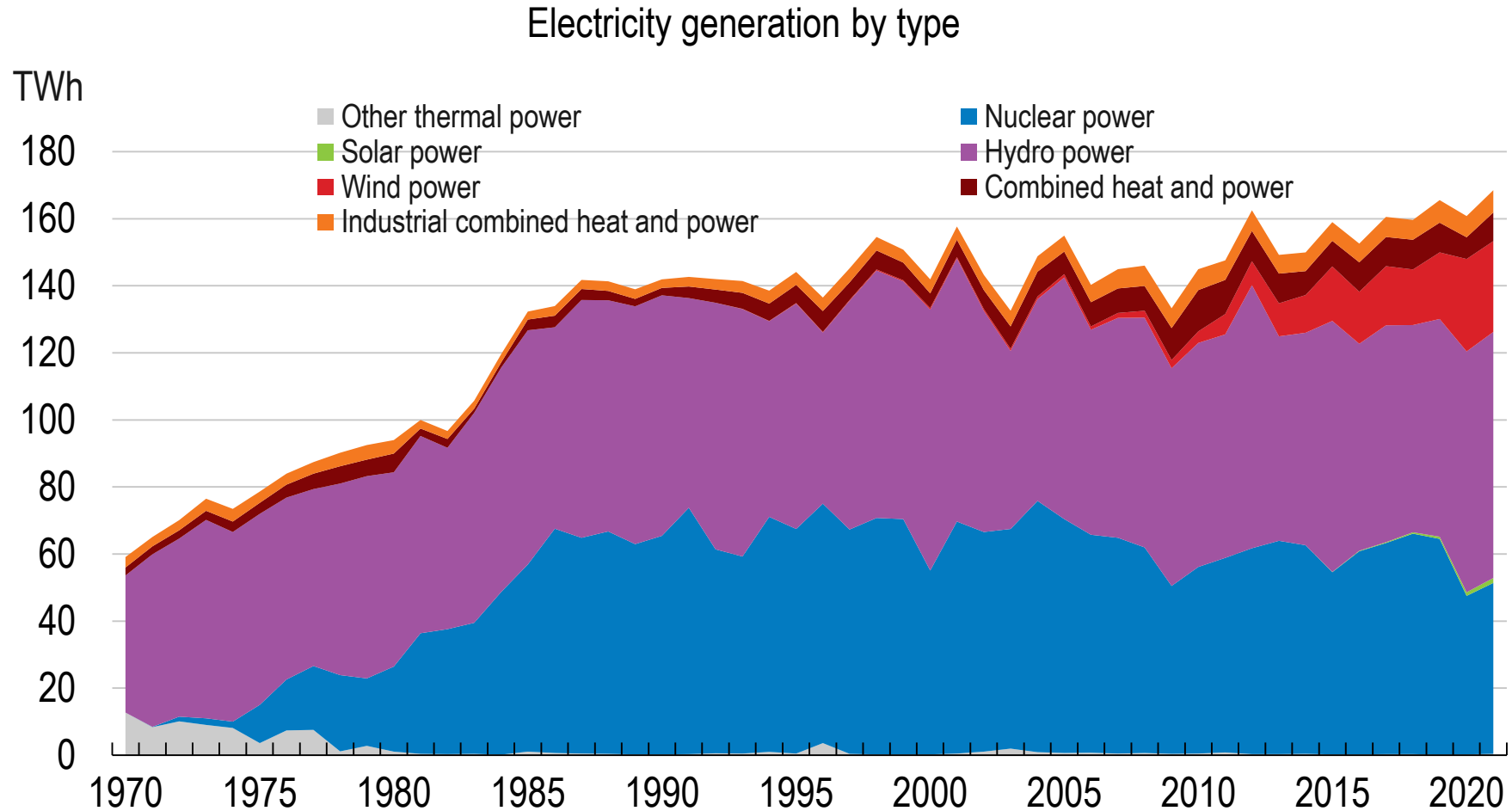


Note: Net uptake by LULUCF (Land use, land-use change and forestry) is the annual increase in the amount of CO₂ naturally stored in Sweden's forests and soil.

Source: Statistics Sweden.



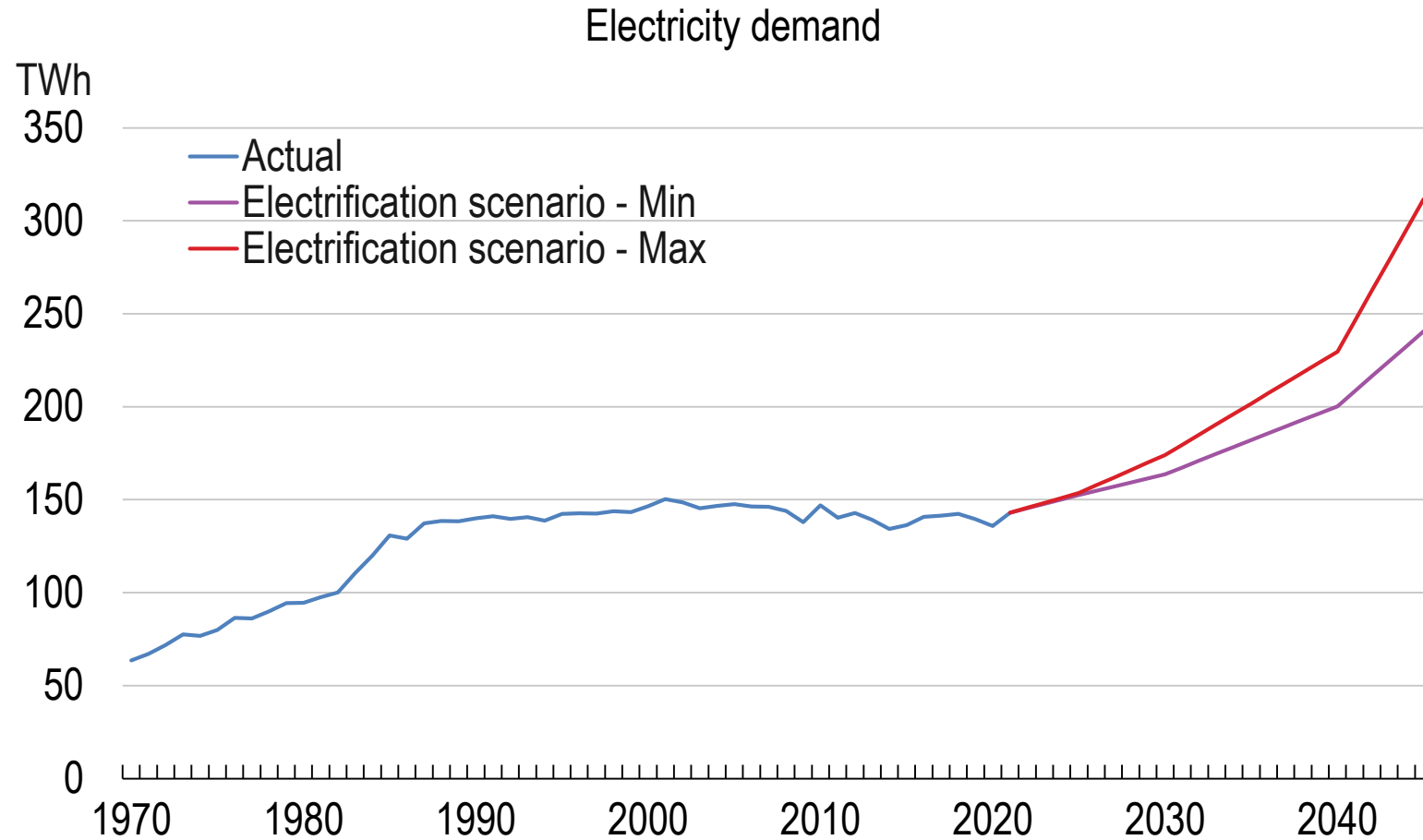
Most of Sweden's electricity generation has low emissions



Source: Statistics Sweden; Swedish Energy Agency.



Electrification of industry and transport may double electricity demand

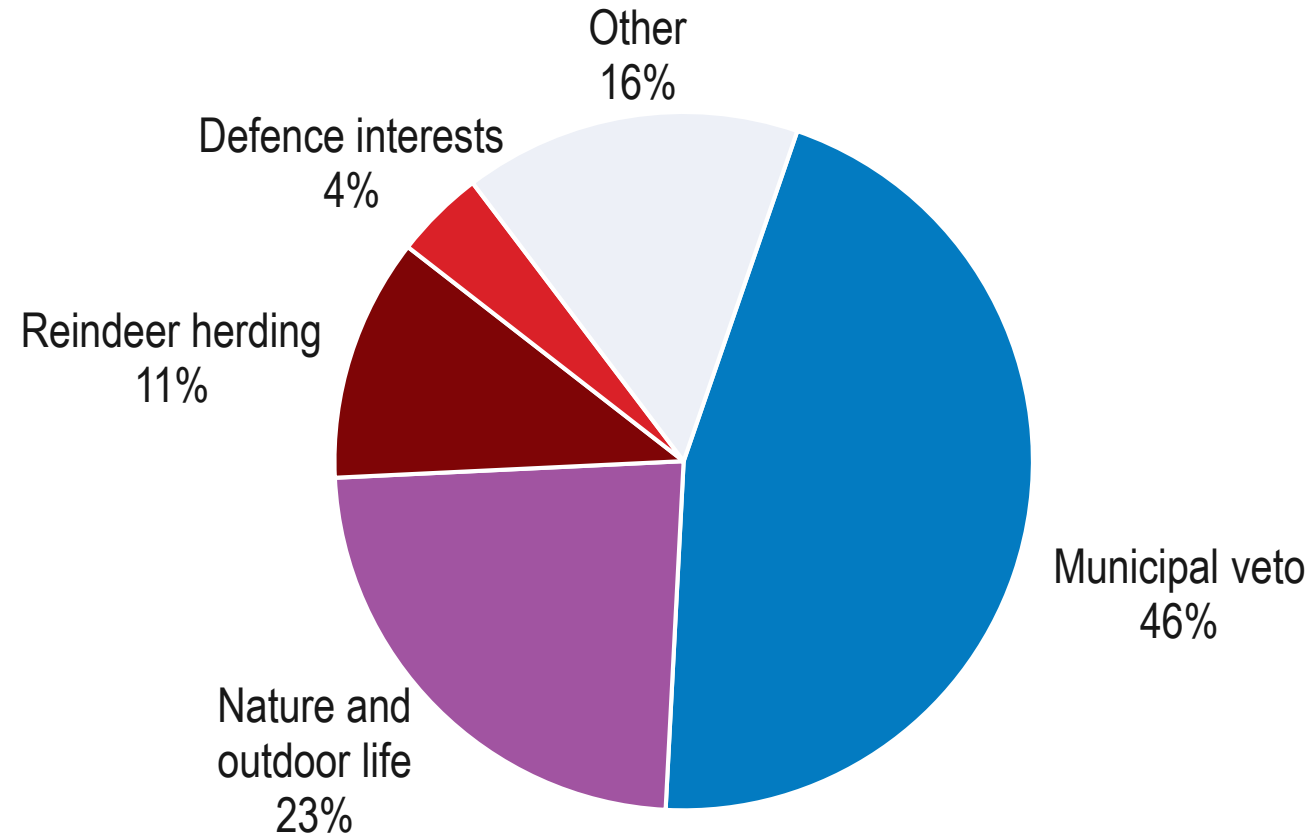


Source: Statistics Sweden; Gode et al. (2021).



Allocating a share of wind power profits to municipalities could reduce local resistance

Reasons for rejecting a wind power application, 2014-2021

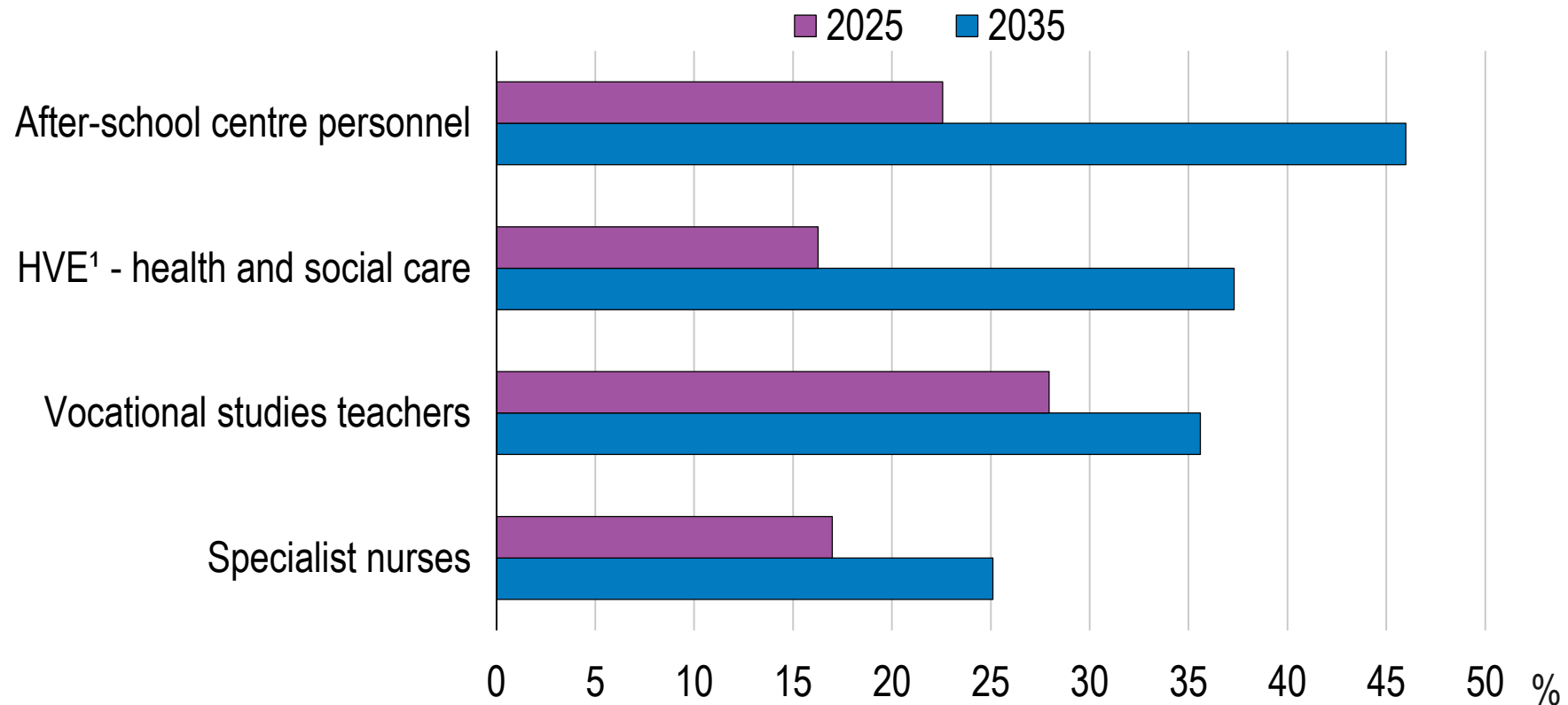


Source: Westander, Risberg and Henryson (2022).



Public services need staffing to support green industry growth in the North

Skill shortages in % of projected demand by educational group, Norrbotten Region



1. Higher vocational education.

Source: Statistics Sweden, Regional Trends and Prognoses.



2023 OECD PUBLIC GOVERNANCE MONITOR OF SWEDEN

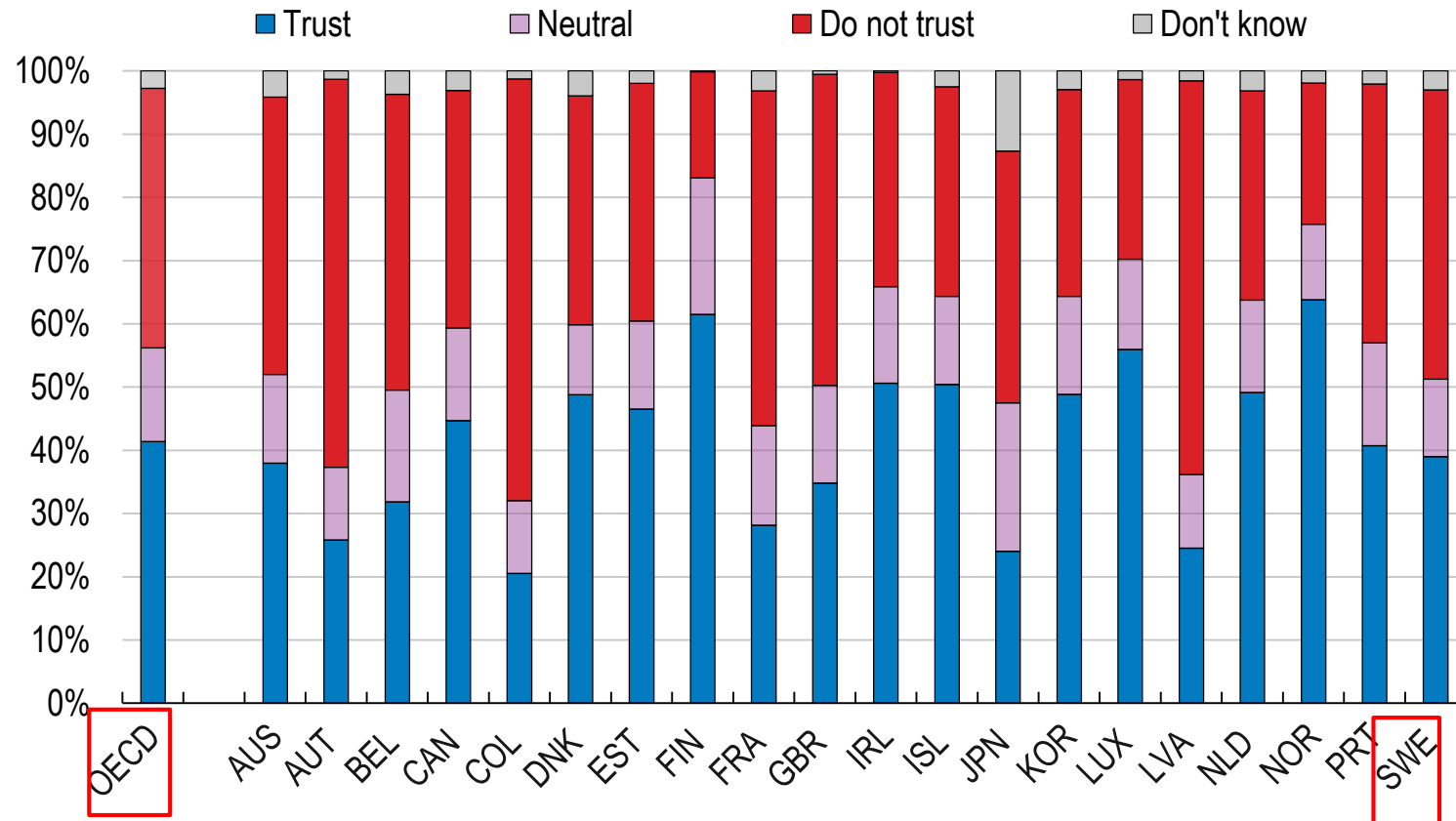


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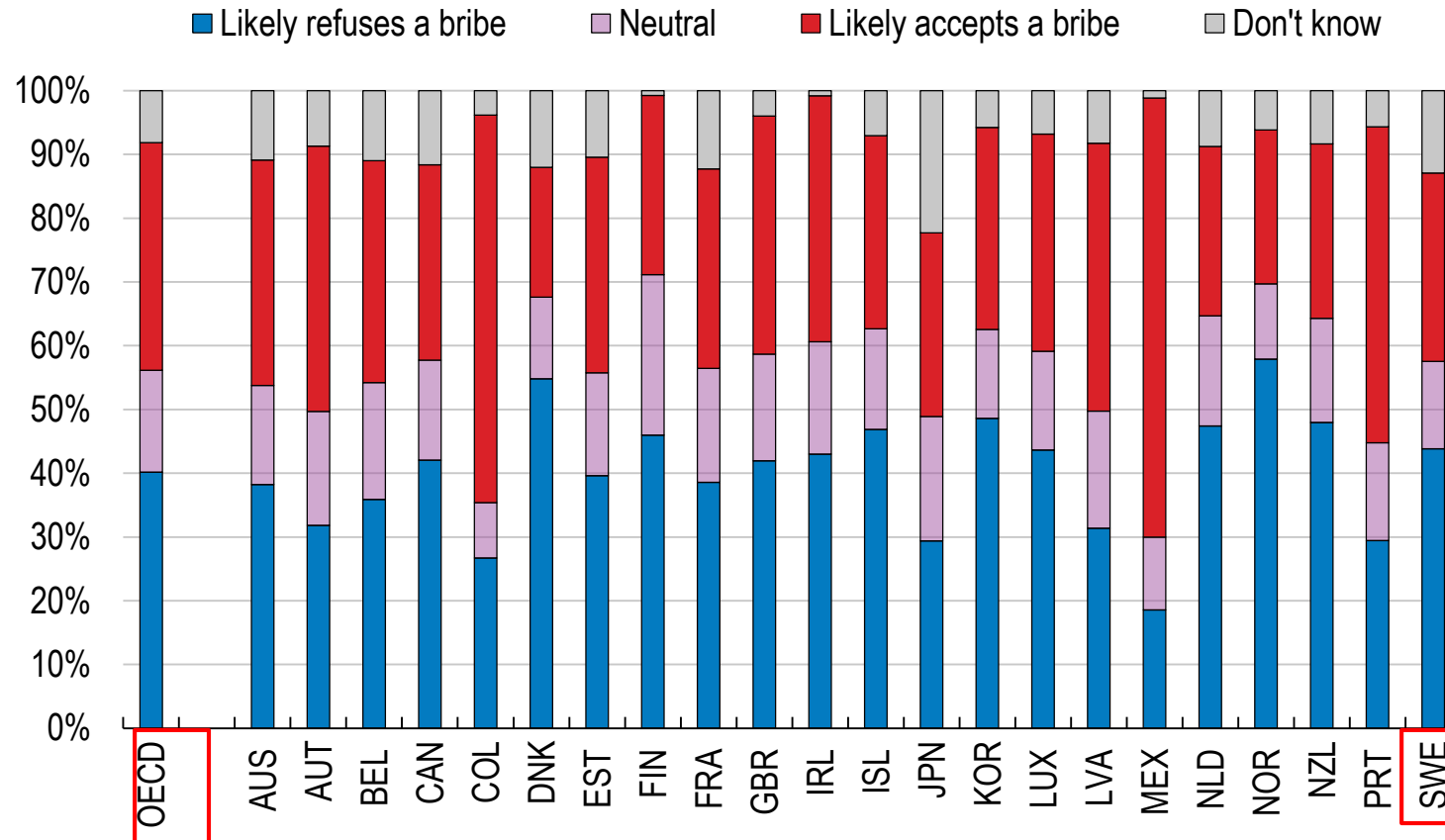
Trust in the national government is slightly below the OECD average



Note: OECD shows the average values for the 20 OECD countries covered by the OECD Trust Survey and depicted in the figure.
Source: OECD (2022), *Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions*; OECD (2021), *Government at Glance 2021*.



Sweden scores better than other OECD countries in perceived public sector integrity



Note: Within-country distribution of responses to the question “If a public employee were offered money by a citizen or a firm for speeding up access to a public service, how likely or unlikely do you think it is that they would refuse it?”.

Source: OECD (2022), *Building Trust to Reinforce Democracy: Main Findings from the 2021 OECD Survey on Drivers of Trust in Public Institutions*; OECD (2022), *OECD COVID-19 Recovery Dashboard*.



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