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I SUMMARY

Social Security

Eligibility	Essentially all residents.
Normal Retirement Age	65M/F
Contributions	Employer: 31.46% of payroll. Employee: 7% of earnings, up to 7.5 times the increased base amount.
Retirement Benefits	Lowest amount is SEK 84,561 for unmarried persons and SEK 75,430 each for married couples. Benefit reduced or increased on early or late retirement. Note: A new system has been implemented and several transition rules apply.
Disability Benefits	100% of projected old age pension on total disability. There are 4 different levels of disability (25%, 50%, 75%, and 100%).
Death Benefits	Transition rules apply to women who married prior to January 1, 1990. Normally, the widow's pension amounts to 90% of the base amount. The full benefit is paid to widows with children under age 17. Also paid to widows aged 50 at the time of death of husband. Otherwise benefit reduction of 1/15 per annum below age 50. Under the new rules, the benefit is 40% of the projected or actual old age pension if there are no children. In addition widows with children receive 35% of the projected or actual spouse's pension.
Medical Benefits	Cover for all persons resident and registered with a social insurance office.

Private Benefit Plans

Eligibility	Usually all employees with an ITP plan (Occupational Pension Insurance). Voluntary for managing directors and certain executives.
Retirement Age	65M/F
Contributions	No employee contributions to the contractual ITP and SAF-LO plans or to other alternatives to the ITP scheme.
Retirement Benefits	ITP: Between 0 - 7.5 base amount: 4,5%; over 7.5 base amounts: 30% SAF-LO: a defined contribution plan with 4.5% of salary for each person as of age 21.
Disability Benefits	ITP - On total disability: 10% up to 7.5 base amount (0% after 360 days), 65% between 7.5 - 20 base amounts; 32.5% between 20 and 30 base amounts.
Death Benefits	A widow/widower with 1 child will receive 130% of the basic rate, or, with 2 children, 150%. An additional 10% is provided for each subsequent child. Lump sum death: 6 base amounts, decreasing gradually after age 55.
Medical Benefits	Not customary.
Vesting	Full and immediate for ITP / SAF-LO plans as of age 25.

Taxation

Employer Contributions	Social security: Deductible. Complementary plans: The insurance premiums paid by the employer are deductible within certain limits.
Employee Contributions	Social security: Not added to taxable income. Complementary plans: Not added to taxable income.
Benefits	Social security: Pensions taxed as income. Private benefit plans: Pensions taxed as income, lump sum death benefits tax-free.

II INTRODUCTION

Country Statistics

Population / growth rate	9.01 million (2009 est.) 0.15% (2009 est.)
Age structure	
0 - 14 years	15.7%
15 - 64 years	65.5%
65 years and over	18.8% (2009 est.)
GDP purchasing power parity/ Real growth rate	USD 333.2 billion (2009 est.) -4.6% (2009 est.)
Agriculture	1.6%
Industry	26.6%
Services	71.8%
Unemployment rate	9.3% (2009 est.)
Inflation rate	-0.5% (2009 est.)
Annual gross salary*	in SEK
Labourer	General: n.a. Skilled: 276,454
Professionals	Junior: 325,579 Senior: 383,432
Management	Lower: 479,766 Upper: 667,598
Legal minimum wage	None; set by annual collective bargaining contracts
Exchange rate on February 28, 2010	1 SEK = 0.1396 USD
Currency: Swedish Kronor	1 SEK = 0.1028 EUR

*Source: Mercer's International Geographic Salary Differentials, Edition 2008

Legislation and Insurance Market Update in Brief

New Swedish Pensions Agency

As of January 1, 2010 the newly established *Pensionsmyndigheten* (Swedish Pensions Agency) has taken over the administration of the statutory pensions schemes, which up to then were handled by the Social Insurance Agency (*Försäkringskassan*). The Social Insurance Agency will, however, continue to administer the social security insurance (except unemployment insurance).

Pensionsmyndigheten administers the following:

- Old age pensions
- Survivor's pensions, surviving children's allowance
- Survivor's annuity
- Municipal housing allowance for pensioners.

III SOCIAL SECURITY

Background Information

General

The Swedish social security system covers basic benefits (statutory insurance) for all Swedish citizens. The basic benefits are complemented by collectively agreed insurance for more than 90% of all Swedish employees.

Legislation

Legislation governing the Swedish social security system dates back to 1891.

In January 1999 a new National Basic Pension System was introduced. It is regulated by the Act of Income Related Pension and is separate from other social insurance. Its gradual implementation will be completed by 2020. The new system is a defined contribution system, based on lifetime contributions, consisting of three components: the income-related pension, the premium reserve pension and the guaranteed pension. Pension can be drawn from the age of 61 and target benefits are 55% - 60% of earnings after 40 years of contributions (compared to 30 years under the old system).

The previous AFP and ATP pension system is gradually being replaced by the new system. For people born in 1937 or earlier the "old system" applies. Those born between 1938 and 1953 will receive a pension based on a mix of the two systems, and pensions for those born in 1954 or later will be based on the new system.

Eligibility

Essentially all residents in Sweden.

Contributions

As of 2010, employer contribution to social security is 31.46% of payroll.

Employee contributions for sickness, disability and retirement benefits (general pension contributions) are 7% of earnings, up to 7.5 times the increased base amount (see below).

Base Amount

The base amount is a figure used to calculate pension benefits and contributions under the social security and complementary pension systems. Three base amounts are used:

- The “price base amount” (PBB) is used to calculate pensions in payment and other social security pensions. For 2010, the PBB is SEK 42,400
- The “increased base amount” is used to determine contributions for employees, and also to determine pension rights. In 2009 it amounted to SEK 43,300.
- The “income base amount” is used to calculate social security and mandatory occupational pensions for salaried employees. For 2010 it is SEK 51,100.

Health Insurance

The health insurance scheme is financed by employers. The contribution rate amounts to 1.5% of payroll.

Retirement Benefits

Retirement Age

Normal retirement: 65M/F
Early retirement: as of 61M/F

Qualifying Conditions

Old system

All persons resident in Sweden for 40 years or with 30 years of pensionable income are eligible for the full national basic pension. If the insured has been a resident in Sweden for less than 40 years, or has had less than 30 years of pensionable income, the basic national pension is reduced for each missing year by 1/40 or 1/30 respectively. The more favourable of the two rules is applicable.

New system

All lifetime income is important. The size of the pension is calculated on the basis of the income received since the age of 16. The employee accumulates what are known as entitlements based on all taxable income. Besides earned income, children, studies and military service also count towards the pension.

Benefits

Under the new national pension system, target benefits are approximately 55% - 60% of final salary after 40 years of active working life. The ceiling for pensionable income is 7.5 income base amounts, after which individuals receive no pension entitlement.

The new national pension is made up of three components:

Income Pension

- Income pension corresponds to the value of the pension contributions (18.5% of income) paid during the total working life. Of the 18.5%, 16% is paid to the pensions of the pensioners of today (pay-as-you-go system) with the employee accumulating pension entitlements in return. At retirement the pension is calculated on the basis of the total entitlements accrued during the working life.

Premium Pension

- An amount of 2.5% of the pensionable income is set aside for the premium pension. Employees may invest the pension capital in any of the various private funds registered with the Premium Pension Authority (PPM) or they may choose to let the PPM invest their money for them.

Guaranteed Pension

- The guaranteed pension is calculated based on a multiple of the base amount and is payable to persons who never received any income or whose lifetime income is too small. Married pensioners are guaranteed SEK 6,713 per month, and single pensioners SEK 7,526 per month.

Disability Benefits

Qualifying Conditions

If an employee is disabled and the working capacity is reduced by at least one quarter, the employee is eligible for a disability pension.

Benefits

The maximum pension to be received is 80% of SEK 318,000, which will be paid out from the 15th day of absence.

Day 1	No Benefit
Day 2 - 21	78% of salary as statutory sick pay from employer
Day 22 - 90	78% of salary from social insurance office
Day 15 - 90	10% of salary as collectively agreed sick pay
Day 91 and more	80% of salary from social insurance office

Death Benefits

Qualifying Conditions

Relatives of people who have died are entitled to social insurance benefits payable as transitional pension, orphan's/half-orphan's pension and widow's/widower's pension. The transitional pension is normally paid out for a period of six months after the death, and the orphan's/half orphan's pension is paid out until the child's 18th birthday. The size of both pensions corresponds to the number of years the deceased had been working.

Benefits

Employees with earnings above 7.5 increased base amounts SEK 318,000 can choose to include a life long pension to the surviving spouse and a pension to children up to the age of 20. The size of these pensions will be determined based on level of salary and period of salary earnings.

Sickness Benefits

Qualifying Conditions

Cash sickness benefits are payable to residents earning a minimum of 24% of price base amount per year. Benefits are paid under the provision of the Social Security system to residents of Sweden who are over the age of 16.

Benefits

The payment of sickness benefit from social security runs from day 15 at 80% of salary until an early retirement or a disability pension applies. The salary ceiling is 7.5 of the base amount. From days 2 to 21 it is the employer's responsibility to provide sickness benefit.

Medical/Health Benefits

Qualifying Conditions

All persons residing and registered in Sweden are compulsorily covered by the Social Security Health Insurance.

Benefits

The Social Security Health Insurance provides extensive coverage including hospitalization and medical care by public or private doctors, as well as parental benefits.

The cover for medical and hospital treatment and for dental care is compulsory for all persons resident and registered with a social insurance office in Sweden. The major portion of the expenses is reimbursed on the basis of an official scale of charges.

Parental benefit in connection with childbirth covers a total of 450 days for the parents, and a further 180 days per child in the event of a multiple birth. The parental benefit paid is 80% of income up to 7.5 times the base amount for the first 360 days for either parent, and SEK 60 per day for an additional 90 days. Parental benefits can be paid until the child has reached age 8.

Temporary parental benefit for the care of a child under 12 years of age for a maximum of 90 working days per child per year, with a maximum of 60 days per year in the event of sickness of the permanent guardian.

Paternity leave: The father is also entitled to a leave of absence with parental benefit for the temporary care of children for 10 working days in connection with the birth of a child within 60 days of the child coming home.

Work Injury Benefits

The Work Injury Compensation system consists of a combination of social security, worker's compensation (*Arbetskadeförsäkring – LAF*) and collectively bargained arrangements, and of a no-fault liability insurance (*Trygghetsförsäkring – TFA*).

All employees are covered by social security LAF, and compensation is paid for lost income, medical costs, survivor benefits and funeral grants.

Unemployment Benefits

Comprehensive unemployment benefits are provided to employed persons who lose their job.

Taxation

Contributions to social security paid by the employer are deductible as business expense. Employee contributions to social security are not considered taxable income for the employee. Social insurance benefits are considered taxable income for beneficiaries.

Other Information

Reciprocal Social Security Agreements

Algeria, Austria, Canada (including Quebec), Cape Verde, Chile, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Luxembourg, Morocco, the Netherlands, Norway, Portugal, Slovenia, Spain, Switzerland, Turkey, the United Kingdom, the United States of America and former Yugoslavia.

IV PRIVATE BENEFIT PLANS

Background Information

General

There are two contractual pension systems in the private industry:

- one for salaried employees – the ITP plan and
- one for wage earners – the SAF-LO plan

The ITP or “occupational pension insurance” covers retirement pension, disability pension and family pension to survivors. Most salaried employees are covered by the ITP-plan. Affiliation is voluntary for managing directors and certain executives and shareholders.

The ITP-plan is a combination of a defined benefit and a defined contribution pension plan, administered by Alecta (the insurance company authorized to insure ITP plan benefits).

The STP/AGS plan, a pension scheme introduced in 1971 for workers in the private sector, was replaced in 1996 by a newly defined contribution pension scheme, the SAF-LO plan. The SAF-LO plan is a defined contribution scheme, with contributions paid to an individual pension insurance contract (employees are asked to select an insurance company of their choice). For more details see Other Information below.

Affiliation to these plans is compulsory for all members of the Confederation of Swedish Enterprises (*Svenskt Näringsliv*) if they employ just one employee who is a member of the Confederation of Salaried Employees (PTK). As over 90% of Swedish employees are covered by contractual plans and all residents are covered by Social Security, a very large majority of employees are covered by mandatory plans.

The Swedish subsidiaries of foreign companies are often not members of the Confederation of Swedish Enterprises and therefore have the option of providing alternative benefits to ITP/SAF-LO through an insurance company of their choice.

In summary, the following plans are offered as a complementary form of insurance in the private industry to salaried employees:

- ITP (Occupational Pension Insurance)
- ITPK (Supplementary Occupational Pension Insurance)
- TGL (Occupational Group Life Insurance)
- Alternative ITP (Alternative Occupational Pension Insurance)

Eligibility

Pension plan membership starts at the age of 25, except for TGL and disability pensions, which start at the age of 18. In order to get a full pension the employee must have been employed for a minimum of 30 years (360 months). If this period is shorter, the pension paid out will be reduced by 1/360 for each missing month.

Contributions

General

For 2009 the base amount equals SEK 42,400, and the increased base amount equals SEK 43,300.

- The increased base amount is used to calculate the salary level of 7.5 base amounts. Employees with yearly incomes below this level will only receive the national pension, TGL and disability pension.
- The base amount is used to calculate levels of yearly incomes above 7.5 increased base amounts, amounting to SEK 318,000.
- Employees with yearly incomes between 7.5 increased base amounts, amounting to SEK 318,000 and 10 base amounts, amounting to SEK 424,000, are entitled to the full package with the exception of the Alternative ITP.
- Employees with yearly incomes above 10 base amounts, amounting to SEK 424,000, are entitled to choose the alternative ITP.

The amount of the premium to be paid, excluding the TGL, is decided by the age of the employee, level of income, retirement age and whether the employee has previous pension rights. Premiums represent a percentage of salary and are the same for females and males. Below are a few examples for a new employee who has no previous pension rights and with a normal retirement age of 65:

Annual salary SEK	≈ Premiums as Percentage of Salary		
	Age 30 years	Age 40 years	Age 50 years
400,000	11	13	14
800,000	17	21	23
1,137,000	16	20	22

Of these percentages, 2.0% go to ITPK.

In 2007 the premiums for TGL amount to SEK 47 a month per member, independent of the level of income.

The ITP plan is entirely financed by the employer. The amount of contribution is calculated on an individual basis and on average amounts to 12.5% of pensionable payroll.

Retirement Benefits

Retirement Age ITP

Normal retirement:	65M/F
Early retirement:	Possible at age 55 with an actuarial reduction of benefits.
Late retirement:	Possible with an actuarial increase of benefits.

Qualifying Conditions ITP

To qualify, 30 years of coverage and payment of contributions up to pensionable age are required. There is a reduction of 1/360 for each missing month. Pension rights are earned from age 28.

Benefits ITP

Old Age Pension

- The old age pension benefit is calculated as 10% of salary (up to 7.5 base amounts) + 65% of salary (between 7.5 and 20 base amounts) + 32.5% of additional salary (up to 30 base amounts). In addition to this, ITPK will provide about 3% to 5% of salary.
- At present the ITP plan cannot be included in multinational pooling arrangements, whereas the alternative ITP plan can at least partially be pooled (the insurance portions and the waiver of premium) since it is possible to choose the insurance carrier for the pension plan.

Retirement Pension

- Employees who retire with yearly earnings above 7.5 increased base amounts (equal to SEK 324,000), receive a life-long retirement pension from the ITP insurance on top of the basic national pension. The amount equals 10% of the annual salary up to 7.5 increased base amounts (equal to SEK 324,000). In addition, the insured receives 65% of salary up to 20 base amounts (equal to SEK 848,000) and 32.5% of salary up to 30 base amounts (equal to SEK 1,272,000). Salaries above 30 base amounts do not qualify for ITP insurance.

Benefits – Complementary ITP (ITPK)

- The ITPK is a complementary defined contribution scheme. The contribution may be used for either a temporary or a life-time pension and may be placed with any appropriate carrier in Sweden.
- Employees can choose whether they will use the full premium amount for retirement savings, either on a guaranteed basis or in unit-linked investments, or whether they will split the premiums between savings and extra insurance to survivors. Employees are also entitled to choose which insurance company they will use.
- Payments from the ITPK insurance are normally paid out over a 5 year period, either as a retirement pension between age 65 and 70, or as a pension to survivors. However, a shorter or longer payout period is also possible.

Benefits from Alternative ITP or “alternative occupational pension insurance”

- There is a modified ITP plan where those salaried employees with a pension-carrying income exceeding 10 price base amounts (SEK 324,000) are entitled to choose an individual occupational pension on portions of the salary exceeding 7.5 of the base amount. The salaried employees are entitled to choose ITPK or to use the corresponding premium for family cover and a complementary pension.
- The alternative ITP has to be within the framework of the normal ITP agreement, but gives the employees the flexibility of choosing types of insurance and insurance carrier. When employees have opted for the alternative ITP they cannot switch to the normal ITP plan for as long as they are employed by the same employer. The alternative ITP has to be negotiated and agreed upon with the employer, this means it is not an “automatic right”.

Vesting

Immediate full vesting is compulsory under the ITP plan and under the SAF-LO plan as of age 25.

Disability Benefits

Benefits ITP

Employees with earnings above 7.5 base amounts (equal to SEK 318,000) are entitled to receive a disability pension from the ITP insurance.

Day 1	No Benefit
Day 2 - 21	80% of salary as statutory sick pay from employer
Day 22 - 90	80% of salary up to SEK 318000 from social insurance office
Day 15 - 90	10% of salary as collectively agreed sick pay from employer
Day 91 and more	80% of salary up to SEK 318,000 from social insurance office 65% of salary between SEK 318,000 - SEK 848,000 32.5% of salary between SEK 848,000 - 1,272,000 Salary above SEK 1,272,000 or above 30 base amounts does not qualify for ITP insurance

Death Benefits

Widow's/Widower's Pension ITP

The widow's/widower's pension for a widow/widower alone equals 100% of a basic rate. This is calculated as being 32.5% of salary (between 7.5 and 20 price base amounts) + 16.25% of salary (between 20 and 30 price base amounts).

Orphan's Pension ITP

Orphan's pension is payable on the basis of the basic rate mentioned under widow's/widower's pension above. A widow/widower with 1 child will receive 130% of the basic rate; a widow/widower with 2 children will receive 150%. For each additional child another 10% of the basic rate is added. Full orphans will receive 75% of the basic rate if alone. This amount is increased to 110%, 135% and 150% for 2, 3 and 4 children respectively. Each additional child will receive another 10% of the basic rate.

Benefits from TGL

TGL or "occupational group life insurance", is agreed upon collectively and is paid for by the employer (SEK 44 monthly) for all employees aged 18 and above. TGL is paid as a lump sum if the insured person dies before the age of 65.

From age 55 benefits decrease in successive stages of 0.5 base amounts per year.

Medical/Health Benefits

Companies are beginning to provide their top executives with private medical plans. Cover is usually non-contributory for the employee.

Other Benefits

Voluntary Group Insurance Plans

In addition to the complementary life insurance and pension plans, employees may join a voluntary group insurance plan.

- Eligibility: The group may not cover less than 10 persons.
- Benefits: In addition to a basic life insurance benefit which may not exceed 25 price base amounts, group accident, disability and savings coverages can be added. The amount of the benefit must be determined for the entire group, meaning that individual selection of the sum to be insured is not possible. Group life benefit usually amounts to 6 price base amounts and includes a disability rider.
- Contributions: Premiums are entirely paid by employees by deductions from salary.

Other Information

Salary Ceiling ITP

Salaries up to 30 times the price base amount are covered.

Indexation ITP

Based on an annual decision, any surplus in the ITP pension system is used to finance bonus supplements which may not exceed increases in the consumer price index. The surplus is also used to raise the vested pension rights of retirement and survivors' pensions of pensions not yet due. In addition there is a special fund in the event that a surplus does not suffice for full compensation, or for inflation.

SAF/LO Pension Scheme

This agreement is in 2 parts; the first relates to the winding up of STP, which took place between 1996 and 1999; the second part consists of a new pension scheme that covers all wage-earners as of 1996. This is a defined contribution scheme and the contribution for the new plan is set at 2% of the employee's wage.

- **Winding up STP:** In the past, since the STP system was a terminal funding system, there was no capital allocated to the pension rights of those who had not yet reached retirement age. This was a problem when switching to a new system. To solve this problem, the parties have agreed to use the surplus available in the AMF system, especially in the AMF Pension Insurance Company.
- **The New Pension Plan:** The contribution, which is to be 4.5% of pensionable wage, will be allocated to a pension insurance policy for each employee who has reached age 21. The employee may choose among 23 insurance companies (however, by the end of 2009, one third of members had not actively decided on their investment and thus the default will apply).
- **Person Affected by the New Scheme:** All those who received STP pensions by December 31, 1995 are unaffected.
- **Persons Born in 1935 and Later:** The pension rate for this group of individuals depends on the pension credit allocated out of the AMF system and on contributions to the new scheme charged up to the year 2000 and thereafter.
- **Eligibility:** Blue-collar workers are covered by the collective agreement of STP.
- **Contributions:** The scheme is financed by the employer. The costs of the phase-out (approximately SEK 50 billion) and the new pension scheme are to come within an unchanged limit of expenditure. The annual total allocation for the scheme is 4.5% of payroll expense, of which 2% is the premium for the new pension scheme, while the remainder will be used to phase out STP.

Taxation

Employer Contributions

Employer contributions to the complementary pension plan are also deductible within certain limits. Changes in the regulations came into force in the year 2000.

Employee Contributions

Contributions paid to complementary pension schemes are not considered taxable income for the employee. If the employer pays premiums for voluntary group life insurance, these are considered taxable income for the employee.

Taxation of Benefits

Occupational pension benefits constitute taxable income for the beneficiary. Lump sum benefits from TGL and group life insurance are exempt from income tax.

Double Taxation Agreements

Albania, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Bangladesh, Barbados, Belarus, Belgium, Belize, Bolivia, Botswana, Brazil, the British Virgin Islands, Bulgaria, Canada, Chile, China, Cyprus, the Czech Republic, Dominica, Egypt, Estonia, Finland, France, Gambia, Germany, Greece, Hong Kong, Hungary India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kazakhstan, Kenya, Kiribati, Korea (Republic), Latvia, Lithuania, Luxembourg, Macedonia, Malawi, Malaysia, Mauritius, Mexico, Montserrat, Morocco, Namibia, the Netherlands, New Zealand, Nigeria, Pakistan, Peru, the Philippines, Poland, Portugal, Romania, Russia, Saint Kitts and Nevis, Saint Lucia, St. Vincent and Grenadines, Serbia, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Tunisia, Turkey, Tuvalu, the Ukraine, the United Kingdom and the United States of America, Venezuela, Vietnam, Zambia and Zimbabwe.

Source: United Nations Conference on Trade and Development (UNCTAD)

V FUTURE OUTLOOK

Trends in the Insurance Industry

Containing the Economic Slowdown

The government is pursuing an expansive fiscal policy and in the short term it will focus on responding to the economic slowdown during 2009/10. The government is introducing cuts in personal taxes, corporate taxes and employers' social security contributions (mostly in 2009). As of 2009 the corporate tax rate was reduced from 28% to 26.3%, and the rate of social security contributions paid by employers was also reduced. Nonetheless, the tax burden will remain among the highest in the world. The government has also announced SEK 28bn in additional spending spread over 2009-11 to boost job creation and training. It will also provide a total of SEK 28bn in aid, mostly in the form of loan guarantees, to the ailing automotive industry. In light of the global financial turmoil, the government has widened its deposit guarantee scheme and has passed a financial stabilisation package, which includes a government loan guarantee scheme for debt, a stabilisation fund to deal with liquidity problems and equity injections if necessary. No equity injections have been made as yet, but they may be required if subsidiaries of banks in the Baltic States come under serious financial strain.

Since taking office in 2006, the centre-right coalition in Sweden has emphasised measures aimed at strengthening the economic incentive to work, with a view to easing welfare dependency and social exclusion and boosting labour supply. These include income tax cuts, primarily for low- and medium-income earners; lower employer social security contributions, aimed at encouraging the hiring of young, older and immigrant workers and the long-term unemployed; stricter qualification requirements and cuts in unemployment and sickness benefit; an overhaul of the previously large number of state-funded training programmes. Employment protection legislation will remain quite strict, but Sweden has a high employment rate in comparison with most other countries in- and outside Europe. The unions remain opposed to the welfare reforms. Although there is a risk of deterioration in industrial relations as unemployment increases, a marked worsening is unlikely.

The government plans to further reduce the state's role in the economy, with the proposed sale of government stakes in at least three more companies, including a telecommunications company, TeliaSonera, and Nordea Bank. However, the continuing turmoil in global financial markets has significantly weakened investor sentiment and will almost certainly delay more sales. Further liberalisation measures aim to open product markets (including public services) to wider private-sector competition and boost the low level of small-scale entrepreneurship.

On the positive side general government finances have surprised in recent years, largely owing to lower expenditure and solid economic growth. It is to be expected that tax reductions and falling revenue as a result of the economic recession will cause the public finances to move into deficit in 2009/10. With Swedish banks particularly exposed to loan losses in the Baltic, there is a risk that government debt will be higher than the current forecast should the government need to cover some proportion of the losses if developments in the Baltic continue to deteriorate significantly.

Source: The Economist Intelligence Unit