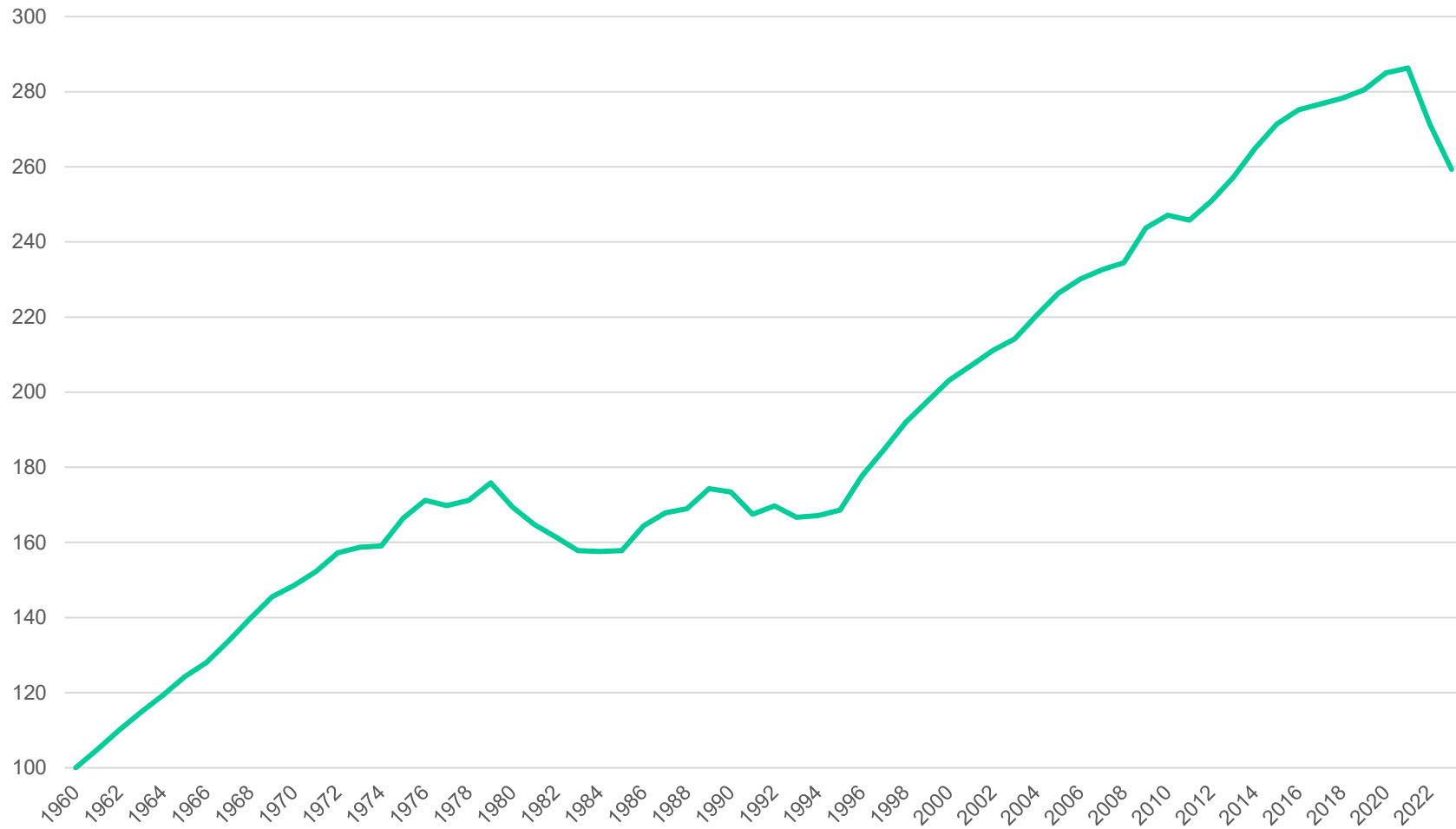


Sweden: Learning from 30 years of EU membership

Fredrik Erixon
Vienna, February 13, 2025

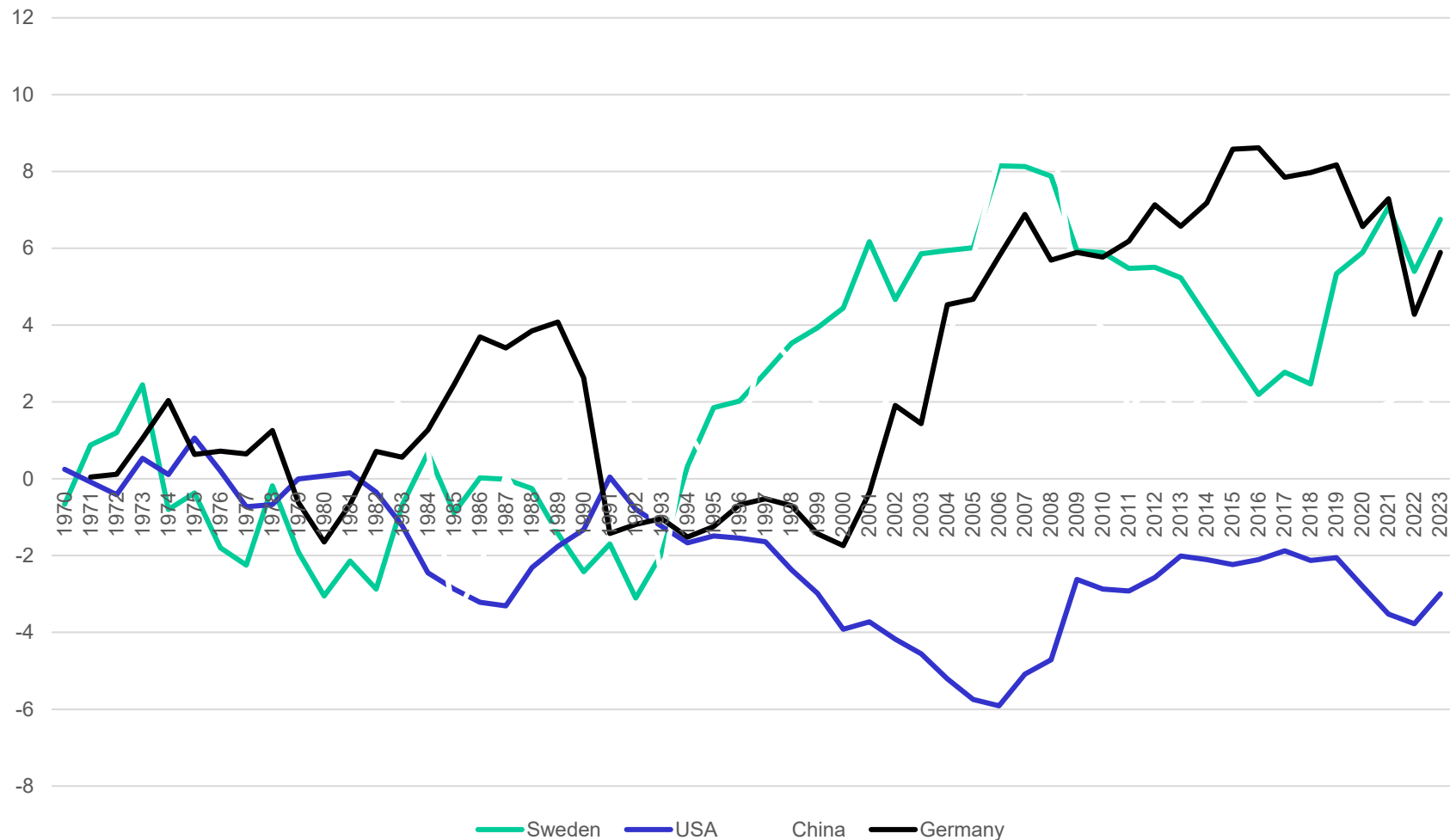
Real wage growth (1960=100)



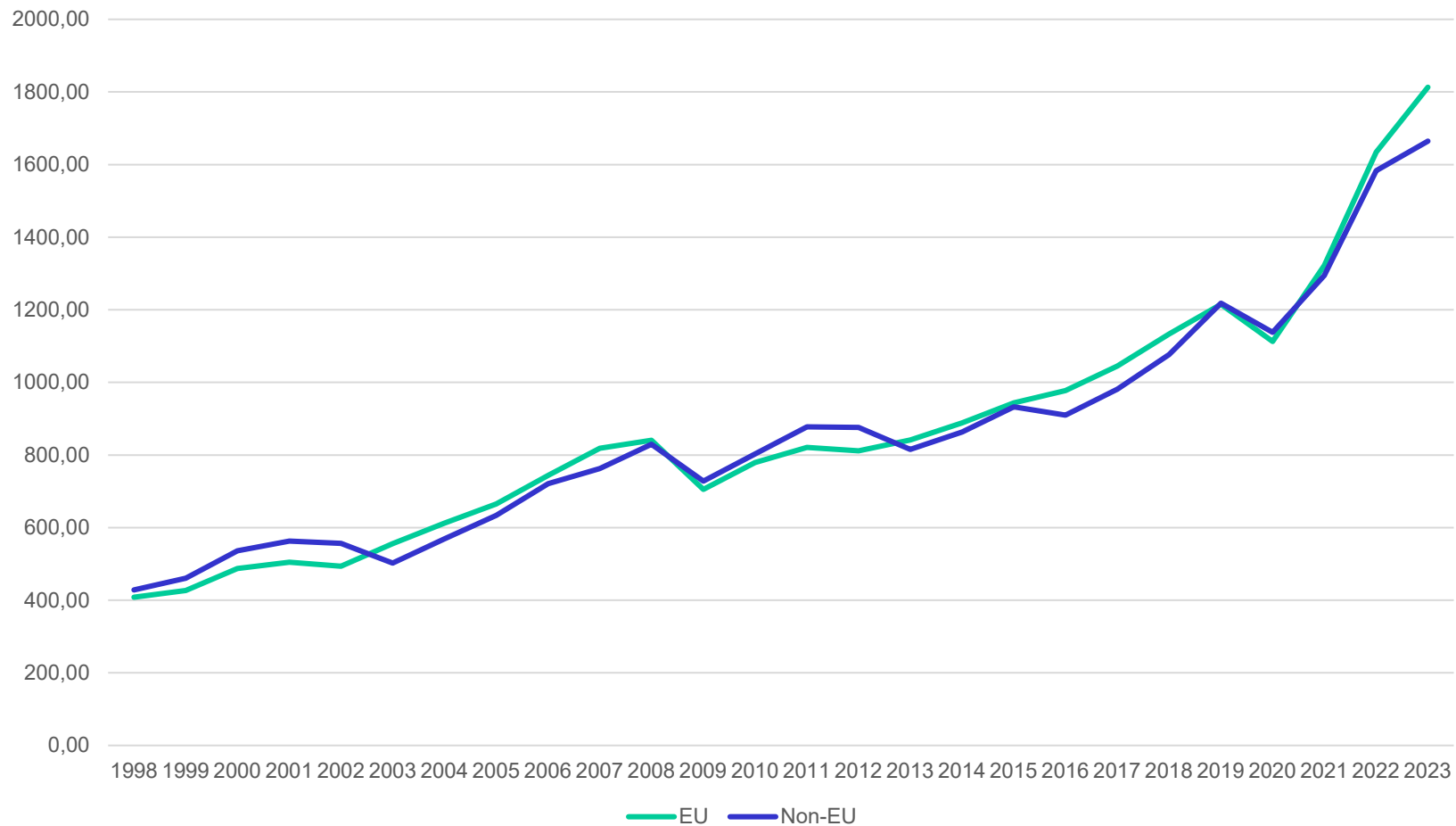
Observations: Sweden and EU membership

- After Sweden joined the EU, the economy has improved significantly. Partly related to membership and EEA participation.
- EU membership was part of a broad economic agenda that had huge impact on Sweden's economy and competitiveness:
 - Monetary policy (central bank independence, inflation target).
 - Fiscal policy (new budget rules, fiscal consolidation, leading to low public debt)
 - Economic policy (deregulations, privatisation, tax cuts)
- Since EU entry, fast global market growth/ globalisation.

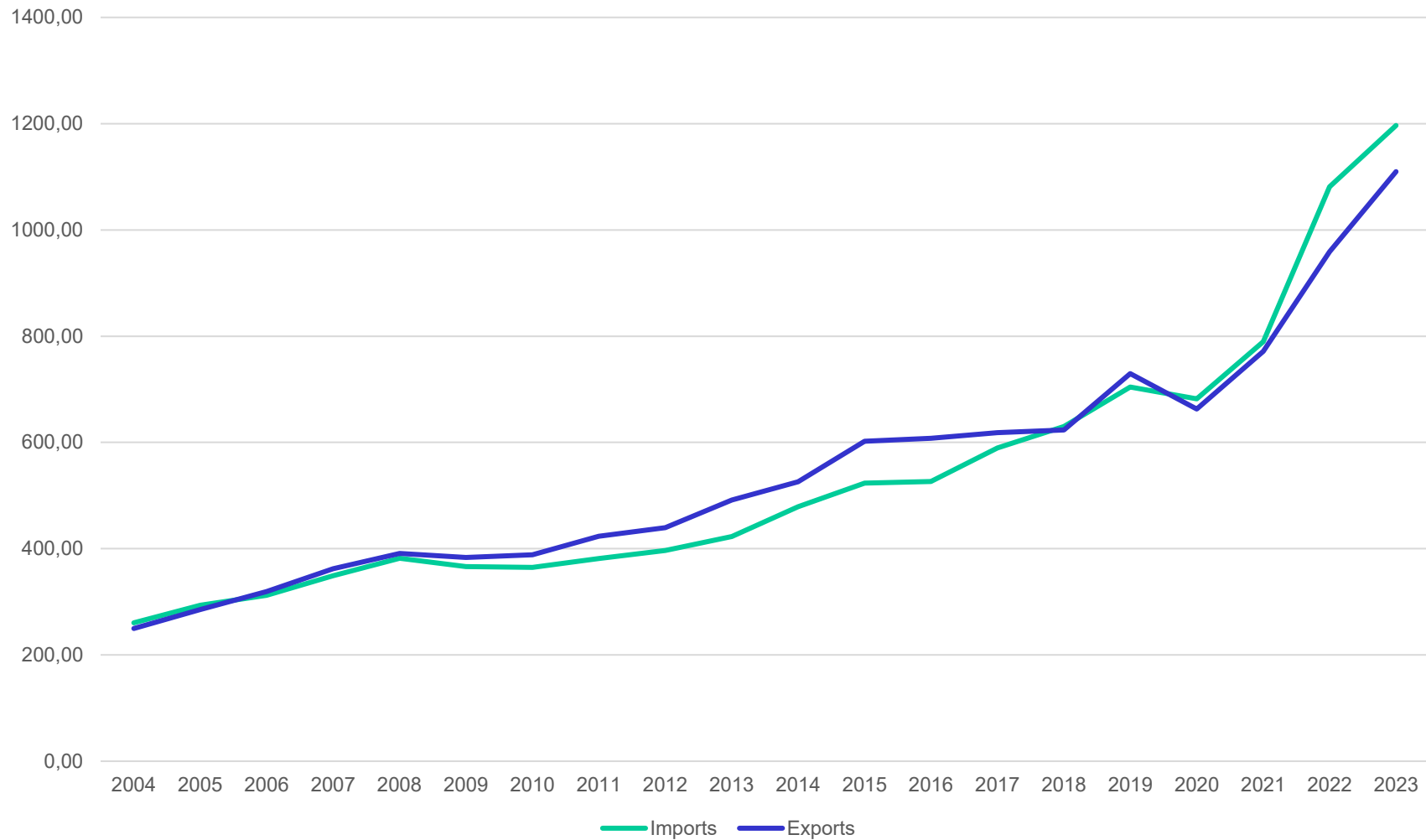
Total trade balance (goods + services), % of GDP



EU and Non-EU shares of Sweden's total trade (billion SEK)



Sweden's total trade in services (billion SEK)



Observations: Sweden and its trade

- Sweden's structural trade performance follows expectations from trade theory and macroeconomic conditions.
- Cycles in Sweden's trade largely explained by macroeconomic factors (e.g. SEK exchange rate).
- Now: huge surplus in goods, deficit in services. Big trade sector (much bigger than FI's, not as big as AUT's).
- Stable shares of EU and non-EU trade over time. More dependent on EU trade than majority of EU-15.
- Higher EU share of total trade in goods than in services.
- Higher import share in exports than in EU average.

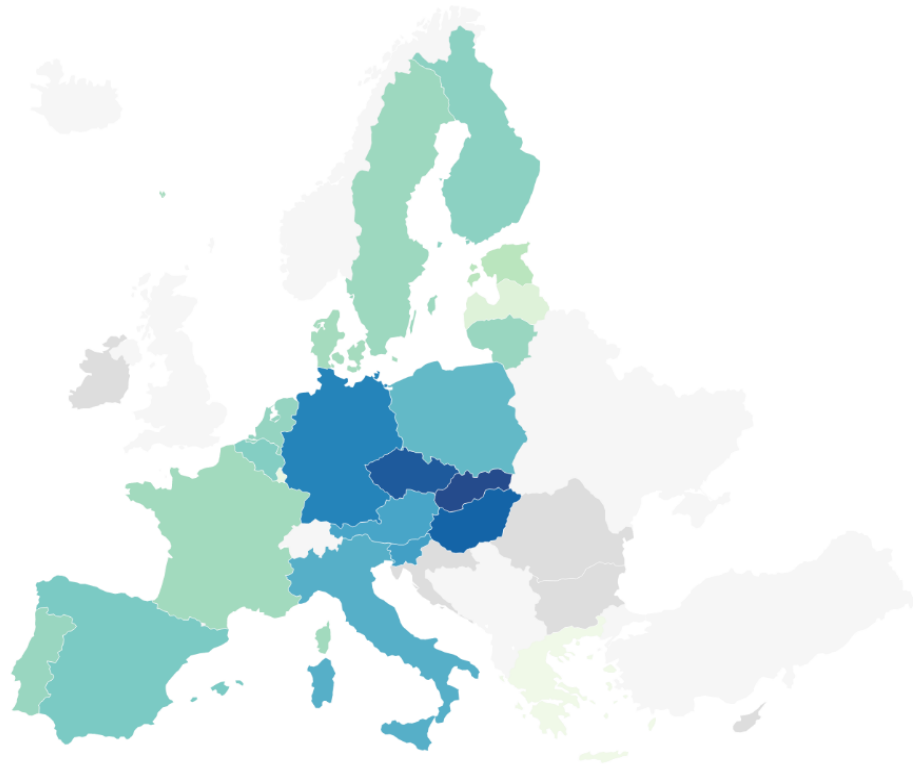
Sweden and competitiveness

- Sweden's non-EU export responsive to trade agreements/ market access: **Better market access benefits both exports and imports.**
- Sweden's EU exports responsive to reduced trade costs: **Reduced trade costs through single market benefits imports especially.**
- Sweden's external competitiveness increasingly dependent on **international and EU trade in digital services and modern trade agreements/ liberalisation.**
- Structural change has been faster in Sweden than elsewhere in the EU – **prompting new needs in EU trade and economic policy.**

Sweden, competitiveness and modern trade endowments (1)

Panel 1: R&D industries versus information services

Gross production ratio of the following industries : Medium-high R&D intensive activities over Information industries, 2017.

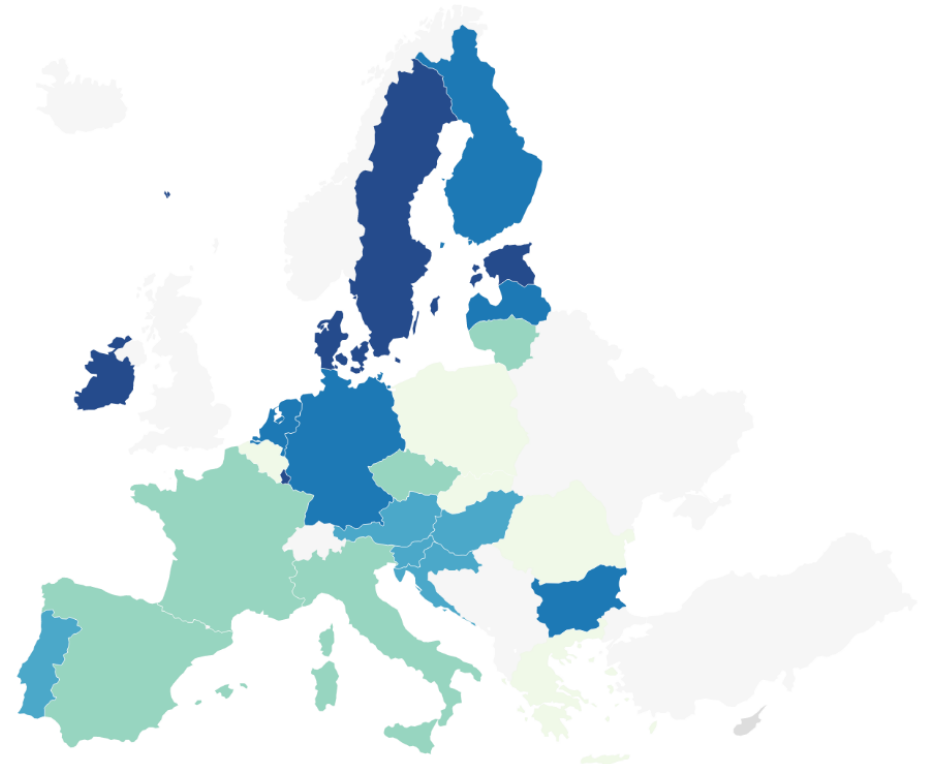


Medium-high R&D intensive activities 2 digit definition: 20,27,28,29-30, 58,62-63; Information industries: 58-60,61, 62-63 (ISIC Rev. 4), 2017.

Source: OECD-STAN, 2017 • Created with Datawrapper

Panel 2: Fast growing firms per 100.000 inhabitants

Number of medium and high growth enterprises per 100 000 inhabitants in 2018. Medium and high growth enterprises defined as 10%+ growth based on employment.



Information and communication industries: 58-63, ISIC rev.4.

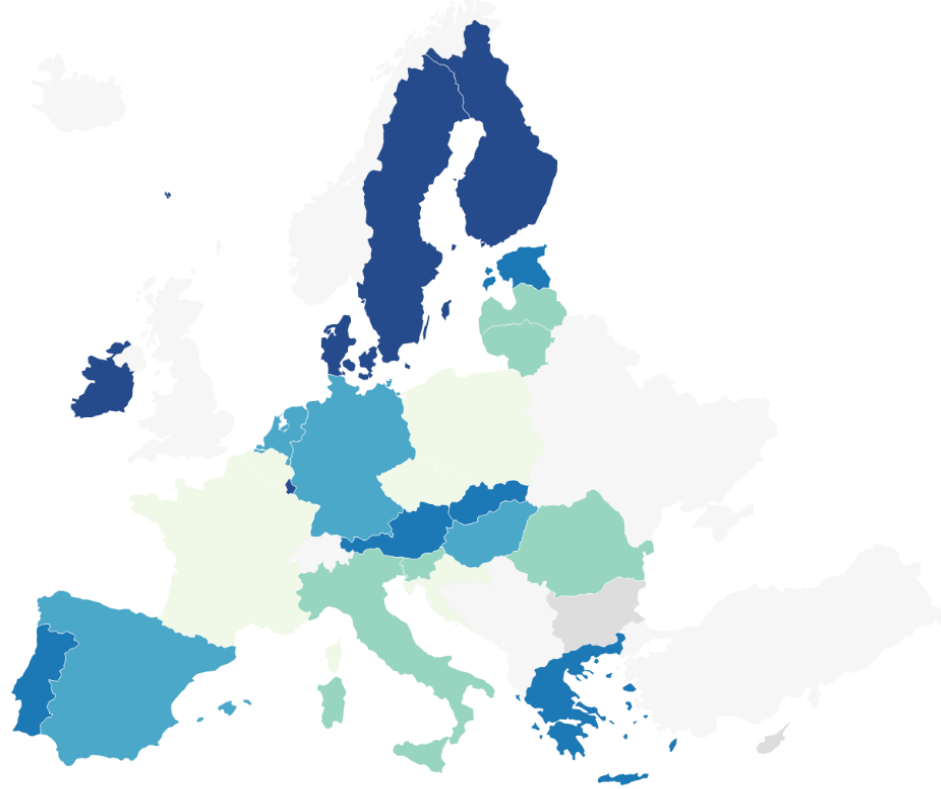
Source: OECD-SDBS • Created with Datawrapper

Sweden, competitiveness and modern trade endowments (2)

Panel 3: Number of data suppliers per 100 000 inhabitants

A data supplier main activity is the production and delivery of digital data related products, services and technologies. They represent the supply side of the data market, 2019.

< 25 25–34 34–41 41–56 ≥ 56

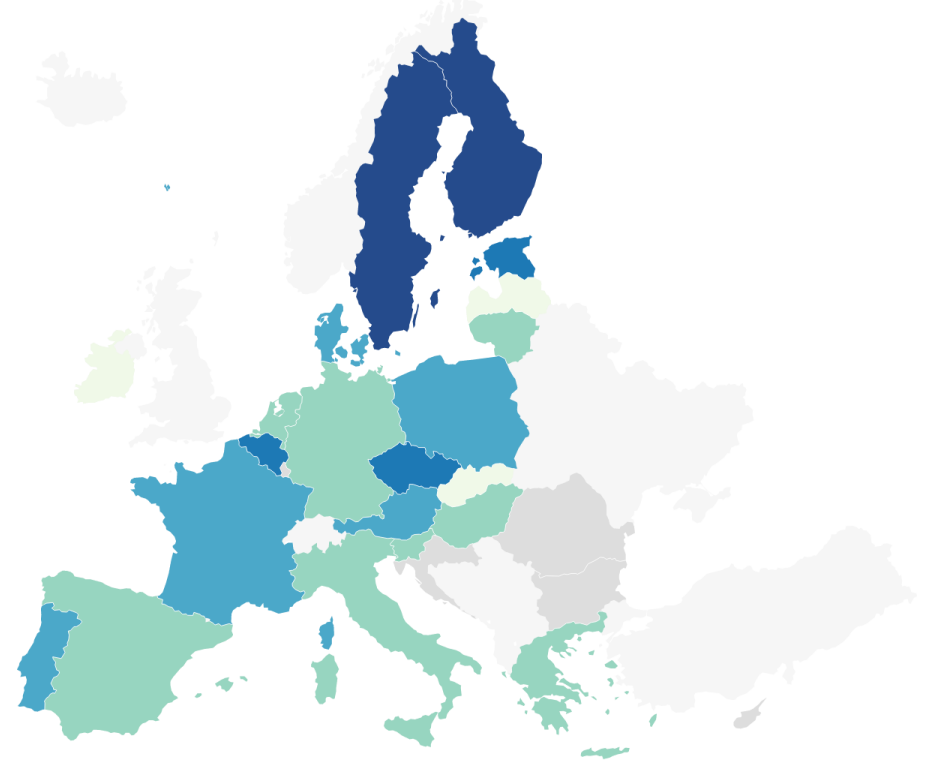


Source: Data Landscape (2019) • Created with Datawrapper

Panel 4: R&D intensity in the digital sector

R&D intensity is the business enterprise expenditure on R&D (BERD) as a percentage of value added in the industry (2017)

0.96 1.62 2.28 2.94



Information and communication industries: 58-63 ISIC rev.4

Source: RDS-OECD (2021) • Created with Datawrapper

Thank you!

For more comments and questions –
please get in touch!

fredrik.erixon@ecipe.org