European Commission

JRC SCIENCE FOR POLICY REPORT

RIO Country Report 2017: Sweden

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Executive Summary

In European perspective, the Swedish economy is robust and public finances are healthy, which breeds confidence and a favourable international reputation. Real GDP in Sweden grew by 3.2% in 2016, which is less than the previous year but well on average in a longer time frame, and expected to remain at the same level in 2017 but decrease somewhat in 2018 (EC autumn economic forecast 2017: 126-127). Sweden is a small and export-oriented economy with strong political and economic (trade) ties to its fellow Nordic countries, to continental Europe, to North America, and several countries and regions in the Third World. Its exposure to globalisation and shifts of balances of global productivity and trade makes the Swedish economy vulnerable, but with a highly educated workforce and generally friendly business climate, Sweden also has robust means at its disposal to meet the challenges of the current geopolitical and economic world order.

Challenges for R&I policy-making in Sweden

Improving the links between research and innovation. While the general performance of the Swedish R&D system on the supply is very good, there is a long-lasting debate concerning the alleged inefficiency of turning the heavy investments in R&D into innovation-based economic growth. For several years the governmental research bills acknowledge the need for increasing the links between research and innovation. In practical terms, the dominant approach has been to launch a series of supply-side measures, most of all a variety of funding instruments to promote cross-sectoral collaboration.

***Reducing the dependence of BERD on multinational companies*.** Swedish GERD, while very high in international comparison, is dominated by the private sector, where, in turn, most R&D expenditure takes place in a relatively small number of very large companies. Policy efforts have aimed at increasing the level of investment in R&D among SMEs, the introduction of public venture capital, programs to increase collaboration between universities and firms and also university spin-offs, and a series of funding programs targeted at start-ups and innovation in SMEs.

***Sustaining the high quality of the public research base*.** Despite the heavy investment in both education and research, signs have abounded for a long time that the supply of competence, and also the international competitiveness of the Swedish R&D system as measured in outputs, is stagnating or falling slightly. This is a policy challenge of great magnitude but also great complexity, and while it is acknowledged in governmental research policy documents, its remedy is a controversial topic.

Main R&I developments in 2017

- Report on governmental support of innovation and enterprises
- Swedish "Research Barometer" document
- Governmental decision to set up six national research programs

Smart Specialisation

The practical work on smart specialisation at national level is delegated by the government to the Swedish Agency for Economic and Regional Growth. A detailed instruction followed this decision, where the agency was assigned by the government the role of (1) supporting regional authorities in their work with S3; (2) assisting regional authorities with knowledge and overviews of national priorities and future competitiveness; (3) supporting regional authorities in their collaboration with the EU.

The Swedish Agency for Economic and Regional Growth also manages and distributes funding from the European Regional Development Fund on assignment by the government, which means that it is in charge of supporting smart specialisation on NUTS 2 regional level, which is not coherent with the organisation of Sweden in administrative regions (the 21 counties are the primary units and correspond to NUTS 3 regions, and 10 of them are nowadays called "regions" in an ongoing trial policy of increasing regional autonomy), whereas there are eight NUTS 2 regions in Sweden, one of which corresponds to a county (Stockholm), with the other seven consisting of between two and five counties/regions. This creates some difficulty of coordination and cohesion, and a certain imbalance in the level of implementation of smart specialisation strategies.

JRC Mission

As the science and knowledge service of the European Commission, the Joint Research Centre's mission is to support EU policies with independent evidence throughout the whole policy cycle.