



Hanseatic Parliament



HAUS RISSEN HAMBURG  
Internationales Institut für Politik und Wirtschaft

# Sweden at a glance

Information on and analyses of politics, the economy and education in Sweden including basic vocabulary and negotiating tips



**SWEDEN**

AREA: 449,084 sq. kilometres  
(one quarter larger than Germany)

FORM OF GOVERNMENT: Parliamentary monarchy

CURRENCY: Krone

OFFICIAL LANGUAGE: Swedish

POPULATION: 8.9 million

ETHNIC GROUPS: 91% Swedish, 3% Finnish, Sami minority

RELIGION: 87% Protestant

ECONOMIC OUTPUT per capita: \$26,000  
(2002 estimate)

EXPORTS: Machines, vehicles, paper, wood, iron and steel products

IMPORTS: Machines, petroleum, oil products, chemicals, vehicles, steel

Source: CIA





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**Imprint**

**Published by:**  
HAUS RISSEN HAMBURG – International Institute for Politics and Economics,  
Hanseatic Parliament

**Funding:**  
This project is funded by the European Union as part of the Prince Programme.

**Editorial staff of this issue:**  
Michael Gwosdz (responsible for content within the meaning of press law), Sandra Budy, Andrei Deviatkov,  
Alexander Frevel, Kerstin Kochta, Dr. habil. Peter Robeisek

**Set by:** Michael Gwosdz

**Production:** editiononline.de, Hamburg.

**Ordering address:**  
HAUS RISSEN HAMBURG  
Rissener Landstraße 193  
22559 Hamburg  
Tel: (040) 81 90 70  
Fax: (040) 81 907 59  
E-mail: mail@hausrissen.org  
URL: <http://www.hausrissen.org/>

# Analysis and prognosis of the situation in Sweden

## **Pacifist foreign policy**

The Kingdom of Sweden has traditionally pursued a non-aligned, neutral policy. Sweden did not take part in either of the World Wars and, in contrast to neighbouring Norway and Denmark, is not a member of NATO. Whilst the Cold War was ongoing and two opposing power blocks confronted each other with their competing ideologies, Sweden's politicians successfully maintained the security of the country via a policy of distance. Military options still occupy a subordinate role in the country's foreign and security policy today (although Sweden is one of the ten leading exporters of weapons in the world). In contrast to its European partners and Scandinavian neighbours, it comes as no surprise that Sweden has not experienced military occupation since 1523. No war has taken place in Sweden since 1814, and the final threat to northern Europe in terms of political power has disappeared with the collapse of the Soviet Union. Even though two of the leading opposition political parties have adopted accession to NATO within their political programmes, the non-alignment of Sweden militarily remains a primary basic consensus for the majority of Swedes.

## **A model pupil internationally**

Notwithstanding its policy of neutrality, Sweden is one of the most active nations in development policy, continuing to emulate its Scandinavian neighbours by spending the internationally agreed proportion of 0.7% of GDP on development aid and, unlike other major powers, not being prey to the suspicion that it is merely pursuing power objectives. Quite the contrary. Sweden's armed forces are primarily involved in crisis management and peace missions in such locations as Liberia, the Congo, Afghanistan and the Balkans. During the Cold War, Sweden put forward a whole range of proposals to avoid the risk of an atomic war, presented itself as a vigorous campaigner for a complete ban on "anti-personnel mines" and made a name for itself as an active member of the international movement seeking to stop the international dissemination of atomic, chemical and biological weapons.

## **"Leader" of the North European Union**

After the collapse of the Warsaw Pact, Sweden realigned its traditional policy, becoming a member of the European Union in 1995. Together with its Scandinavian neighbours, it was a strong proponent of the accession of the Baltic States and, during its EU Council presidency, made sure that membership was offered not only to the "model pupil" of Estonia, but also to its Baltic neighbours. The upshot of all this is that, for the first time in its history, Sweden finds itself surrounded by allies and partners and accords itself a central role within northern Europe. Political cooperation with its neighbouring states is smooth, the only issue being Sweden's unofficial competition with Denmark to be the "leader" of the northern European countries.

## **The welfare state of old lives on – at least in the memory**

Sweden enjoys the image abroad of being one of the last welfare states. The "folksheim" established by the trade unions and the Social Democrats forms part of Sweden's national consciousness down to the present day, still being considered the very model of the social state by Europe's democratic left.

Contrary to the international perception, the Swedish government has been constantly tinkering with this model on an ongoing basis since the 1980's. Protection against dismissal has been reduced, state monopolies abolished or altered, parts of the social insurance system reformed and insurance benefits

cut. Despite a childcare system which is the envy of the world, Sweden has not been able to detach itself from the overall European demographic trend, meaning that, just like their counterparts in Germany, the Social Democrats are having to get people used to the idea that the drastic measures are far from over. Whereas Germany once regarded the Swedish social system with admiration, Sweden is now monitoring events in Germany, observing how the Germans are coping with their structural reforms and seeing if anything can be learned from Sweden's major European neighbour.

# Data and facts

## Geographical data



**Area:** 449,964 km<sup>2</sup>

**Population:** 9 million (2004)

**Population density:** 20 inhabitants/km<sup>2</sup>

**Capital:** Stockholm (760,000)

**Number of ports** – 12 with movement of goods of 155 million Tkm (2002)

**Length of coast:** 3,218 km

**Road network:** 213,237 km, motorways – 1,542 km.

**Railway network:** 11,481 km.

**Inter. airports:** 3; passenger quota of 13.1 million people (2001)

**Proportion of land in agricultural use** compared to whole surface area: 6.54 %

## Basic historical information

Sweden's development as a state took place between 700 and 1200 with the founding of numerous imperial and trading centres, accompanied by the beginnings of Christianity around the year 1000. After the Kalmar Union of 1397 - 1521 (the amalgamation of the three kingdoms of Denmark, Norway and Sweden), Sweden became a modern state under the rule of Gustav Vasa (1521 – 1560) with a central government, standing army, financial administration, a hereditary monarchy and a dynasty and with the King as head of the Protestant Church. Sweden achieved its independence on 6 June 1523 (today a national holiday). Sweden's time as a major power lasted from 1612 – 1721, ending with the Peace of Nystad.

In 1866, Sweden became a constitutional state based on the rule of law. Sweden has not been involved in a war for approaching two centuries and maintained its neutrality in both World Wars. In 1973, a new constitution was promulgated, and Sweden did not join the EU until 1995. In 2003, 56 % of Swedes voted against the introduction of the euro. Sweden is a member of every important organisation except NATO. The high levels of unemployment experienced in the 1990's and the general economic recession which took place between 2000 and 2002 exercised an immense strain on Sweden's mixture of a capitalist model with welfare state elements, although strict fiscal policies are easing the situation.

## HISTORY

9 <sup>th</sup> century	Establishment of a kingdom in southern Sweden
10 <sup>th</sup> century	Expansion into Denmark. The Varangians explore the Volga and the Dnepr.
11 <sup>th</sup> century	Christianisation
12 <sup>th</sup> century	Foundation of Stockholm
13 <sup>th</sup> century	Conquest of Finland
14 <sup>th</sup> century	Loss of southern Sweden to Denmark
1397-1521	Union of Sweden, Norway and Denmark
1523	Gustav I King of the Varangians. Reformation
1561	Estonia Swedish, Sweden becomes a major power.
17 <sup>th</sup> century	Conquests on the European mainland and in southern Sweden
1630	Intervention of Gustav II Adolf in the Thirty-Year War
Start 18 <sup>th</sup> cent.	Loss of most possessions on the mainland
1810	French Marshal Bernadotte heir to the throne
1814-1905	Personal Union with Norway
1912	Beginning of policy of neutrality
1960	Membership of EFTA
1995	Accession to EU

## Basic political data

### ***Head of State***

Sweden is a constitutional monarchy with a parliamentary democracy. The executive comprises the Head of State H.R.H. King Carl XVI Gustaf (since 14 September 1973), who exercises an exclusively representative function. His deputy and heir to the throne is Crown Princess Victoria.

### ***Government***

Head of the Government is the Social Democratic Prime Minister Göran Persson (since 1996). The present government has been in power since the parliamentary elections of September 2002. Elections will next be held in September 2006. Although the monarchy is hereditary, the Prime Minister is elected by parliament and subsequently appoints the cabinet.

The current party of government is the Social Democratic Party (39.8% of the vote = 144 seats), which operates a minority government with the support of the Environment Party (4.6% = 17 seats) and the Left Party (8.3% = 30 seats). Four opposition parties are represented in parliament: the Conservatives (Moderater with 15.2% = 55 seats), the Liberals (Folkpartiet with 13.3% = 48 seats), the Centre (Centrumpartiet with 6.1% = 22 seats) and the Christian Democrats (Kristdemokrater with 9.1% = 33 seats).

### ***Parliament***

The legislative is a one-chamber parliament, the Riksdag, comprising 349 seats. The current Speaker of the Parliament is Björn von Sydow. Sweden operates a system of proportional representation with a hurdle of 4%. For election purposes, the country is divided into 29 constituencies of varying sizes.

### ***Administration***

Sweden has a central administrative system featuring small ministries and around 80 decentralised administrative authorities accorded wide-ranging powers. The government appoints Prime Ministers (landshövding) in the 21 Districts (län). Self-administration including powers of taxation exists at District and local authority level.

## Basic economic data

For a country with a relatively small population, the spectrum of branches able to operate effectively at an international level is unusually wide, ranging from wood and cellulose and manufacturing industry (vehicles, pharmaceuticals, weapons technology) to information technology (IT), biotechnology and regenerative energies. Sweden's most important trading partners are Germany, the USA and the Nordic countries.

In overall terms, Swedish trade and industry is characterised by a low number of individually structured large groups of companies operating at an international level and a large number of small companies. Compared with other countries, the SME sector plays a minor role. Manufacturing industry is significant. Large companies operating on the international stage, such as Ericsson, ABB, Electrolux, Volvo or SAAB make up about 60% of employees and account for more than 80% of exports. The Swedish pharmaceutical, medical devices and tool making industries enjoy a considerable level of respect abroad. The IT sector represents a further key area of the Swedish economy.

### Gross Domestic Product (total in billion EUR):

2001	2002	2003	2004
245.2	256.8	267.3	278.7

Gross Domestic Product according to purchasing power standard: 116.1 of EU 25 (2004)

GDP proportion of the EU 25 in %: 2.7

### Gross Domestic Product (total, per capita, EUR):

2001	2002	2003
27,526	28,712	29,853

### Real GDP growth rate (%):

2001	2002	2003	2004
1.0	2.0	1.5	3.6

### Inflation rate (%):

2001	2002	2003	2004
2.7	2.0	2.3	1.0

### Productivity per worker compared to EU 25:

2001	2002	2003	2004
103.1	102.0	102.7	105.4

### Overall growth in employment:

2001	2002	2003	2004
1.9	0.1	-0.2	-0.5

### Unemployment rate:

2001	2002	2003	2004
4.9	4.9	5.6	6.3

National currency: Swedish Krone, SEK

Exchange rate: 1 USD = 7.3489 SEK (2004)

### Export/import (in million EUR)

2001	2002	2003
84,462/70,567	86,090/70,731	89,985/73,831

### Import partners (2004):

- Germany 20.2%
- Denmark 8.2%
- UK 7.9%
- Netherlands 7.2%
- Finland 7%
- France 6.1%
- Norway 5.9%
- Belgium 4.5%
- (67% of imports in total)

### Export partners (2004):

- USA 10.7%
- Germany 10.3%
- Denmark 6.6%
- Norway 6.2%
- Finland 5.9%
- Belgium 5.1%

- Netherlands 4.8%
- France 4.7%
- (54.3% of exports in total)

**GDP according to sector (2001):**

- Agriculture: 2%
- Industry: 29%
- Services: 69%

**Workers according to economic sectors**

(2003, %):

- Manufacturing industry – 23.1
- Services – 74.8

- Agriculture, forestry and fisheries – 2.1

**Tax ratio** (% of GDP): 37.3 (2001)

**Overall ratio of levies** (% of GDP): 53.2 (2001)

**National debt** (% of GDP):

2001	2002	2003	2004
54.4	52.6	51.8	51.2

Proportion of households with Internet access –  
64 %

**Trade unions:**

There is a nationwide organisation (LO) operating as an umbrella association for 16 further specialist trade unions for salaried employees and workers in the private and public sectors. These unions have a total of 1,918,800 members, including approximately 882,445 women. The specialist trade unions have individual status, and the LO largely serves as a body for the provision of coordination, research and public relations work at regional and national level.

## Current economic situation

The Swedish economy is strongly export oriented (export ratio 45%) and characterised by a few, large, global companies such as Ericsson, Volvo, Saab or Astra Zeneca. For a country with a relatively small population, the spectrum of branches able to operate effectively at an international level is unusually wide, ranging from wood and cellulose and manufacturing industry (vehicles, pharmaceuticals, weapons technology) to information technology (IT), biotechnology and regenerative energies. Sweden's most important trading partners are Germany, the USA and the Nordic countries.

The Swedish state plays a significant role in the economic life of the country. The 50% tax ratio and overall ratio of levies is a quarter higher than in Germany. State spending on goods and services makes up over 30% of Gross Domestic Product (GDP). The main focuses of this expenditure are education, care and the state health system. Over 20% of GDP is used for redistribution within the social state in the form of transfer payments.

The structural strengths of the Swedish economy are a well developed infrastructure (public goods and IT), a high level of readiness to make investments in human capital, research and development and the modest taxation imposed on companies. The weaknesses are a lack of incentive to work as a result of the high marginal income tax levels, high incidence of employee illness and excessive price levels caused by the market power exercised by a small number of large companies (construction, groceries) and state monopolies (alcohol, chemists).

The crisis point reached after decades of the development of the welfare state ("Volksheim") led to a change of economic policy in the 1990's, a solution reached with the consensus of the Social Democrats and Conservatives:

1. reform of old age provision: transition from the state pension system to a mixture of financing via contributions, funds savings and a (subsidised) minimum state pension;
2. monetary policy aimed at stabilisation: independence of the central bank, stipulation of a target for price stability (defined as 2%) and a rule relating purely to "inflation targeting";
3. binding rules relating to financial policy: 2 % surplus to be achieved of state revenues against expenditure over the course of an economic cycle.

The Swedish economy has benefited from these reforms, GDP increasing at a rate of nearly 2.7% per year between 1996-2005. Standard of living, measured in terms of GDP per inhabitant, is currently about 6% higher than in Germany in real terms. Macro-economic and stabilisation policy data for Sweden for 2005:

- Growth (GDP, real terms): + 2.6%;
- Unemployment: 5.9%\* [\*note: effective underemployment means that at least 10% needs to be added to this figure to account for job creation schemes, long-term sickness/early retirement];
- Inflation rate (in line with the definition of the European Central Bank): 0.3%;
- Foreign trade balance: surplus of 7.5% of GDP;
- The external value of the Krone was subject to fluctuations of +/-6% against the euro, rendering it less stable than in 2004;
- Budget deficit in % of GDP ("3% criterion"): + 0.7%\* [\*-1.3% in real terms according to Eurostat];
- Public debt in % of GDP ("60% criterion" for the euro zone): 50.7%.

Source: German Foreign Office

### ***Future opportunities and risks***

Growth of 3.1% is predicted for 2006, with a continuation of the trend that domestic demand is replacing exports as the driving force of the economy. Despite the positive economic development, low wage increases and rising productivity has meant that inflationary pressures are low. The pleasing upturn in the economy has scarcely been reflected on the labour market, however, and this has led to a virtual ignoring of the 2% surplus target on the part of Persson's government in favour of pursuing a policy of full employment including infrastructure programmes and job creation measures, a trend which continued in 2005. The Conservative opposition, on the other hand, is seeking supply side structural reforms. The background to all this is the fact that workers today pay nearly two thirds of their income to the state in the form of direct taxes, social contributions and consumer taxes, whereas at the same time one in five Swedes of working age are reliant on state benefits.

The predicted growth of 6-7% in Swedish imports in 2006 and 2007 should also be to the benefit of German companies exporting goods to Sweden within the vital product groups of machines, vehicles, vehicle components and electro technology. The flourishing construction sector, which has experienced an upturn over the period of the last two years approximately, also offers sales opportunities, as does the related sector for renovation works. In addition to this, there is increasing demand for consultancy services, especially in the administrative services sector but also for engineering and economic consultancy generally. The engineering sector should provide sales opportunities for manufacturers of production plants for the paper industry in particular.

Source: German Foreign Office, German Office for Foreign Trade

### **Labour market and employment law**

In Sweden, 4.3 million people are in employment. This represents over 49% of the population and nearly 80% of all inhabitants aged between 16 and 64. 21% are employed on a part-time basis. In 1997, the proportion of women of the working population was 48%. Unemployment is currently 5.4%.

Trade unions in Sweden can look back on a long tradition and still exert a considerable influence. Around 83% of workers are organised within a trade union. The largest trade union organisation in Sweden is the Swedish Confederation of Trade Unions LO. The LO has 2.18 million members, representing nearly 85% of workers. 1.23 million or about 70% of all salaried employees and civil servants are members of TCO, the confederated trade unions for salaried employees in industry.

The good level of cooperation between trade unions and employers is not the least of the reasons why workers enjoy extensive rights.

- Protection against dismissal: workers under 25 one month's notice, progressively extended to up to six months for workers over the age of 45
- Probationary period: generally six months
- Law relating to the working environment: guarantees a working week of 40 hours, technical safety at the workplace is monitored by health and safety ombudsmen
- Equal opportunities law: equal pay for equal work, equal opportunities for all workers in respect of employment, initial and continuing vocational education and training and promotion
- Right of co-determination within the firm and at company level

Source: Stepstone.de

### ***Employment contract***

A contract of employment may be concluded verbally, in writing or implicitly. In the public sector, the employer is obliged to issue written confirmation of employment.

In practice, most employment contracts are concluded verbally, although workers are advised to demand stipulation in writing.

Appointment is usually on an unlimited basis. Although limited appointments are possible, this is only permitted in exceptional cases (such as temporary peaks in orders) and only if special conditions are complied with.

The employer is obliged to inform the employee of the conditions relating to his or her employment. This should take place within one month of commencement of employment. The following points should be included.

- Name and address of the employer and employee, date on which employment commences, name of the company
- The duties and position of the employee
- The nature of the position (limited or unlimited contract)
- Period of notice or the day on which the contract terminates
- Wages and method of payment
- Working times and paid leave
- The relevant collective wage agreement
- Conditions relating to work abroad if such a deployment abroad is to be of more than one month's duration.

The employer is obliged to inform the employee within one month of any amendments to the conditions stated above.

A contract stipulating a limited probationary period may be concluded as long as this probationary period does not exceed six months.

There are no specific regulations relating to part-time employment. Part-time contracts are subject to the same conditions as other contracts of employment, and part-time employees generally have the same rights and duties as other employees.

Source: EU Commission (EURES)

### ***Working time***

Usual working time in Sweden is 40 hours per week. Employees have a right to a break during the working day. Breaks are normally regulated in such a way so as unbroken periods of work do not exceed five hours. Exceptions apply to certain categories of worker, such as household employees, managers, ships' crews and workers in forwarding companies.

Employees have the right not to work during the night, defined as between midnight and 5 am, as long as there are not other reasons why night work is not indispensable for the type of work involved. Special night work regulations apply to workers under the age of 18.

Overtime is restricted to 48 hours within a period of four weeks or 50 hours a month. Total annual hours of overtime worked must not exceed 200.

The employer is obliged to keep records of hours of overtime worked. Work on Sundays is regulated via collective wage agreements. Most collective wage agreements designate Saturday and Sunday as days off, although there are exceptions for shift workers and employees within certain sectors such as transport, trade, tourism and public services.

Source: EU Commission (EURES)

### **Leave**

All employees are entitled to at least 25 days' paid annual leave, or five weeks of paid leave per year, although certain collective wage agreements provide for longer leave rights.

#### Duration of leave:

Unless provided for otherwise with a collective wage agreement, workers have the right to at least four weeks of continuous leave during the months June to August.

#### Transfer of remaining leave:

Periods of leave of more than four weeks may be accumulated over a period of up to five years.

Employees absent from work for special reasons, in particular because of illness or maternity or paternity leave, have a right to paid annual leave. Additional arrangements may be concluded within collective wage agreements.

Source: EU Commission (EURES)

### **Wages/salary**

In Sweden, there are relatively small differences in income between the various occupational groups and branches. Full-time workers earn an average gross salary of around €3000 per month. In 2003, the lowest incomes were only ten percent below average annual wages and salary and the highest only just under 17 percent above this level. A computer specialist can expect to earn a gross salary of about €3700 per month and a secretary approximately €2200.

The Swedish state relinquishes stipulation of wages and salaries to the social partners. There is, therefore, no statutory minimum wage, although the social partners have fixed the minimum wage for a worker (full-time) at 13,000 SEK (approx. 1700 euro) per month.

Source: German Federal Employment Agency

### **Notice/dismissal**

Dismissals may only take place for objective reasons. If an employee could be reassigned to another activity at an acceptable cost, this does not constitute reason for dismissal.

Limited contracts of employment automatically terminate on the date stipulated, and there is no need for the employer to give notice.

An employer wishing to give notice of termination of an unlimited employment contract should do so in writing. The notice of termination should include information on how the employee can contest the issuing of the notice.

Notice of termination must be based on objective reasons. If an employee could be reassigned to another activity at an acceptable cost, this does not constitute reason for dismissal.

The notice of termination must be handed to the employee personally or sent by registered post.

Source: EU Commission (EURES)

## Forms of enterprise

**PLC:** Aktiebolag (AB) of which there are two types:

- the “publikt AB”, which is quoted on the stock exchange: companies are required to include the affix “publ.” or to indicate clearly the public nature of the company via another component of the name. One person AB’s are possible.  
Minimum capital 500,000 SEK (approx. 53,300 euro)
- the “privat AB”, which is not quoted on the stock exchange: in the absence of the company affix “publikt”, the company is assumed to be “privat”. One person private AB’s are possible.  
Minimum capital 100,000 SEK (approx. 10,600 euro).

**Private limited company:** there is no Swedish equivalent of this form of enterprise.

**Unlimited company:** Handelsbolag (HB); company affix “handelsbolag” required; at least two personally liable partners

**Limited partnership:** Kommanditbolag;

**Unlimited partnership:** Enkelt bolag; at least two personally liable partners

**Sole trader:** Enskild firma

**Branch:** filial, permitted when the parent company is properly registered as a legal entity in its country of origin and conducts business.

**Representative office:** representationskontor, permitted purely for providing marketing support, but may not transact any business.

The preferred form of enterprise is the non-quoted PLC (privat AB).

Source: German Savings Bank Association (DSGV)

## Taxes

For 2006, there is a uniform rate of corporation tax of 28%.

Income tax rates for 2006 are as follows:

- no tax on incomes up to 306,000 skr;
- 20% for incomes from > 306,000 skr to 460,600 skr;
- from 460,600 skr an additional 5 %.

These taxes are levied in addition to local taxes, the latter averaging about 30 %.

This means that the highest tax rate can be 55% in total.

The standard rate of value added tax is 25 %. There is also a reduced rate of 12 % for such goods as food and a rate of 6 % for such articles as newspapers.

Double taxation agreement:

Agreement between the Federal Republic of Germany and the Kingdom of Sweden of 14 July 1992 in respect of the avoidance of double taxation, the regulation of various other issues relating to taxation of income and assets, inheritance and gift tax and the provision of mutual support in tax matters. This has been in force since 1 January 1995 (Federal Law Gazette 1994 II p. 686).

## Craft trades system

Sweden can look back on a long tradition of craft trades, a tradition maintained down to the present day by a number of enthusiastic craftsmen who are appreciated together with their products by both locals and tourists alike, although there is a particular emphasis on arts and crafts. The best known areas of the varied range of Swedish arts and crafts are the branches of glass, ceramics, furniture/fittings, textiles, metals and graphical and industrial design.

The extremely high tax burden in particular makes it hard for commercial craft trades companies to operate in Sweden. There is very little enshrinement of craft trades in law, neither are there any support programmes for craft trade workers. Supply and demand is thus entirely in the hands of the market. Membership of a chamber of crafts and trades is not compulsory in Sweden, although the companies have their own organisational structures to some extent, joining one of the local federations or associations. Evidence of formal qualification in a crafts trade is rarely required. The rules needing to be complied with when carrying out a trade are less numerous than in Germany, there being neither craft trades legislation nor statutory lists of trades in Sweden. In order to start up a company, no further qualifications are required other than training of 2-3 years concluding with a journeyman certificate. Exceptions to this are trades where there is inherent danger and trades which could impact on the public infrastructure (electricians, plumbers). Such trades require a licence from the local authorities. The title of master craftsman may be conferred on application, and trade and industry associations may issue master craftsman certificates if at least six years' occupational experience and commercial knowledge can be demonstrated, although this does not constitute a precondition for the management or establishment of a craft trades company.

German craft trades companies are mostly recognised in Sweden, although application needs to be made to the local authorities in respect of this. EU regulations apply to German workers.

## **Social situation and social provision**

During the 20th century, at the cost of imposing the world's highest tax burden, Sweden built up what is often viewed as the most generous general social welfare system in the world, including such elements as free (tax-financed) schools, child care, health care, pensions, care for the elderly, social services and various social security systems.

Without compromising the prevailing market economy, which has strong roots in Sweden, the Social Democratic governments which held power for the majority of the 20th century availed themselves of a great many socialist ideas. Swedish prosperity has been redistributed among the population to a greater degree than in perhaps any other country. "From each according to ability, to each according to needs" was the radical basic doctrine of a welfare state in which all inhabitants were to be guaranteed basic social security at all stages of life.

This welfare state, affectionately referred to in Sweden as the "home of the people," represents a unique experiment in social engineering that has attracted a considerable degree of attention among political scientists and politicians worldwide. Many of its features have been emulated in other countries. The international labels attached to the Swedish model are numerous: "the middle way"; "the country that protects its citizens from the cradle to the grave"; or simply "the Swedish model", to name just a few.

Recent decades have seen an end to the country's previous steady, high economic growth, and the Swedish welfare state has found itself under a good deal of pressure. Today the country's social security systems face financial difficulty and have serious structural problems to contend with. Without a doubt, Sweden has become "harder around the edges." Yet the main features of the Swedish welfare state, with its publicly guaranteed and publicly financed safety net for everyone in the country, continue to remain intact.

Source: Swedish Government ([www.sweden.se](http://www.sweden.se))

### ***Social insurance***

With the exception of unemployment benefit, social security in Sweden falls under the responsibility of the Ministry of Health and Social Affairs. Basic social insurance includes sickness insurance, family assistance, basic and supplementary retirement schemes, early and partial retirement and industrial accident insurance.

All people over 16 years of age residing in Sweden, whether of Swedish or another nationality, are registered for housing-based benefits.

The Social Insurance Office (Riksförsäkringsverket) is the central administrative authority for social insurance. 21 regional social insurance boards operating through approximately 350 local offices are responsible for direct contact with the public.

In Sweden, social insurance is largely funded through employer contributions. However, social insurance also receives considerable government funding, particularly the basic pension scheme. These grants are budgeted for centrally and paid for via general taxation.

Social assistance, which is not part of the social security system in Sweden, is the responsibility of the Ministry of Health and Social Affairs. It is supervised by the National Board of Health and Welfare (Socialstyrelsen). Local administration of social assistance, including care and assistance for children

and their families, the elderly and the disabled, is the responsibility of the local authorities, and is primarily funded through local taxes.

Source: EU Commission (EURES)

### ***Pensions***

A new pensions system has been in place in Sweden since 1999. The new, contributions based system consists of a pension based on income during working life, a guaranteed pension for persons without income from employment and a system of compulsory private saving in individual accounts.

The new pensions system ties in closely with the Swedish economy and the demographic development the country is undergoing. The main advantages of the new system are the degree of stability it accords in times of economic crisis and the better opportunities it affords in old age for securing a good standard of living in real terms. One disadvantage is the wider range of variations which will now characterise the pension packages of individual pensioners. Expectations are that this will increase inequality amongst pensioners and reduce the transparency of the system.

Source: Swedish Institute, Fact sheet

### ***Health system***

All workers with an annual income exceeding 6,000 Krone have the right of compensation for loss of earnings during illness. All inhabitants of Sweden have a right to health care benefits, or compensation of costs arising in relation to medical care. Health insurance is funded via a compulsory employer contribution and by the insurance contributions which are levied alongside taxation. All costs of health care benefits are paid by the 18 Provincial Parliaments, one local authority (Gotland) and two administrative regions.

The Provincial Parliaments are elected and are responsible for ensuring that the whole population of their respective province enjoys access to high quality health care provision, levying direct income tax on inhabitants to finance this. About 80 percent of the tax revenues thus generated are used for covering the costs of health provision and for the remuneration of health care staff.

Sickness benefits are structured in such a way so as to maximise the proportion of general tax revenues used to finance the costs of individual health care and to keep the amount of private expenditure in case of illness at a low level. As far as patient fees are concerned, for example, a maximum level of 900 Krone applies within a twelve-month period, the maximum patient payment for medication over the same period being 1,800 Krone. If expenditure exceeds this maximum level, the patient receives further medication free of charge. Patient charges for long-term care in hospital may not exceed 80 Krone per day. Health care and dental treatment are free of charge up to the age of 20.

In case of loss of earnings, health insurance pays 80 of salary up to a maximum ceiling. Payment is made from the 22<sup>nd</sup> day of illness until recovery. Continuation of salary is paid by the employer from days 2-21 of the illness, this also comprising approximately 80 percent of salary.

Source: Swedish Institute, Fact sheet social system

### ***Demographic situation***

#### **Immigration and the multicultural society:**

During the first decades of the 20th century, Sweden remained relatively homogeneous in ethnic terms. When immigration began to exceed emigration in the 1930's, the main reason was Swedes returning home. The streams of refugees from the Baltic and other areas during the Second World War and the post-war period began to write a new chapter in the history of immigration to Sweden during the 1950's and 1960's. The rapid expansion in industry and the attendant increased demand for workers led to a further considerable wave of immigration, which was of such scope so as to bring about a change in the structure of the population. As well as large numbers from neighbouring Scandinavian countries, and Finland in particular (this being driven by the Single Nordic Labour Market in existence since 1954), the immigrants mainly came from the former Yugoslavia, Greece, Germany, Turkey, the UK, Poland and Italy and most came to the country to take up employment.

At the beginning of the 1970's and in common with other European countries, economic conditions in Sweden changed and demand for workers declined. Immigration policy became more restrictive. Since this time, immigrants have mostly been political refugees and their families.

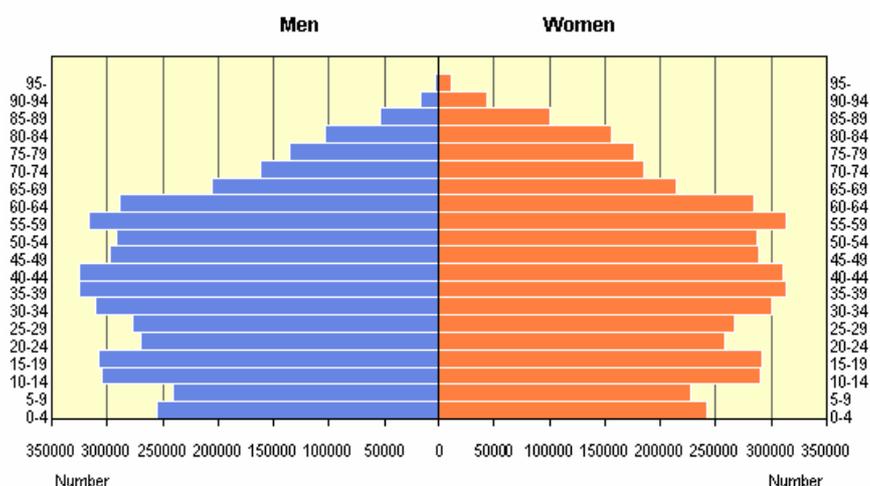
At the start of the 1980's, the number of asylum applicants and their families was relatively low. By the end of the decade and into the early 1990's, the number of refugees entering Sweden had increased many times over.

At the end of 2001, 476,000 foreign citizens were living in Sweden. Every 20<sup>th</sup> person living in Sweden is of foreign origin, and one in ten was born abroad. The largest group of immigrants is the Finns, who number approximately 100,000. The second largest group (36,000) comes from Iraq, followed by Norway (33,000), Danes (26,000), Yugoslavs (21,000), Bosnians (20,000), Germans (17,000) and Poles (15,000).

Age and gender structure:

Changes in birth and mortality rates have brought about shifts in the age structure. The number of children is declining, whilst the number of older people is rising. Children under 15 today make up about 20% of the total population, the figure a hundred years ago being one third. By contrast, the number of those aged over 64 has doubled. In 2001, Sweden had one of the highest proportions of old people in the world, 17% of the population being aged over 65. Demographic prognoses indicate that this there will be no major change in the proportion represented by this group until those

Sweden's population by age and sex on December 31, 2005



Source: Statistics Sweden

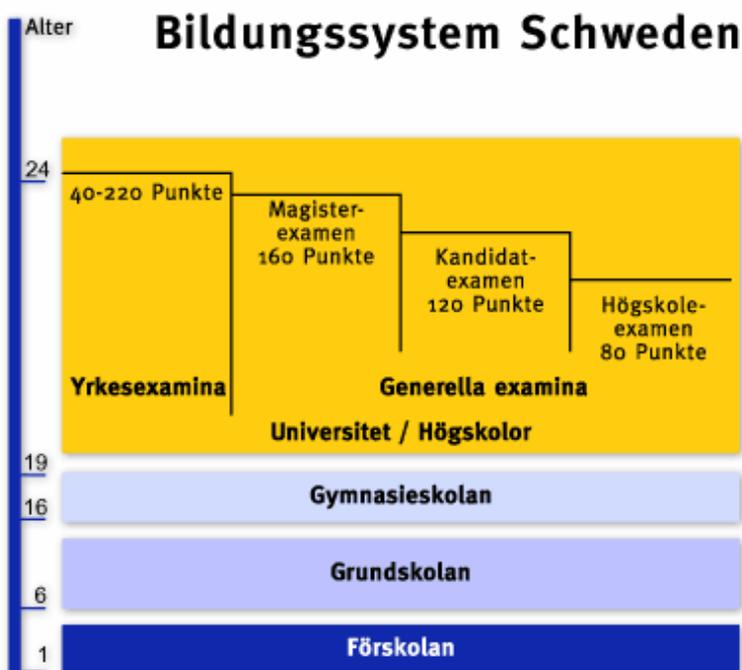
born in the baby boomer birth years of the 1940's reach retirement age. In the year 2025, the proportion of over-65's is estimated to grow from the present level of 1.5 million to 2.2 million. Estimates also show that the number of those aged over 80 will increase from 460,000 today to 640,000 in 2025. The decrease in mortality has led to a strong increase in the number of the oldest in the population. In

1900, there were 12 persons in Sweden aged 10 or more. The figure for 2001 was 1,041. By 2025, it is estimated that there will be about 2,800 people in Sweden aged 100 or over.

The Sami — an ancient ethnic group:

The Sami (or Lapps) have long been settled in the northern part of Scandinavia. They represent a linguistic, cultural and demographic minority in Swedish society. The Sami were previously a nomadic people, the breeding of reindeer being their main occupation. At the beginning of the 20th century, however, an increasing differentiation established itself, one group continuing to raise reindeer and the other giving up the pursuit. The number of Sami in Sweden is roughly estimated at 15,000. Today, a large proportion of these have given up the breeding of reindeer and been subsumed into the general population.

Source: Swedish Institute, Fact sheet population



### Swedish education system

Högskole examination 80 points  
 Kandidat examination 120 points  
 Magister examination 160 points

### General

The Swedish school system comprises a compulsory and non-compulsory part, the former constituting basic schooling over a period of 9 school years and the latter including pre-school classes and upper secondary education.

Stage of schooling	Number of pupils (2002)
Compulsory basic schooling (9 school years)	1,057,000

Optional upper secondary school (school years 10-12/13)	323,000
Students at universities	355,000

### Vocational education and training

Classical apprenticeship training plays a subordinate role in Sweden. A mere two percent of the potential age group opt for this training route. The vast majority of young people go on to upper secondary school after finishing compulsory schooling.

The training system in Sweden cannot be compared with the dual system in Germany, in which the training components take part in-company and at a vocational school. Vocational education and training in Sweden predominantly takes place in full-time schools.

VET lasts three years. Basic training takes place in the first year, more specialised training content being imparted in year two. In order to secure the necessary practical experience, at least 15 percent of training time takes place in-company. Training concludes with a certified vocational qualification which also confers the right of access to higher-level training.

A large number of occupations which may be attained in Germany via school-based training require a course of higher education study in Sweden (such as nursery teacher, physiotherapist).

### Higher education system

For historical reasons, the Swedish higher education sector has developed in a centralised way. There are around 36 state teaching institutions at higher education level. There are three kinds of institute of higher education in Sweden. The universities (Universitet) largely correspond to German universities in terms of the way in which they are organised and the range of subjects they offer. The Swedish Uni-

versities of Applied Sciences (Fackhögskolor) are nor comparable to German Universities of Applied Sciences. They offer courses which provide first degrees and doctorates within a certain subject area, such as the Karolinska Institutet (medicine) or the Kungliga Tekniska Högskolan (technology). Not having all research resources at their disposal, university colleges (Högskolor) do not offer such wide-ranging provision as the universities. In contrast to a university, a university college is not permitted to award a postgraduate degree, except university colleges entitled to conduct research within a specific subject area which may provide postgraduate programmes within this field.

Most Swedish universities and institutes of higher education offer distance learning courses.

At Swedish institutes of higher education, there are two forms of study leading to an examination. Students either follow a programme stipulated by the institute of higher education or assemble individual courses themselves (in a similar fashion to Diplom and Magister courses at German institutes of higher education).

The scope of a course (Kurs) or programme of study is expressed in points. One year of study generally equates to 40 points. The number of points extends from 80 to 220, corresponding to periods of study between 2 and five and a half years. Degrees are awarded based on the number of points achieved.

The Högskole examination requires at least 80 points, a minimum of 120 points being needed for the Kandidat examination, comparable with the English Bachelor degree. The Magister examination stipulates at least 160 points. This exam is comparable with a German Magister or Diplom.

For occupations where licence to practise or another form of certification is required, prescribed courses of study and examinations exist which are identical at all institutes of higher education in the country. Examples of courses of study leading to such occupational examinations (yrkesexamina) are medicine, pharmacy and law. Minimum numbers of points are stipulated here too.

A doctorate is normally of four years' duration. As well as attendance at seminars, a written doctoral dissertation is required, which must be publicly defended. 120 points must be achieved before such a course of study can be embarked upon. To be awarded a doctor title, 160 points and a dissertation of 80 points are required.

## German and English language links

[www.europa.eu.int/comm/eurostat/](http://www.europa.eu.int/comm/eurostat/)

[www.skolverket.se](http://www.skolverket.se)

[www.europaserviceba.de](http://www.europaserviceba.de)

[www.auswaertiges-amt.de/www/de/laenderinfos/](http://www.auswaertiges-amt.de/www/de/laenderinfos/)

<http://tiscali.co.uk/references/encyclopaedia/countryfacts/sweden.html>

[www.scb.se](http://www.scb.se)

[www.eurydice.org](http://www.eurydice.org)

[www.sweden.se](http://www.sweden.se)

[www.destatis.de](http://www.destatis.de)

[www.cia.gov/cia/publications/factbook/](http://www.cia.gov/cia/publications/factbook/)

[www.lo.se](http://www.lo.se)

[www.hwk-muenchen.de](http://www.hwk-muenchen.de)

[www.isa.se](http://www.isa.se)

## Basic vocabulary

### Greetings, introductions, taking your leave

Hello / goodbye (informal)

Hello (formal)

Goodbye (formal)

What's your name?

My name is ...

My surname / first name is Max.

How are you?

Fine thanks, and you?

Very pleased (nice to meet you).

Happy birthday!

sal / adjö (hej / hejdo)

god dag / hej

Adjö / hejdo

vad er ditt namn?

mitt namn er ...

mitt efternamnen / namn er Max

Hur går det ?

tack själv besittande, och du? (tack bra och själv)

mycket glad weg?

hjärtliga lyckönskningar / grattis

### Making yourself understood

I don't understand.

I don't speak Swedish.

Do you speak German/English/French?

Tyvär, jag förstå det inte

jag talar inte Svenska

Talar du tyska / engelska, franska

### Little words

Thank you, thank you very much

Please, you're welcome

Yes

No

Good

Bad

I don't know.

tack , tack så mycket

varsogod

ja

nej

B bra

dålig

jag vet inte

### Apologising

Sorry

ursäkta,

### Personal information

First name

Surname

Address

Telephone number

E-mail

Nationality

Citizenship

Age

Date of birth / place of birth

Occupation

Training

Family status: single, married, divorced, widow/  
widower

förnamn

efternamn

adress

telefonnummer

e-post

nationalitet

medborgerskap

ålder

födelsedatum / födelseort

yrke

utbildning

ogift, gift, skild, änka / änklings