

Invest in Sweden

Sweden in Fact

2005/06

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Sweden is part of three distinct markets. Scandinavia, the Baltic Sea/Northern Europe region and the European Union (EU), with some 25, 100 and 450 million consumers, respectively. The EU is the world's largest free trade area.

- Members of the European Union
- Candidate countries to the European Union
- Baltic Sea/Northern Europe region

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International competitiveness
































The corporations shown above expanded from a base in Sweden to become global entities. Today, some of them are foreign-owned. Sweden's business sector is unique for its large number of multinational corporations in relation to the relative size of the national economy.

Growth competitiveness

2003, ranking

1. Finland
2. US
- 3. Sweden**
4. Denmark
5. Taiwan
6. Singapore
7. Switzerland
8. Iceland
9. Norway
10. Australia

Source: World Economic Forum, 2004

Sweden holds an advanced position in most internationally recognized surveys on international competitiveness, business climate and growth potential. The World Economic Forum (WEF) in 2004 ranked Sweden in third place after Finland and the US in its survey of 104 economies and their capacity for growth in the medium term.

Capacity for innovation

2003, score

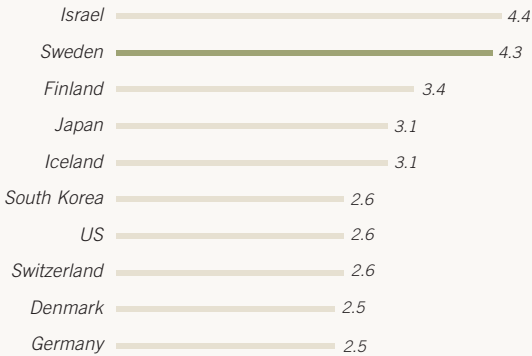
1. Finland
- 2. Sweden**
3. Germany
4. Japan
5. Switzerland
6. France
7. US
8. UK
9. Denmark
10. Israel

Source: World Economic Forum, 2004

Over the years, the Swedish business community has demonstrated a consistent ability to accommodate change and promote innovation. A widespread willingness exists to try new technologies and to work with new ideas and solutions.

High per capita expenditure on R&D

2003, percent of GDP



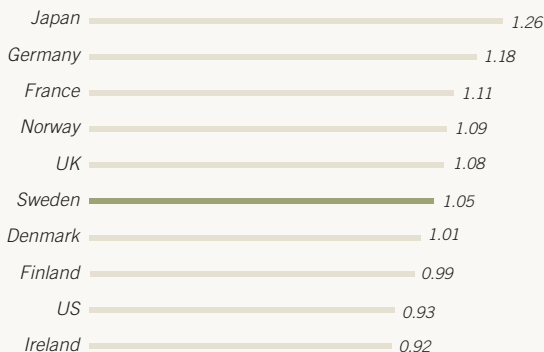
Source: IMD, World Competitiveness Yearbook, 2005

Due to consistent, long-term investments in R&D, higher education and ICT, Sweden is today recognized as one of the world's most knowledge-based economies. Sweden invests more in R&D as a proportion of GDP than other OECD countries and foreign investors are offered attractive prospects for R&D.

Cost attractions

Competitive wage costs

€ million, 2004



Note: Annual total wage cost including social charges for 15 different company positions including chief executive, project manager, controller, buyer, receptionist and production plant manager.

Source: Watson Wyatt, 2005

Over the course of recent decades, Sweden's cost position has become increasingly competitive. Total salary costs in Sweden for a basket of 15 professional and administrative jobs are considerably below those found in Japan, Germany and France. Costs for manufacturing labor show an even more competitive pattern, with Swedish salary rates placed second-lowest among ten European nations assessed by a grouping of Swedish labor unions.

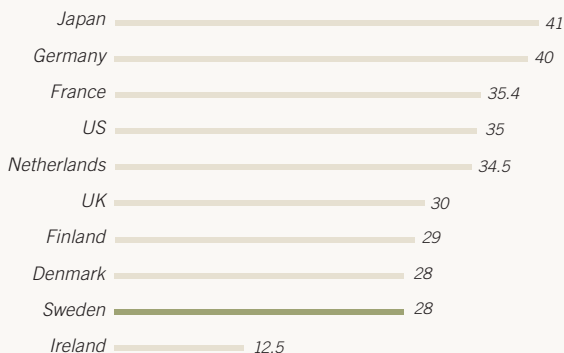
Attractive corporate tax climate

- Competitive corporate taxes
- Capital gain exemptions on sales of subsidiaries
- Tax-exempt intra-group dividends
- Full tax relief on interest
- Tax relief for foreign key personnel
- Absence of thin capitalization rules
- Comprehensive tax treaties for the avoidance of double taxation with most countries

More information is available at www.isa.se and in the ISA publication ***Corporate Taxes in Sweden***.

Competitive corporate tax rates

2004, percent

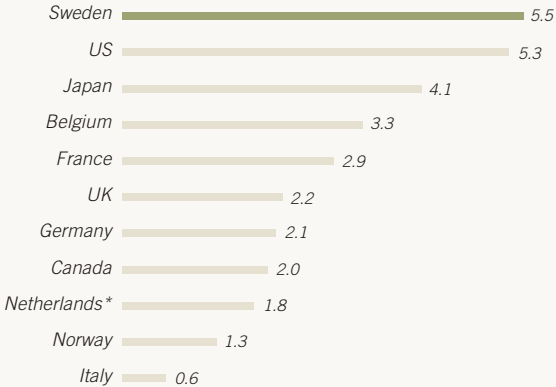


Source: Deloitte, March 2005

At a flat 28 percent, Swedish corporate tax rate is significantly lower than in many other European countries and OECD nations. Sweden also scores well in regard to other business costs.

High labor productivity

1994–2003, annual average increase in manufacturing



*2002

Source: US Department of Labor, 2004

Sweden's productivity increases in recent years have been substantial. According to the US Department of Labor, productivity in Sweden's manufacturing sector outperformed countries such as the US, Japan and France. Furthermore, Sweden will experience further gains in productivity in the future (OECD).

Market potential



Sweden offers triple-market access: Scandinavia, the Baltic Sea/ Northern Europe region and the European Union with some 450 million consumers. It serves as an ideal spot for conducting high value-added operations in goods or services or for establishing competency centers to serve the whole region.

Sweden attracts large FDI inflows

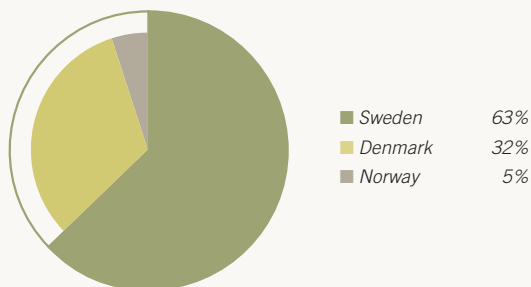
1999–2003

	<i>\$ billion</i>	<i>Percent</i>
Sweden	111.0	47.3
Denmark	71.3	30.4
Finland	27.0	11.5
Norway	19.2	8.2
Estonia	2.4	1.0
Lithuania	2.2	0.9
Latvia	1.7	0.7
Total	234.8	100.0

Source: Unctad, 2004

Sweden is the main attraction when investing in the Baltic Sea/ Northern Europe region, receiving more than 47 percent of total FDI. The geographical position, proximity to customers, widespread use of advanced technologies, a qualified workforce and a strong trading tradition within the region are important factors.

Hub for regional headquarters

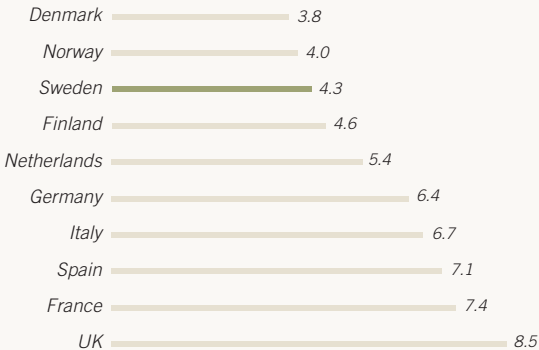


Source: ØresundsInstitutet, 2004

Sweden is a natural center for activities in Northern Europe. A recent study by ØresundsInstitutet of 102 large international companies found that 65 had established a Nordic organization. Sixty-three percent of these companies had chosen Sweden as a headquarters location.

Attractive test market

Time to takeoff in years



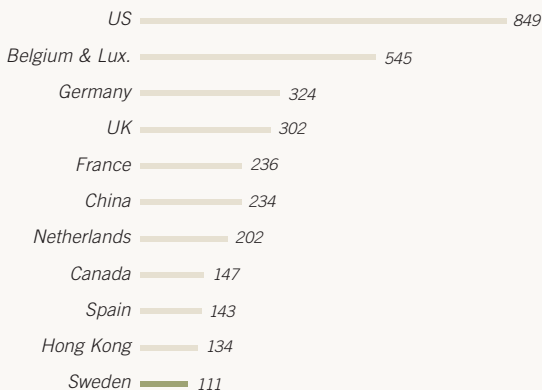
Source: "The International Takeoff of New Products: The role of Economics, Culture and Country Innovativeness" by Tellis, Stremersch and Yin, 2003.

Sweden is often seen as a frontrunner in adopting new technologies and setting new consumer trends more broadly. Recent research shows that new products takeoff faster in Sweden than almost anywhere else in Europe. Takeoff rates for about 137 new products in ten consumer-durable categories from 16 European nations were examined.

Investment prospects

Among the largest recipients of FDI, worldwide

1999–2003, \$ billion



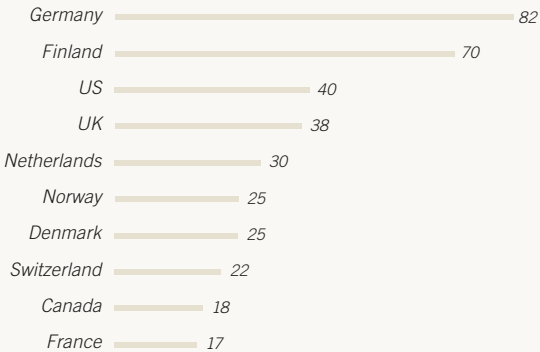
Note: Figures for Belgium/Luxembourg are not comparable since the registered capital flows to a large extent are channelled to other countries.

Source: Unctad, 2004

FDI inflows into Sweden surged in the second half of the 1990s, a trend fuelled by accelerating globalization, liberalization and deregulation measures in Sweden and the country's membership in the European Union. Between 1999 and 2003, Sweden received inflows of € 89 billion/\$ 111 billion, putting the country in 11th place in a global ranking of recipient countries in global terms.

FDI in Sweden, by country

2000–2004, SEK billion

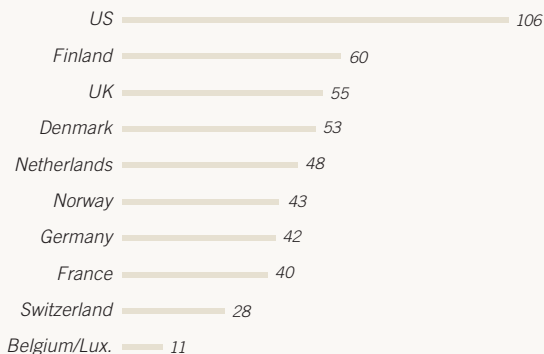


Source: Central Bank of Sweden, 2005

Key foreign investors in Sweden in the five-year period 2000–2004 originated from Germany, Finland, the US, the UK and the Netherlands. Companies from about 40 nations, including China, Japan, Australia and Saudi Arabia, are now established in Sweden.

Foreign-owned companies – important employers

2003, employees in thousand



Source: Swedish Institute for Growth Policy Studies, 2004

Sweden is an internationalized business community. This is among others shown in the number of employees in foreign-owned companies. In 2003, 10,100 foreign-owned companies employed a total of 565,000 Swedes, almost 25 percent of all employees in the private sector.

FDI stock in Sweden, by business sector

2003

<i>Business sector</i>	<i>SEK billion</i>	<i>Percent</i>
Pharma and chemicals	306	28
Machinery and equipment	197	18
Pulp and paper	94	9
Food	25	2
Other manufacturing	70	6
Energy	106	10
Trading	74	7
Building and construction	52	5
Banking and insurance	14	1
Other services	156	14
Total	1,094	100

Source: Central Bank of Sweden, 2005

Foreign investors are active in a number of sectors: ICT, advanced manufacturing and engineering, pulp and paper, pharmaceuticals and biotechnology, transportation, retail and real estate. The services sector as a whole offers growth potential and stands to attract increased interest.

Economic outlook

High annual average GDP growth

2000–2004, percent

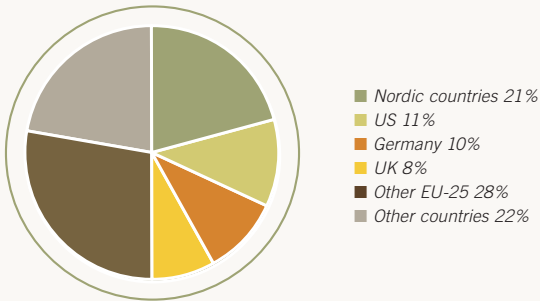


Source: National Institute of Economic Research, June 2005

Sweden's economic growth rate reached 2.9 percent in 2004 and is expected to be 3.0 percent in 2005 and 3.2 percent in 2006. The primary drivers of this upswing are high capacity utilization and surging exports, including exports of services.

Swedish exports of goods

2004, percent of total



Note: Swedish exports of goods amounted to SEK 901 billion in 2004.

Source: Statistics Sweden, 2005

Swedish exports of goods and services reached a record SEK 1,184 billion (€ 130 billion/\$ 161 billion) in 2003 or 46 percent of GDP. The largest trading partners are EU economies, which account for 60 percent of exports and 75 percent of imports. The US remains Sweden's largest single trading partner.

A range of opportunities



BUSINESS SERVICES

- Regional headquarters to obtain economies of scale
- Qualified and experienced staff; the best availability of Nordic/Baltic native speakers
- One of Europe's most advanced logistics sectors

Find out more at www.isa.se and in the ISA publications Contact Centers, Logistics and Shared Services. ISA contact: Sigvard Beck-Friis (sigvard.beck-friis@isa.se)



VENTURE CAPITAL

- Cost-efficient access to Swedish technology
- One of Europe's most efficient venture capital markets
- Experienced venture capital management teams

Find out more at www.isa.se and in the ISA publication Venture Capital. ISA contact: Per Hedblom (per.hedblom@isa.se)



LIFE SCIENCES

- Clinical trials with superior biotech tools and supplies
- Drug discovery in neuroscience, metabolic and infectious diseases
- Internationally focused life science industry with some 400 companies

*Find out more at www.isa.se and in the ISA publications *Biotechnology, Clinical Trials, Neuroscience, Stem Cells, Metabolic Disease and Biotech Tools*. ISA contact: Ylva Williams (ylva.williams@isa.se)*



ICT AND ELECTRONICS

- Excellence in mobile terminals, photonics, system-on-chip and network infrastructure
- World-leading R&D in wireless, mobility and broadband
- 1,200 ICT companies to partner with

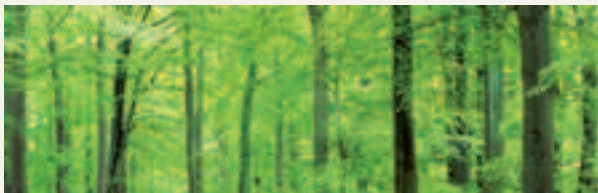
*Find out more at www.isa.se and in the ISA publications *ICT, Wireless Sweden, Gaming, Telematics, Photonics and Socware*. ISA contact: Niklas Johnsson (niklas.johnsson@isa.se)*



AUTOMOTIVE/INTELLIGENT VEHICLE SAFETY SYSTEMS

- Strong high-tech automotive cluster
- Intelligent vehicle safety research and winter testing
- Vehicle telematics and wireless ICT hotbed

Find out more at www.isa.se and www.telematicsvalley.org and in the ISA publications IVSS and Telematics. ISA contact: Johan Hultstam de Valcy (johan.hultstam@isa.se)



WOOD, PAPER AND PACKAGING

- Access to primary fibers from slow-growth forests
- Opportunities in saw mills, wood building components and furniture
- Wood component suppliers with export experience

More information is available at www.isa.se. ISA contact: Lennart Witzell (lennart.witzell@isa.se)



REAL ESTATE

- Liquidity comparable to the largest EU countries
- Transparency and low transaction costs
- Efficient business procedures and multiple financing alternatives

Find out more at www.isa.se and in the ISA publication Real Estate. ISA contact: Sigvard Beck-Friis (sigvard.beck.friis@isa.se)



OIL AND PETROCHEMICALS

- Center for international oil and petrochemical industries with high-quality products and cutting-edge expertise
- Access to raw materials and specialty chemicals
- Well-established networks spanning industry, public authorities and universities

Find out more at www.isa.se and in the ISA publication Oil and Petrochemicals Sweden. Contact: Jacob Broström (jacob.brostrom@brg.goteborg.se)

ISA – Business facilitator

If you are a foreign investor planning to establish or expand business operations in Sweden, Invest in Sweden Agency, ISA, is ready to provide you with professional assistance, free of charge. ISA is the government agency responsible for promoting business opportunities to foreign investors.

ISA seeks to deliver excellent levels of service to foreign investors. Since 1995, ISA and its regional partners have contributed to a large number of investments and establishments in Sweden from around the world.

In a 2005 study, ISA was ranked as the world's leading national inward promotion agency. The study, carried out by Miga, a division of the World Bank, and GDP Global Development assessed 178 different agencies.

ISA services

- **Comprehensive information** on business opportunities in Sweden, key business sectors and the Swedish economy.
- **Tailor-made information** and practical advice on how to proceed when establishing a business in Sweden.
- **Introductions to relevant contacts** with Swedish authorities, utility providers, and professional service companies, such as lawyers, accountants, relocation specialists and recruitment companies.
- **Assistance in finding and arranging visitation programs** to the most suitable locations in Sweden.
- **Help in finding companies for possible joint ventures** or other forms of cooperation.
- **Contacts with ISA's regional network** throughout Sweden (see page 28).

*Please contact Sigvard Beck-Friis, Head of Establishment Services
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ISA publications

General information:

- **Invest in Sweden Report** – Annual publication highlighting business and investment opportunities in Sweden
- **Sweden in Fact** – Short version of Report, available in English, French, German, Chinese, Japanese and Korean
- **Corporate Taxes in Sweden** – Presentation of Sweden's favourable corporate tax package
- **Looking North for New Business** – A basic guide to business potential in the Baltic Sea/Northern Europe region

Specific information:

Venture Capital:

- Venture Capital

Life Sciences:

- Biotechnology
- Biotech Tools
- Clinical Trials
- Metabolic Disease
- Neuroscience

Automotive/IVSS:

- Intelligent Vehicle
Safety Systems

Real Estate:

- Real Estate

ICT and electronics:

- Information and communication technologies (ICT)
- ICT in Fact
- Broadband Sweden
- Wireless Sweden
- Photonics Sweden
- Swedish High Technology Law
- Telematics

Business Services:

- Contact Centers
- Logistics
- Shared Services

All publications are available on the ISA web site www.isa.se

Fact sheets

*ISA strives to facilitate your investment in Sweden and has put together a comprehensive toolkit for this purpose. Publications, slide presentations, fact sheets, case studies, regional statistics, etc. are available at **www.isa.se***

Establishing a business:

- Establishing a business in Sweden
- Guidelines for starting a limited liability company
- Guidelines for opening a branch office
- Guidelines for opening a representative office
- Costs for establishing a business
- Financial incentives
- Useful addresses when setting up a business

Working in Sweden:

- Working in Sweden
- Labor costs
- Taxes in Sweden
- Tax relief for foreign key personnel
- Visas and work permits

*These fact sheets are available on the ISA web site **www.isa.se/factsheets***

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