



SWEDEN
INVESTMENT CLIMATE STATEMENT
2015

Table of Contents

Executive Summary

1. Openness To, and Restrictions Upon, Foreign Investment

- 1.1. Attitude Toward FDI*
- 1.2. Other Investment Policy Reviews*
- 1.3. Laws/Regulations of FDI*
- 1.4. Industrial Strategy*
- 1.5. Limits on Foreign Control*
- 1.6. Privatization Program*
- 1.7. Screening of FDI*
- 1.8. Competition Law*
- 1.9. Investment Trends*
 - 1.9.1. Tables 1 and if applicable, Table 1B*

2. Conversion and Transfer Policies

- 2.1. Foreign Exchange*
 - 2.1.1. Remittance Policies*

3. Expropriation and Compensation

4. Dispute Settlement

- 4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. Bankruptcy*
- 4.3. Investment Disputes*
- 4.4. International Arbitration*
 - 4.4.1. ICSID Convention and New York Convention*
- 4.5. Duration of Dispute Resolution*

5. Performance Requirements and Investment Incentives

- 5.1. WTO/TRIMS*
- 5.2. Investment Incentives*
 - 5.2.1. Research and Development*
- 5.3. Performance Requirements*
- 5.4. Data Storage*

6. Right to Private Ownership and Establishment

7. Protection of Property Rights

7.1. Real Property

7.2. Intellectual Property Rights

8. Transparency of the Regulatory System

9. Efficient Capital Markets and Portfolio Investment

9.1. Money and Banking System, Hostile Takeovers

10. Competition from State-Owned Enterprises

10.1. OECD Guidelines on Corporate Governance of SOEs

10.2. Sovereign Wealth Funds

11. Corporate Social Responsibility

11.1. OECD Guidelines for Multinational Enterprises

12. Political Violence

13. Corruption

13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery

14. Bilateral Investment Agreements

14.1. Bilateral Taxation Treaties

15. OPIC and Other Investment Insurance Programs

16. Labor

17. Foreign Trade Zones/Free Ports/Trade Facilitation

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

19. Contact Point at Post for Public Inquiries

Executive Summary

Sweden is generally considered a favorable country in which to invest. Sweden offers an extremely competitive, largely corruption-free economy with access to new products, technologies, skills, and innovations. These, combined with a well-educated labor force, outstanding telecommunications network, and a stable political environment, have made Sweden the destination of choice for American and foreign companies establishing a presence in the Nordic region. With only 9.6 million people, Sweden is highly dependent on exports and is one of the most pro-free trade countries in the world. Sweden is the largest market in the Baltic Sea region and is a gateway to Northern Europe and the Baltic Sea region. Low levels of corporate tax, the absence of withholding tax on dividends, and a favorable holding company regime combine to make Sweden particularly attractive for doing business.

This attractiveness is somewhat tempered by a high personal tax and VAT tax regime.

Surveys conducted by investors in recent years ranking the investment climate in Sweden show consistent appraisals: a well-trained and educated workforce; low corporate tax rates; excellent infrastructure; and relatively easy access to capital. On the negative side are the high cost of labor, rigid labor legislation, high individual tax rates, longer processing times and overall high costs in Sweden.

In the World Economic Forum's 2014-2015 report, Sweden ranked tenth out of 144 countries in overall competitiveness and productivity, and has been in the top ten for the past decade.

According to the report, Sweden boasts important strengths across the board, with strong institutions, excellent infrastructure, healthy macroeconomic conditions, low levels of fiscal deficit and public debt, higher standards of education and training systems, ICT adoption and highly competitive markets.

Also in 2014, Transparency International ranked Sweden as one of the most corruption-free countries in the world; fourth out of 175. Sweden's economy has strong potential to benefit from technology-driven global competition. Sweden already hosts one of the most internationally integrated economies in the world. Large flows of trade, capital, and foreign investment attest to Sweden's global competitiveness. It is seen as a frontrunner in adopting new technologies and setting new consumer trends. U.S. exporters can take advantage of a test market full of demanding customers with high levels of technical sophistication.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Until the mid-1980s, Sweden's approach to direct investment from abroad was quite restrictive and governed by a complex system of laws and regulations. Sweden's entry into the European Union (EU) in 1995 has greatly improved the investment climate and attracted foreign investors to the country.

The number of foreign subsidiaries in Sweden increased sharply from the mid-1990s, from just over 3,000 to over 10,000, ten years later. Despite substantial FDI inflows, the stock of Swedish assets held abroad still exceeds the stock of foreign assets in Sweden.

In a 2003 public referendum on whether or not to join the European Monetary Union (EMU), a majority voted for Sweden to remain outside. In 2009, public opinion shifted somewhat and a majority of Swedes viewed the euro positively for the first time ever. However, the 2010 Eurozone debt crises have caused public opinion to once again favor retention of the SEK, which has weathered the financial crisis well.

The Swedish Government recognizes the need to further improve the business climate for entrepreneurs, education, and the flow of research from the lab to the market. Sweden spends one of the highest amounts per capita on research and development in the European Union.

Swedish authorities have implemented a number of reforms to improve the business regulatory environment and to attract more foreign investment.

Other Investment Policy Reviews

Sweden has not recently undergone an investment policy review by the World Trade Organization (WTO), or United Nations Committee on Trade and Development (UNCTAD). It underwent an Investment Policy Review by the Organization for Economic Cooperation and Development (OECD) in 1993. The Economist Intelligence Unit and World Bank's "Doing Business 2015" Economic Profile provide current details on Sweden's investment policies.

Laws/Regulations of Foreign Direct Investment

During the 1990s, Sweden undertook significant deregulation of its markets. In a number of areas, including the electricity and telecommunication markets, Sweden has been on the leading edge of reform, resulting in more efficient sectors and lower prices.

Nevertheless, a number of practical impediments to direct investments remain. These include a fairly extensive, though non-discriminatory, system of permits and authorizations needed to engage in many activities and the dominance of a few very large players in certain sectors, such as construction and food wholesaling.

Regulation on foreign ownership in financial services has been liberalized. Foreign banks, insurance companies, brokerage firms, and cooperative mortgage institutions are permitted to establish branches in Sweden on equal terms with domestic firms, although a permit is required. Swedes and foreigners alike may acquire shares in any company listed on NASDAQ OMX. Sweden's taxation structure is straightforward and corporate tax levels are low. In 2013, Sweden lowered its corporate tax from 26.3 percent to 22 percent in nominal terms. The effective rate can be even lower as companies have the option of making deductible annual appropriations to a tax allocation reserve of up to 25 percent of their pretax profit for the year. Companies can make pre-tax allocations to untaxed reserves, which are subject to tax only when utilized. Certain amounts of untaxed reserves may be used to cover losses.

Due to tax exemptions on capital gains and dividends, as well as other competitive tax rules such as low effective corporate tax rates, deductible interest costs for tax purposes, no withholding tax on interest, no stamp duty or capital duties on share capital, and an extensive double tax treaty network, Sweden is among Europe's most favorable jurisdictions for holding companies.

Unlisted shares are always tax-exempt, meaning there is no qualification time or minimum holding of votes or capital. Listed shares are exempt if the holding represents at least 10 percent of the voting rights (or is contingent on the holder's business) and the shares are held for at least one year.

Personal income taxes are among the highest in the world. Since public finances have improved due to extensive consolidation packages to reduce deficits, the government has been able to reduce the tax pressure as a percentage of GDP: currently it is below 50 percent, for the first time in decades. One particular focus has been tax reductions to encourage employers to hire the long-term unemployed.

Another tax reform to help bring foreign experts to Sweden is a reduction of key foreign personnel's income tax. Under the reform, only 75 percent of the person's income is taxable for the first three years of employment in Sweden. Likewise, their employers pay social security contributions on only 75 percent of the taxable salary. This tax relief applies to all salaries and benefits in kind, as well as stock options and other compensations offered by the employer. For tax purposes this applies to foreign key personnel such as executives, researchers, and experts who work temporarily in Sweden and are a resident in Sweden. The tax relief is not applicable to individuals assigned to Sweden by a foreign company that has no operations in Sweden.

U.S. citizens who have paid income tax in Sweden should be aware that there have been numerous instances of the Swedish tax authority "Skatteverket" failing to contact U.S. citizens who have left the country of significant overpayments of taxes. In a current court case, Skatteverket was defrauded via the Swedish Enforcement Authority "Kronofogden" of hundreds of thousands of dollars by two individuals who allegedly used false claims against 14 foreigners, including U.S. citizens, to gain access to the foreigners' overpayments held by Skatteverket. Skatteverket has declined responsibility for loss of the money and has asserted that the owners of the overpaid taxes must seek restitution directly from the defendants in the case.

Dividends paid by foreign subsidiaries in Sweden to their parent company are not subject to Swedish taxation. Dividends distributed to other foreign shareholders are subject to a 30 percent withholding tax under domestic law, unless dividends are exempt or taxed at a lower rate under a tax treaty. Tax liability may also be eliminated under the EU Parent Subsidiary Directive. Profits of a Swedish branch of a foreign company may be remitted abroad without being subject to any other tax than the regular corporate income tax.

There is no exit taxation and no specific rules regarding taxation of stock options received before a move to Sweden. Instead, cases of double taxation are solved by applying tax treaties and cover not only moves within the EU but all countries, including the United States.

On July 1, 2014, Sweden signed the Foreign Account Tax Compliance Act (FATCA) agreement with the U.S. Financial institutions in Sweden are now obligated to submit information in accordance with FATCA to the Swedish Tax Agency. In February 2015, the Swedish Parliament decided on new laws and regulations needed to implement FATCA. The Parliamentary decision means the government's proposals in Bill 2014/15:41 were adopted, including for example, the introductions of:

- a new law on the identification of reportable accounts with respect to the agreement
- changes to tax procedure act
- new legislation on the exchange of information with respect to the agreement
- consequential amendments to the Income Tax Act and other laws.

The provisions entered into force on 1 April 2015. For full text of Bill 2014/15:41, please see <http://www.regeringen.se/content/1/c6/25/20/28/d16c9687.pdf>.

For detailed tax guidance see the Swedish Tax Administration's website: <https://www.skatteverket.se/testarea/kiastester/internationellbeskattning/inenglish/businessesandemployers/registeringabusiness/establishingyourforeignbusinessinsweden.4.3aa8c78a1466c58458763bf.html>

Industrial Promotion

Sweden is actively seeking ways to ensure wider ownership in Swedish industry, which it believes will increase competition and lead to greater efficiency on the markets. As a result, foreign ownership in Sweden has increased rapidly in the last decade. Approximately 36 percent of foreign-owned firms are acquisitions, and 44 percent are new establishments. Foreign owned firms now employ almost 22 percent of the work force in the business sector, mostly in the service and manufacturing industries. In 2013, this came to about 630,600 employees. The U.S. is one of the largest foreign investors in Sweden with approximately 1,328 companies, accounting for 72,952 employees. U.S. companies representing a wide range of industry sectors are present in Sweden and many Fortune 500 Companies have their Nordic/Baltic headquarters in Sweden.

Business Sweden, owned by the Swedish government and the Swedish Foreign Trade Association, provides access to contacts and networks at all levels and facilitates investment opportunities for foreign companies in Sweden. Part of their mission is to attract foreign investment to Sweden and to facilitate for international companies to do business in Sweden by providing support to various kinds of investments such as Greenfield establishments, expansion of existing business, and strategic partnerships with Swedish companies, capital investments, mergers and acquisitions. For detailed guidance and information, please see Business Sweden's website at <http://www.business-sweden.se/en/>.

Limits on Foreign Control

Swedish company law provides various forms under which a business can be organized. The main difference between these forms is whether the founder must own capital and to what extent the founder is personally liable for the company's debt. The Swedish Act (1992:160) on Foreign Branches applies to foreign companies operating some form of business through a branch and also to people residing abroad who run a business in Sweden. A branch must have a president who resides within the European Economic Area (EEA). All business enterprises in Sweden (including branches) are required to register at the Swedish Companies Registration Office. An invention or trademark must be registered in Sweden in order to obtain legal protection. A bank from a non-EEA country needs special permission from the Financial Supervision Authority to establish a branch in Sweden.

Privatization Program

The former coalition government (Moderate Party-led center-right also known as the Alliance Government) was elected in September 2006 with a goal of selling some USD 31 billion in state assets between 2007 and 2010 to stimulate growth and raise revenue to pay down the national debt. In 2008, the Swedish government sold liquor company V&S (Vin & Sprit AB) to French company Pernod Ricard for USD 8.3 billion and the Swedish OMX stock exchange to NASDAQ for USD 318 Million.

Further deregulation progress was made in the beginning of 2010 as the state-owned and former Government-run pharmaceutical company Apoteket was split into two parts, one public and one private. Approximately 600 pharmacies were sold to private enterprises.

The previously monopolized market for vehicle emissions testing was opened to certified private parties in 2010, the vehicle emissions testing centers were divided into three equivalent groups, two of which became independent subsidiaries.

This privatization trend was reversed in March 2011 by one vote in Parliament, led by the Social Democratic Party, putting a halt to the planned sale of stakes in SBAB bank, telecom firm TeliaSonera, power utility Vattenfall, and Posten, the Swedish postal service. Such a consolidated opposition indicates that the future of privatization will be a function of politics, and thus is difficult to predict.

However in 2013, the Swedish Government divested its remaining shares in Nordea Bank, and in Vectura Consulting, and in 2014 AB Bostadsgaranti, and resolved to divest the subsidiary Försäkringsaktiebolaget Bostadsgaranti. This divestment is part of the ongoing phase-out of Bostadsgaranti as a whole; the company's remaining operations are expected to be terminated by 2016.

Currently, the Swedish Government has the mandate to divest or liquidate the holdings in Bilprovningen (Swedish Motor-Vehicle Inspection Company), Bostadsgaranti, Lernia, Orio (formerly Saab Automobile Parts), SAS and Svensk Exportkredit (SEK).

Screening of FDI

Not applicable.

Competition Law

As an EU member, Sweden has altered its legislation to comply with the EU's stringent rules on competition. The country has made extensive changes in its laws and regulations to harmonize with EU practices, all with a view to avoiding distortions in or impediments to the efficient mobilization and allocation of investment. The competition law rules are contained in the Swedish Competition Act (2008:579), which entered into force in November 2008. The fundamental antitrust provisions have been the same since 1993. The Swedish Competition Authority (SCA) is the main enforcement authority of the Swedish Competition Act.

Investment Trends

Table 1

| Measure | Year | Index or Rank | Website Address |
|--|------|---------------|--|
| TI Corruption Perceptions index | 2014 | 4 of 175 | transparency.org/cpi2014/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2015 | 11 of 189 | doingbusiness.org/rankings |
| Global Innovation Index | 2014 | 3 of 143 | globalinnovationindex.org/content.aspx?page=data-analysis |
| World Bank GNI per capita | 2013 | USD 61,760 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

2. Conversion and Transfer Policies

Foreign Exchange

Foreign exchange restrictions in Sweden were removed in 1991. Commercial transactions are in general not subject to any restrictions. There are no restrictions on remittances of profits, or from investment liquidation proceeds. Royalty and license fee payments may be freely transferred out of Sweden. Yields on invested funds, such as dividends and interest receipts, are usually freely transferred.

Remittance Policies

Sweden does not impose any restrictions on remittances of profits, proceeds from the liquidation of an investment, or royalty and license fee payments. A subsidiary or branch may transfer fees to a parent company outside of Sweden for management services, research expenditures, etc. In general, yields on invested funds, such as dividends and interest receipts, may be freely transferred. A foreign-owned firm may also raise foreign currency loans both from its parent corporation and credit institutions abroad.

Sweden is a member of the OECD-based Financial Action Task Force (FATF); its most recent mutual evaluation can be found at:
<http://www.fatf-gafi.org/topics/mutualevaluations/documents/mutualevaluationofsweden.html>

3. Expropriation and Compensation

Private property is only expropriated for public purposes, in a non-discriminatory manner, with fair compensation, and in accordance with established principles of international law

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Sweden is a signatory to the New York Convention on Recognition and Enforcement of Foreign Arbitral Law; foreign awards may be enforced in Sweden regardless of which foreign country the arbitral proceedings took place. The main source of arbitration law in Sweden is the Swedish Arbitration Act which contains both procedural and substantive regulations.

Sweden is a party to the Lugano and the Brussels Conventions and by its membership of the EU; Sweden is also bound by the Brussels Regulation on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters.

An arbitral award is considered final and is not subject to substantive review by Swedish courts. However, arbitral awards may be challenged for reasons set out in the Arbitration Act. An award may, for example, be set aside after challenge as a result of procedural errors which are likely to have had an effect on the outcome.

The Swedish courts are divided into:

- Courts of general jurisdiction (the district courts, the Courts of Appeal and the Supreme Court) which has jurisdiction with respect to civil and criminal cases;
- Administrative courts (county administrative courts, Administrative Courts of Appeal and the Supreme Administrative Court) with jurisdiction with respect to issues of public law, including taxation;
- Specialist courts for disputes within certain legal areas such as labor law, environmental law and market regulation.

Bankruptcy

The Swedish legislation on bankruptcy is found in a number of laws that came into force in different periods of time and to serve different purposes. The main laws on insolvency are the Bankruptcy Act (1987:672) and the Company Reorganization Act (1996:764), but the Preferential Rights of Creditors Act (1970:979), the Salary Guarantee Act (1992:497) and the Companies Act (1975:1385) are equally important.

In 2010, Sweden strengthened its secured transactions system through changes to the Rights of Priority Act that give secured creditors' claims priority in cases of debtor default outside bankruptcy. According to data collected by Doing Business, resolving insolvency takes 2.0 years on average and costs 9.0 percent of the debtor's estate, with the most likely outcome being that the company will be sold as going concern. The average recovery rate is 76.1 cents on the dollar. Globally, Sweden ranked 17 of 189 economies on the ease of resolving insolvency in the Doing Business 2015 report.

Investment Disputes

There have been no major disputes over investment in Sweden in recent years. The country has written and consistently applied commercial and bankruptcy laws, and secured interests in property are recognized and enforced.

International Arbitration

Swedish arbitration law is advanced and in line with current best practice of international arbitration. The main source of arbitration law in Sweden is the Swedish Arbitration Act which contains both procedural and substantive regulations.

Sweden is a party to the Lugano and the Brussels Conventions and by its membership of the EU; Sweden is also bound by the Brussels Regulation on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters.

An arbitral award is considered final and is not subject to substantive review by Swedish courts. However, arbitral awards may be challenged for reasons set out in the Arbitration Act. An award may, for example, be set aside after challenge as a result of procedural errors which are likely to have had an effect on the outcome.

The Arbitration Institute of the Stockholm Chamber of Commerce (SCC) has administered arbitrations under the UNCITRAL Arbitration Rules for many years, usually acting as the Appointing Authority.

The SCC's main administrative tasks under the Procedures are as follows:

- a. Appointment of arbitrators
- b. Deciding on challenges to an appointment of arbitrator
- c. Deciding and administering the costs of the arbitration

Parties to a dispute may adopt the Procedures by agreement before or after the dispute has arisen.

The SCC maintains different versions of the Procedures depending on which version of the UNCITRAL Arbitration Rules applies to the arbitration agreement in question (1976 or 2010 versions).

ICSID Convention and New York Convention

Sweden is a member of the World Bank-based International Center for the Settlement of Investment Disputes (ICSID) and includes ICSID arbitration of investment disputes in many of its bilateral investment treaties (BITs). Sweden is a signatory to the New York Convention on Recognition and Enforcement of Foreign Arbitral Law, meaning local courts must enforce international arbitration awards that meet certain criteria.

Duration of Dispute Resolution

According to the SCC, the majority of cases administered under the SCC Rules take between 6 to 12 months from the time of registration of a case until the rendering of an award. 60 percent of the cases administered under the SCC Rules for Expedited Arbitrations were awarded within 3-6 months.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Sweden is a member of the WTO; as such it conforms with the Agreement on Trade-related Investment Measures (TRIMs), General Agreement on Trade in Services (GATS), and General Agreement on Tariffs and Trade (GATT).

Investment Incentives

The Swedish government offers certain incentives to set up a business in targeted depressed areas. Loans are available on favorable terms from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) and from regional development funds. A range of regional support programs, including location and employment grants, low rent industrial parks, and economic free zones are also available. Regional development support is concentrated in the lightly populated northern two-thirds of the country.

EU grant and subsidy programs are generally available only for nationals and companies registered in the EU, usually on a national treatment basis. For more information, see Chapter 7 “Trade and Project Financing” in Country Commercial Guide for Sweden.

Research and Development

There are several European funds that offer subsidies for starting enterprises and a range of incentives to research and development programs provided by the Swedish Government.

Performance Requirements

Sweden imposes no performance requirements on presumptive foreign investors.

Data Storage

As an EU Member State, Sweden adheres to the EU’s General Data Protection Directive (95/46/EC) which spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. While the EU institutions are considering new legislation (GDPR), the 1995 Directive remains in force.

The EU's current General Data Protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if the third country's legislation provides adequate protection for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is not one of these.

However, U.S. organizations can self-certify to the U.S.-EU Safe Harbor Framework to avoid experiencing interruptions in business dealings with the EU or face prosecution by EU member state authorities. For further information and guidance on the U.S.-EU Safe Harbor Framework please see <http://www.export.gov/safeharbor/index.asp>.

The Swedish Data Protection Authority (DPA, Datainspektionen) works to prevent encroachment upon privacy through information and by issuing directives and codes of statutes. Datainspektionen also handles complaints and carries out inspections. By examining government bills the DPA ensures that new laws and ordinances protect personal data in an adequate manner. Further guidance and information is available in English on their website at www.datainspektionen.se.

6. Right to Private Ownership and Establishment

Rights of this kind are not specifically written into Swedish law, but individuals and Swedish entities are well protected by the legal system. Private and public enterprises as a general rule enjoy equal access to markets necessary for conducting business operations.

However, Sweden does maintain some exceptions in a limited number of situations:

- Accountancy: Investment in the accountancy sector by non-EU-residents exceeding 25 per cent.
- Legal services: Investment in a corporation or partnership carrying out the activities of an “advokat” by non-EU residents.
- Air transport: Foreign enterprises may be restricted from access to international air routes unless bilateral intergovernmental agreements provide otherwise.
- Air transport: Cabotage reserved to national airlines.
- Maritime transport: Cabotage is reserved to vessels flying the national flag.

7. Protection of Property Rights

Real Property

Swedish law generally provides for adequate protection of real property.

Intellectual Property Rights

Swedish law generally provides adequate protection of all property rights, including intellectual property and real property. As a member of the European Union, Sweden adheres to a series of multilateral conventions on industrial, intellectual, and commercial property.

Patents: Protection in all areas of technology may be obtained for 20 years. Sweden is a party to the Patent Cooperation Treaty and the European Patent Convention of 1973; both entered into force in 1978.

Copyrights: Sweden is a signatory to various multilateral conventions on the protection of copyrights, including the Berne Convention of 1971, the Rome Convention of 1961, and the WTO's trade related intellectual property (TRIPS) agreement. Swedish copyright law protects computer programs and databases. More recently, Sweden gained notoriety as somewhat of a safe haven for internet piracy, due to rapid internet connection speeds, a lag in implementing EU Directives, and weak enforcement efforts. Over the course of 2009, however, Sweden implemented the EU's Intellectual Property Rights Enforcement Directive (IPRED) 2004/48/EC, and continued to step up its enforcement against internet piracy. The last few years also saw the conviction of the operators behind the Pirate Bay.org, a notorious BitTorrent tracker for illegal file-sharing, and an increase in legal file-sharing. The 2010 appeal trial upheld the guilty verdict, signaling that Sweden is no longer a safe haven for internet piracy. Legislative measures, combined with added resources on the enforcement side and the emergence of successful legal alternative all contributed to a substantial increase for music and film distribution using legal means since 2010.

Trademarks: Sweden protects trademarks under a specific trademark act (1960:644) and is a signatory to the 1989 Madrid Protocol.

Trade secrets: Proprietary information is protected under Sweden's patent and copyright laws unless acquired by a government ministry or authority, in which case it may be made available to the public on demand.

Designs: Sweden is a party to the Paris Convention and the Locarno Agreement and Designs governed by the Swedish Design Protection Act as well as the Council Regulation on Registered and Unregistered Designs. Protection under the Act lasts for renewable terms of one or several five year periods with a total, maximum, protection time of 25 years.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Contact at US Embassy Stockholm:
Economic Unit
U.S. Embassy Stockholm
Dag Hammarskjölds Väg 31
115 89 Stockholm, Sweden
+46 (0)8 783 5309
StockholmICS@state.gov

Local lawyers list:
http://sweden.usembassy.gov/consulate/acs_attorney.html

Country/Economy resources:

American Chamber of Commerce in Sweden <http://www.amchamswe.se>.

8. Transparency of the Regulatory System

As an EU member, Sweden has altered its legislation to comply with the EU's stringent rules on competition. The country has made extensive changes in its laws and regulations to harmonize with EU practices, all with a view to avoiding distortions in or impediments to the efficient mobilization and allocation of investment.

The institutions of the European Union are publicly committed to transparent regulatory processes. The European Commission has the sole right of initiative for EU regulations and publishes extensive, descriptive information on many of its activities. See:

http://ec.europa.eu/atwork/decision-making/index_en.htm;

http://ec.europa.eu/smart-regulation/index_en.htm;

http://ec.europa.eu/transparency/index_en.htm.

9. Efficient Capital Markets and Portfolio Investment

Credit is allocated on market terms and is made available to foreign investors in a non-discriminatory fashion. The private sector has access to a variety of credit instruments. Legal, regulatory, and accounting systems are transparent and consistent with international norms. NASDAQ-OMX is a modern, open, and active forum for domestic and foreign portfolio investment. It is an official institution and operates under specific legislation.

Money and Banking System, Hostile Takeovers

The banking crisis of the early 1990s changed the structure of Sweden's banking sector, with a large number of savings banks being converted into commercial banks. Several foreign banks, including Citibank, have established branch offices in Sweden, and several niche banks have started to compete in the retail bank market. The four largest Swedish banks are Nordea, Skandinaviska Enskilda Banken (SEB), Svenska Handelsbanken and Swedbank. Danske Bank is the largest foreign bank and the fifth largest bank in Sweden.

A deposit insurance system was introduced in 1996, whereby individuals received protection of up to SEK 250,000 (USD 38,285) of their deposits in case of bank insolvency. This guarantee was increased to SEK 500,000 (USD 76,546) in the fall of 2008 in response to the onset of the global financial crisis, and altered to cover all types of accounts, regardless of the availability of account funds for withdrawal. On December 31, 2010, the maximum compensation was raised again as a result of amendments in the EC directive and is now the SEK equivalent of 100,000 euro.

The banks' activities are closely supervised by the Swedish Financial Supervisory Authority (Finansinspektionen) (<http://www.fi.se>) to ensure that all necessary standards are met. Swedish banks' financial statements meet the international standards well and are audited by internationally recognized auditors only.

The Swedish Bankers' Association (<http://www.bankforeningen.se>) represents banks and financial institutions in Sweden. The association works closely with regulators and policy makers in Sweden and Europe. It also establishes joint rules in matters of common interest in the Swedish banking industry, such as payment infrastructure and security issues. The association also informs the public about the banking sector.

Sweden is not part of the Eurozone; however Swedish commercial banks offer euro-denominated accounts and payment services.

On August 8, 2014, the Agreement between the Government of the United States of America and the Government of Sweden to Improve International Tax Compliance and to implement FATCA was signed and has since gone into force. (<http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/FATCA-Agreement-Sweden-8-8-2014.pdf>) For more information about the Foreign Account Tax Compliance Act (FATCA), please see <http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA.aspx>.

10. Competition from State-Owned Enterprises

The Swedish state is Sweden's largest corporate owner and employer. Fifty companies are managed through the Government Offices, 41 of which are entirely state-owned and 9 companies partially state-owned. Approximately 170,000 people are employed by these companies, including associated companies. Sectors which feature State-Owned Enterprises include energy/power generation, forestry, mining, finance, telecom, postal services, gambling, and liquor retail sales.

These companies operate under the same laws as private companies, although the government appoints board members, reflecting government ownership. Like private companies, SOEs have appointed boards of directors, and the government is constitutionally prevented from direct involvement in the company's operations. Like private companies, SOE's publish their annual reports, which are subject to independent audit. Private enterprises compete with public enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations.

OECD Guidelines on Corporate Governance of SOEs

Swedish SOEs adhere to the OECD Guidelines on Corporate Governance for SOEs.

Sovereign Wealth Funds

There is no sovereign wealth fund in Sweden.

11. Corporate Social Responsibility

There is wide-spread awareness of corporate social responsibility among both producers and consumers in Sweden. All businesses are expected to comply with local laws and regulations, and to observe the international norms and principles for human rights, labor protection, sustainable development and anti-corruption. Firms that pursue CSR are viewed favorably, often

publicizing their adherence to generally accepted CSR principles such as those contained in OECD Guidelines for Multinational Enterprises. Volvo Trucks, for example, has partnered with USAID in pursuing CSR efforts outside of Sweden

OECD Guidelines for Multinational Enterprises

As an OECD member, Sweden adheres to the OECD Guidelines for Multinational Enterprises. Sweden's National Contact Point is located in the Ministry of Foreign Affairs; contact information is here: <http://mneguidelines.oecd.org/ncps/sweden.htm>.

12. Political Violence

Sweden is politically stable and no changes are expected.

13. Corruption

Investors have an extremely low likelihood of encountering corruption in Sweden. While there have been cases of domestic corruption at the municipal level, most companies have high anti-corruption standards and an investor would not typically be put in the position of having to make a bribe to conduct business.

There are cases of Swedish companies operating overseas that have been charged with bribing foreign officials; however, these cases are relatively rare. Although Sweden has comprehensive laws against corruption, and ratified the 1997 OECD Anti-bribery Convention, in June of 2012, the OECD Anti-Bribery Working Group has given an unfavorable review of Swedish compliance to the dictates of that Convention. The group faulted Sweden for not having a single conviction of a Swedish company for bribery in the last eight years, for having unreasonably low fines, and for not re-framing their legal system so that a corporation could be charged with a crime. Swedish officials object to the review, claiming that lack of convictions is not proof of prosecutorial indifference, but rather indicative of high standards of ethics in Swedish companies. Over the last two years, a high-profile case involving telecom giant TeliaSonera's operations in Uzbekistan has received quite a lot of public attention and cost the CEO and other senior officials their jobs. Sweden's corruption prosecutor is currently investigating the case.

Sweden does not have an agency devoted exclusively to anti-corruption but a number of agencies cooperate together. A list of Sweden's Public and Private Anti-Corruption Initiatives can be found at <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/sweden/initiatives.aspx>.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Sweden has signed and ratified the UN Anticorruption Convention (see list of signatories at <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>)

Sweden is party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (see list of signatories and their implementation reports at

<http://www.oecd.org/daf/anti-bribery/countryreports/ontheimplementationoftheoecdanti-briberyconvention.htm>)

Resources to Report Corruption

The National Corruption Group at the Swedish Police (Den Nationella Korruptionsgruppen) handles the investigation of corruption offences and is engaged in preventive efforts. Corruption claims can be reported to the Group at corruption@polisen.se.

Watchdog organization:

- Transparency International Sweden
- Linnégatan 14
- 114 47 Stockholm
- Sweden
- Telephone: + 46 (0)8 791 40 40
- E-mail address: info@transparency-se.org
- www.transparency-se.org/In-English.html

14. Bilateral Investment Agreements

Sweden has concluded investment protection agreements with the following countries: Albania, Algeria, Argentina, Armenia, Belarus, Bulgaria, Chile, China, Cote d'Ivoire, Croatia, Czech Republic, Ecuador, Egypt, Estonia, Ethiopia, Georgia, Guatemala, Hong Kong, Hungary, India, Indonesia, Iran, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lithuania, Macedonia, Madagascar, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Nicaragua (signed but not in force), Nigeria, Oman, Pakistan, Panama, Peru, Philippines, Poland, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Senegal, Serbia, Slovakia, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen and Zimbabwe (signed but not in force). Sweden does not have a bilateral investment treaty with the United States.

Bilateral Taxation Treaties

Sweden and the United States signed a bilateral taxation treaty in 1994, which was amended in 2005. More information is available at <http://www.irs.gov/Businesses/International-Businesses/Sweden---Tax-Treaty-Documents>.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Insurance Corporation (OPIC) does not operate in Sweden.

16. Labor

Sweden's labor force of 5.1 million is disciplined, well-educated, and highly skilled in all modern technologies. About 68 percent of the Swedish labor force is unionized, although membership is declining. Swedish unions have helped to implement business restructuring to maintain

competitive, and strongly favor employee education and technical advancements. Management labor cooperation is generally excellent and non-confrontational.

Sweden has a Co-determination at Work Act, which provides for labor representation on the boards of corporate directors once a company has reached more than 25 employees. This law also requires management to negotiate with the appropriate union or unions prior to implementing certain major changes in company activities. It calls for a company to furnish information on many aspects of its economic status to labor representatives. Labor and management usually find this system works to their mutual benefit.

The cost of doing business in Sweden is generally comparable to most OECD countries, though some country-specific cost advantages are present. Overall salary costs have become increasingly competitive due to relatively modest wage increases over the last decade and a favorable exchange rate. This development is even more pronounced for highly qualified personnel and researchers.

There is no fixed minimum wage by legislation. Instead, wages are set by collective bargaining by sector. The traditionally low wage differential has increased in recent years as a result of increased wage setting flexibility at the company level. Still, Swedish unskilled employees are relatively well paid, while well-educated Swedish employees are low-paid compared to those in competitor countries. The average increases in real wages in recent years have been high by historical standards, in large due to price stability. Even so nominal wages in recent years have been slightly above those in competitor countries, about 3 percent annually.

Employers must pay social security fees of about 31.5 percent. The fee consists of statutory contributions for pensions, health insurance and other social benefits. For employees under 25, the fee is 15.5 percent.

Sweden has ratified most International Labor Organization (ILO) conventions dealing with workers rights, freedom of association, collective bargaining, and the major working conditions and occupational safety and health conventions.

More information on Sweden's labor agreements and legislation in English can be found on the Swedish Trade Union Confederation's website at <http://www.lo.se/english/startpage>.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Sweden has foreign trade zones with bonded warehouses in the ports of Stockholm, Göteborg, Malmö, and Jönköping. Goods may be stored indefinitely in these zones without customs clearance, but they may not be consumed or sold on a retail basis. Permission may be granted to use these goods as materials for industrial operations within a free trade zone. The same tax and labor laws apply to foreign trade zones as to other workplaces in Sweden.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

| | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|---|---|---------------|--|---------------|---|
| Economic Data | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | 2013 | 579,523 | 2013 | 579,700 | www.worldbank.org/en/country |
| Foreign Direct Investment | Host Country Statistical source* | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |
| U.S. FDI in partner country (\$M USD, stock positions) | 2013 | 35,002 | 2013 | 36,472 | BEA |
| Host country's FDI in the United States (\$M USD, stock positions) | 2013 | 54,314 | 2013 | 44,397 | BEA |
| Total inbound stock of FDI as % host GDP | N/A | | 2013 | 67% | |

*Statistics Sweden; www.scb.se. Exchange rate is based yearly exchange rate average from Sveriges Riksbank's website at www.riksbank.se.

Table 3: Sources and Destination of FDI

| Direct Investment from/in Counterpart Economy Data | | | | | |
|--|---------|------|----------------------------------|---------|------|
| From Top Five Sources/To Top Five Destinations (US Dollars, Millions) | | | | | |
| Inward Direct Investment | | | Outward Direct Investment | | |
| Total Inward | 388,635 | 100% | Total Outward | 419,080 | 100% |
| Netherlands | 72,055 | 19 | United States | 56,125 | 13 |
| Luxembourg | 62,098 | 16 | Netherlands | 44,122 | 11 |
| United Kingdom | 44,690 | 11 | Finland | 42,646 | 10 |
| Finland | 38,583 | 10 | Denmark | 28,601 | 7 |
| United States | 35,789 | 9 | United Kingdom | 28,354 | 7 |

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey, 2013

Table 4: Sources of Portfolio Investment

| Portfolio Investment Assets | | | | | |
|---|--------------|--------------------------|--------------|------------------------------|--------------|
| Top Five Partners (Millions, US Dollars) | | | | | |
| Total | | Equity Securities | | Total Debt Securities | |
| All Countries | 557,717 100% | All Countries | 401,958 100% | All Countries | 155,759 100% |
| United States | 129,559 23% | United States | 100,648 25% | United States | 28,910 19% |
| Luxembourg | 89,337 16% | Luxembourg | 82,775 21% | Germany | 26,331 17% |
| United Kingdom | 53,569 10% | United Kingdom | 38,676 10% | Denmark | 16,207 10% |
| Germany | 37,908 7% | Switzerland | 22,739 6% | United Kingdom | 14,893 10% |
| Finland | 33,937 6% | Finland | 22,480 6% | Norway | 12,922 8% |

Source: IMF Coordinated Portfolio Investment Survey, 2013

19. Contact for More Information

- Economic Unit
- U.S. Embassy Stockholm
- Dag Hammarskjölds Väg 31
- 115 89 Stockholm, Sweden
- +46 (0)8 783 5309
- StockholmICS@state.gov