Sweden

Sweden enjoys a high level of GDP per capita, strong productivity performance and high employment. GDP per capita and productivity - measured as GDP per hour worked - have continued to progress in line with the OECD average since the crisis. Employment has further increased driven by growing labour force participation and limited employment losses during the downturn. The employment rate is among the highest in the OECD, reflecting notably a high participation rate of women.

A high income country with strong employment

| SWEDEN	Pre-crisis 2003-08	Post-crisis 2011-16
Levels		
GDP per capita**	40537 (33712)*	43164 (35776)*
GDP per hour worked**	51.8 (41.6)*	54.6 (45.6)*
Employment rate, %	74.2 (66.4)*	74.7 (66.8)*
Average annual growth rate		
GDP per capita	2.3 (2.8)*	1.2 (1.4)*
GDP per hour worked	1.6 (2.0)*	1.1 (1.1)*
Employment	1.2 (1.6)*	1.0 (1.0)*
Median household disposable income***		2.0 (1.4)*

Notes: * Unweighted OECD average in brackets.
** USD, constant 2010 PPPs and constant prices.
*** Data refer to 2011-15 and are deflated by the consumer price index.
Source: OECD, National Accounts, Productivity, Labour Force Statistics and Income Distribution Databases.

Sweden is an open economy with exposure to trade and integration in GVCs around the OECD median. One third of domestic value added is embodied in foreign final demand. In particular, the export orientation of manufacturing is among the highest in the OECD and the sector uses large amount of foreign intermediate inputs in its exports. This backward participation in GVCs is typical for a small economy and reflected in an import content of gross exports that is also close to a third. EU common customs tariffs applied to goods imported from outside the EU are regarded as low on average and customs procedures tend to be somewhat less burdensome than in most OECD countries. Trade in services is important, representing almost 30% of Sweden's gross exports and more than 60% of value added exports. The services content of manufactured goods alone, at 42% in 2014, is significantly above the OECD average. Sweden has lower than average restrictions to trade in services in 16 of 22 sectors, with maritime transport, distribution services and road freight being the most restricted sectors. Regulatory barriers to FDI are similar to the median in the OECD. Still, Sweden has substantial inward investment, which supports one fifth of private sector jobs, while Swedish outward investment is even larger. The services share of the inward FDI stock is among the highest in the OECD, at around three quarters in 2014.

A relatively open economy
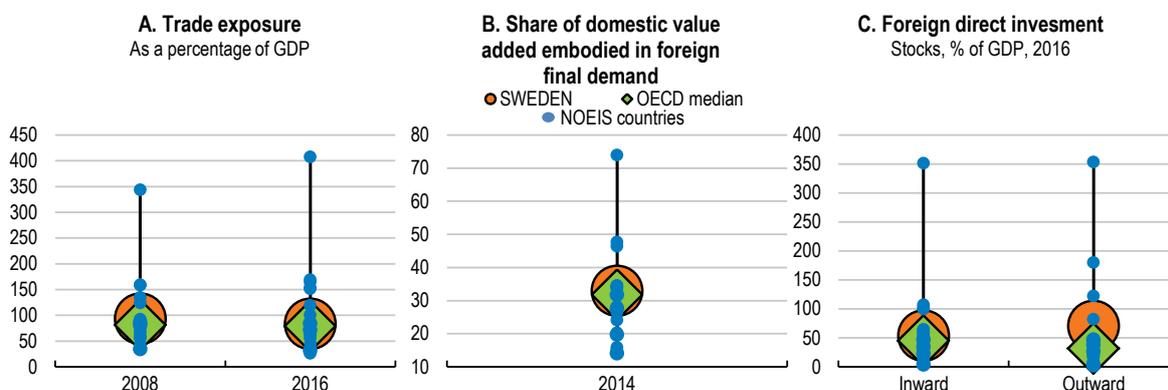
Source: Panel A: OECD, Economic Outlook Database and World Bank, World Integrated Trade Solution; Panel B: OECD, TIVA Nowcast estimates Database; Panel C: OECD, Foreign Direct Investment Database and UNCTAD.

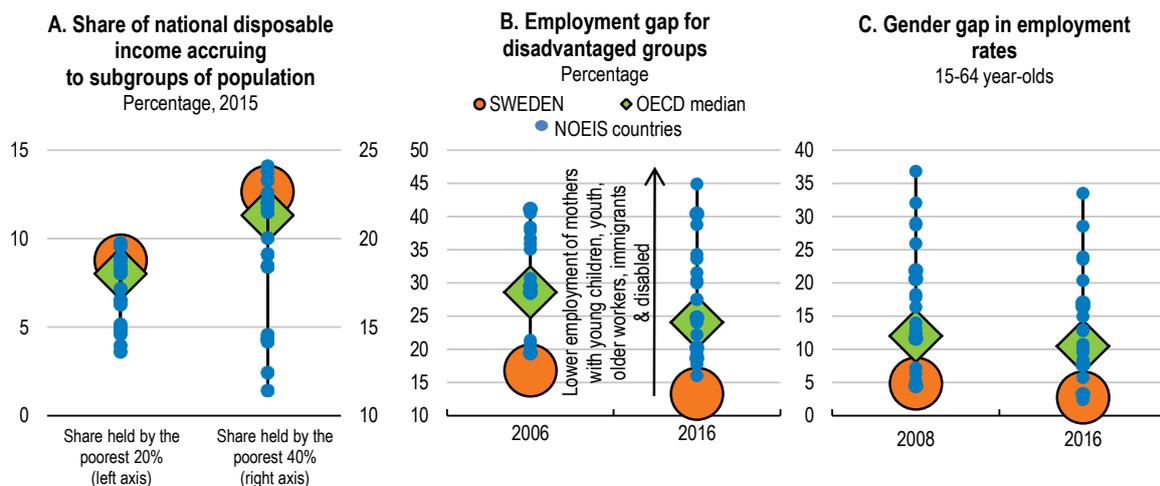**Barrier to trade and investment are around the OECD median**
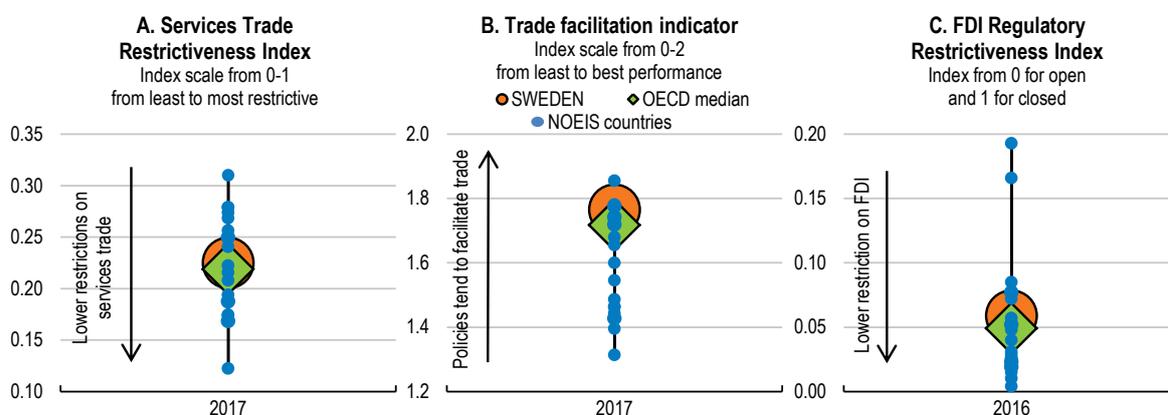
Source: Panel A: OECD, Services Trade Restrictiveness Index Database; Panel B: OECD, OECD, Trade Facilitation Indicators Database; Panel C: OECD, FDI Regulatory Restrictiveness index database.
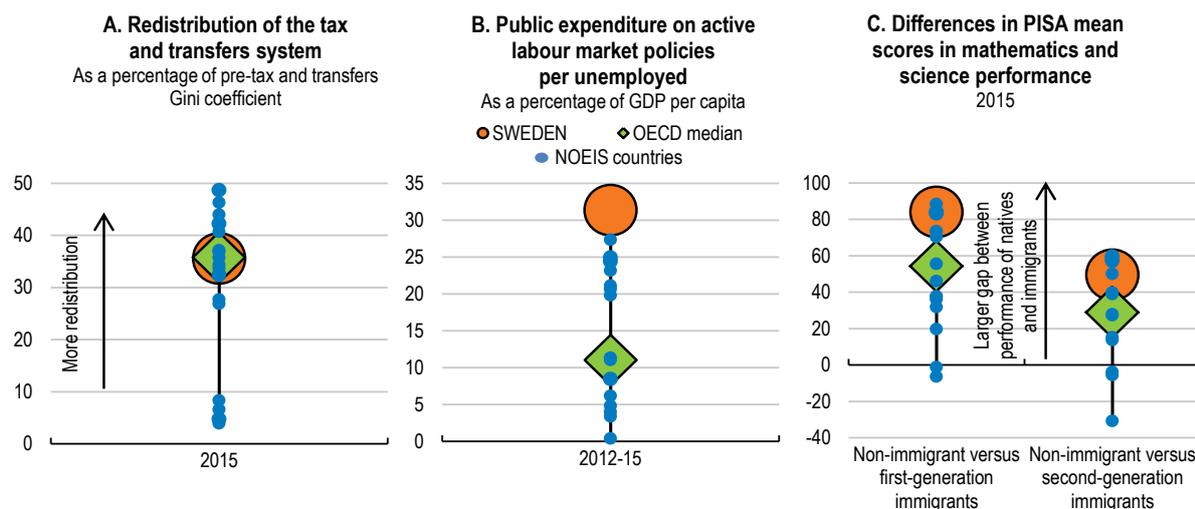
Sweden has low levels of inequality. Sweden's level of income inequality has increased in the past decade and the share of national income accruing to the lowest income groups has declined. This largely results from high capital gains concentrated on the very high-end of the income distribution while changes in taxes and benefits have made the system less redistributive. Nonetheless, Sweden remains among the least unequal countries in the OECD. Supported by very high spending on activation, employment rates of the typically disadvantaged groups are generally among the highest in the OECD. However, PISA education scores are only slightly above OECD average and immigrants tend to fare significantly worse than natives - suggesting that the integration of migrants remains a challenge in Sweden. On the other hand, the employment rate of women is one of the highest with a very low gap vis-à-vis men. Still, women working full-time earn about 15% less than men.

Sweden is one of the most inclusive countries

A. Share of national disposable income accruing to subgroups of population
Percentage, 2015

B. Employment gap for disadvantaged groups
Percentage

C. Gender gap in employment rates
15-64 year-olds

Source: Panel A: OECD, OECD, Income Distribution Database and World Bank, World Development Indicators Database; Panel B: OECD (2018), OECD Jobs Strategy Analytical Volume, forthcoming; Panel C: OECD, Labour Force Statistics Database and ILO, Key Indicators of the Labour Market.

The integration of immigrants remains a challenge

A. Redistribution of the tax and transfers system
As a percentage of pre-tax and transfers Gini coefficient

B. Public expenditure on active labour market policies per unemployed
As a percentage of GDP per capita

C. Differences in PISA mean scores in mathematics and science performance
2015

Source: Panel A: OECD, OECD, Income Distribution Database; Panel B: OECD, OECD, Public expenditure and participants stocks on Labour Market Programmes on Labour Market Programmes and Economic Outlook Databases; Panel C: OECD, PISA 2015 Results (Volume I): Excellence and Equity in Education, Annex B1.7 Results (tables): Immigrant background, student performance and students' attitudes towards science.

METADATA ANNEX

Economic openness

- **Trade exposure** is defined as exports and imports over GDP.
- **The share of domestic value added embodied in foreign final demand** is defined as domestic value added, from industry, meeting foreign final demand, as a percentage of industry value added. It can be considered as a measure of an industry's reliance on foreign final demand. Here, the denominator is value added adjusted to be consistent with final demand (both domestic and foreign).
- **Foreign Direct Investment stocks** are defined as the total level of direct investment at a given point in time, usually the end of a quarter or of a year. The outward FDI stock is the value of the resident investors' equity in and net loans to enterprises in foreign economies. The inward FDI stock is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy. For the Netherlands, FDI stock data exclude positions to and from resident Special Purpose Entities (SPEs); SPEs are entities whose role is to facilitate the internal financing of the MNE but that have little or no physical presence in an economy. Excluding such entities from the FDI statistics provides a better measure of the FDI of the country that is having a real impact on its economy.

Trade and FDI

- **The Services Trade Restrictiveness Index (STRI)** identifies which policy measures restrict trade. It provides policy makers information and measurement tools to improve domestic policy environment, negotiate international agreements and open up international trade in services. It can also help governments identify best practice and then focus their domestic reform efforts on priority sectors and measures. The index presented is a geometric average of all sectors and takes value from 0 to 1, where 0 is completely open and 1 is completely closed.
Data are missing for Argentina and Peru.
- **Trade facilitation indicators (TFIs)** identify areas for action and enable the potential impact of reforms to be assessed and help governments to improve their border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade. The index takes values from 0-2 (least to best performance). The index presented is a simple average over 11 dimensions of the TFI.
Data are missing for Iceland.
- **The FDI regulatory Restrictiveness Index** is gauging the restrictiveness of a country's foreign direct investment rules by looking at four main types of restrictions: foreign equity restrictions, discriminatory screening or approval mechanisms, restrictions on key foreign personnel and operational restrictions. Implementation issues are not addressed and factors such as the degree of transparency or discretion in granting approvals are not taken into account. The index takes values between 0 for open and 1 for closed.

Inequality

- **The share of national disposable income held by the poorest 20% and 40%** is defined as the share of income that accrues to subgroups of population indicated by deciles or quintiles.
For the poorest 20%, data refer to 2014 for Argentina, Germany, Hungary, Luxembourg; 2012 for Japan.
- **The employment gap for disadvantaged groups** is expressed as a percentage of the benchmark group (prime-age male workers). Disadvantaged groups include mothers with young children, youth (15-19 years old) excluding those in full-time education or training, older workers (55-64 years old), non-natives and people with disabilities.
Data are missing for Colombia and Costa Rica in 2006 and for Peru in 2006 and 2016.
- **The gender gap in employment rates** is defined as the difference between employment to population ratios of men and women aged 15-64.
Data refer to 2010 and 2014 for Argentina.

Redistribution, activation and inequality of opportunities

- **The redistribution of the tax and transfers system** is measured as the difference between pre-tax and transfer and post-tax and transfers Gini coefficients, relative to the pre-tax and transfer Gini coefficient. The Gini coefficient measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. The coefficient takes the value of 0 in the case of perfect equality and 100 for perfect inequality.
  Data refer to 2014 for Germany, Hungary, Luxembourg and Peru; 2012 for Japan. Data are missing for Argentina and Colombia.

- **Public expenditure on active labour market policies per unemployed** are measured by all social expenditure (other than education) which is aimed at the improvement of the beneficiaries' prospect of finding gainful employment or to otherwise increase their earnings capacity. It includes spending on public employment services and administration, labour market training, special programmes for youth when in transition from school to work, labour market programmes to provide or promote employment for unemployed and other persons (excluding young and disabled persons) and special programmes for the disabled. Data are expressed as a percentage of GDP per capita. Original data can be accessed under: http://stats.oecd.org/Index.aspx?DataSetCode=LMPEXP. *Data are missing for Argentina, Colombia, Costa Rica and Peru. For Canada, data include federal   expenditures on programmes implemented by the provinces and territories, but do not generally include the provinces' and territories' additional or complementary funding of these programmes.*

- **Differences in PISA mean scores (average of mathematics and science) between natives and first and second generations of immigrants**. PISA assesses the extent to which 15-year-old students, near the end of their compulsory education, have acquired key knowledge and skills that are essential for full participation in modern societies
  Data are missing for Japan, Poland and Peru. For Argentina, data refer to the region of the capital city of Buenos Aires.

- **The variance of educational achievement** is measured as the total variance in PISA scores in reading, mathematics and science, compared to the OECD (OECD=100). The Programme for International Student Assessment (PISA) assesses the extent to which 15-year-old students, near the end of their compulsory education, have acquired key knowledge and skills that are essential for full participation in modern societies. The variance components in mathematics, sciences and reading were estimated for all students in participating countries with data on socio-economic background and study programmes. The variance in student performance is calculated as the square of the standard deviation of PISA scores in reading, mathematics and science for the sample of students used in the analysis.
  For France, average of PISA scores in mathematics and reading only in 2015. For Argentina, data refer to the region of the capital city of Buenos Aires.