

# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden

D

I

19 November 2020

---

This report intends to provide DI's members with a selection of information on essential developments related to the Corona crisis in Sweden. As for now, reports are also available on the situation in the US, UK, China, France, and Germany. For comments and further information about the situation in Sweden please contact: Helle Bundgaard, Senior Advisor, +3377 3065, [hbu@di.dk](mailto:hbu@di.dk), Camilla Petersson, Advisor, + 3377 3921, [camp@di.dk](mailto:camp@di.dk) or Anna Svane, Student Assistant, +3377 3859.

SITUATION SUMMARY	1
KEY MACROECONOMIC INDICATORS	2
OPERATIONAL RESTRICTIONS	7
RELIEF MEASURES	8
BUDGET 2021	10
EU POLITICS	10

---

### Situation Summary

With a recent increase in the total number of Swedish Covid-19 cases, the Swedish government has initiated new restrictions on 16 November 2020 due to the seriousness of the situation and the pressure on the health sector. This is contrary to the few and mild restrictions in Sweden until now.

Furthermore, on 17 November 2020 the Prime Minister and the Minister of Health announced the Government's comprehensive plan for vaccination of all Swedes in the course of 2021 starting already in January 2021. Old and sick citizens as well as healthcare staff will get the vaccine first.

On the 19<sup>th</sup> of November 2020, a total of 196.446 people had been reported infected with COVID-19 and a total of 6,321 people have died from COVID-19 in Sweden. The Swedish economy has also suffered severely causing the Swedish government to respond with a series of relief measures.

# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



SWEDEN

### Key Macroeconomic Indicators

Like many other countries, the Swedish economy has been hit by the effects of COVID-19. Although Sweden has remained more open compared to other countries, the economy is still severely affected by the crisis – mainly because of the large dependence on exports. Below is an overview of the main markets for Danish companies. The figures provide an indication of the direction in which the economies are moving during the Corona Pandemic. The figures are the most frequently updated macro indicators and are comparable across the chosen countries. The indicators cover both consumers and companies.

#### *Economic Growth*

Oxford Economics has made a forecast for the economic growth after the spread of the Corona virus in Europe<sup>1</sup>.

Real growth in GDP in 2020									
	January	February	March	April	May	June	August	September	October
<b>World</b>	2,5	2,3	0,0	-2,8	-5,1	-5,0	-4,4	-4,4	-4,2
<b>US</b>	1,7	1,6	-0,2	-4,1	-6,1	-6,1	-4,0	-3,7	-3,5
<b>China</b>	6,0	5,4	1,0	-0,2	0,8	2,0	2,5	2,3	2,3
<b>Eurozonen</b>	1,0	0,8	-2,2	-5,1	-7,8	-8,0	-7,8	-7,9	-7,5
<b>- France</b>	1,2	0,9	-3,1	-5,3	-9,8	-10,6	-10,1	-10,1	-9,0
<b>- Germany</b>	0,7	0,5	-2,1	-3,9	-6,1	-6,1	-6,3	-5,8	-5,3
<b>- Sweden</b>	1,2	1,0	-1,9	-4,7	-3,6	-3,6	-4,0	-4,0	-4,0
<b>UK</b>	1,0	1,0	-1,4	-5,1	-8,3	-10,8	-10,9	-9,7	-9,6

#### *Purchasing Managers' Index*

<sup>1</sup> Oxford Economics, July 2020

# Coronavirus - COVID-19

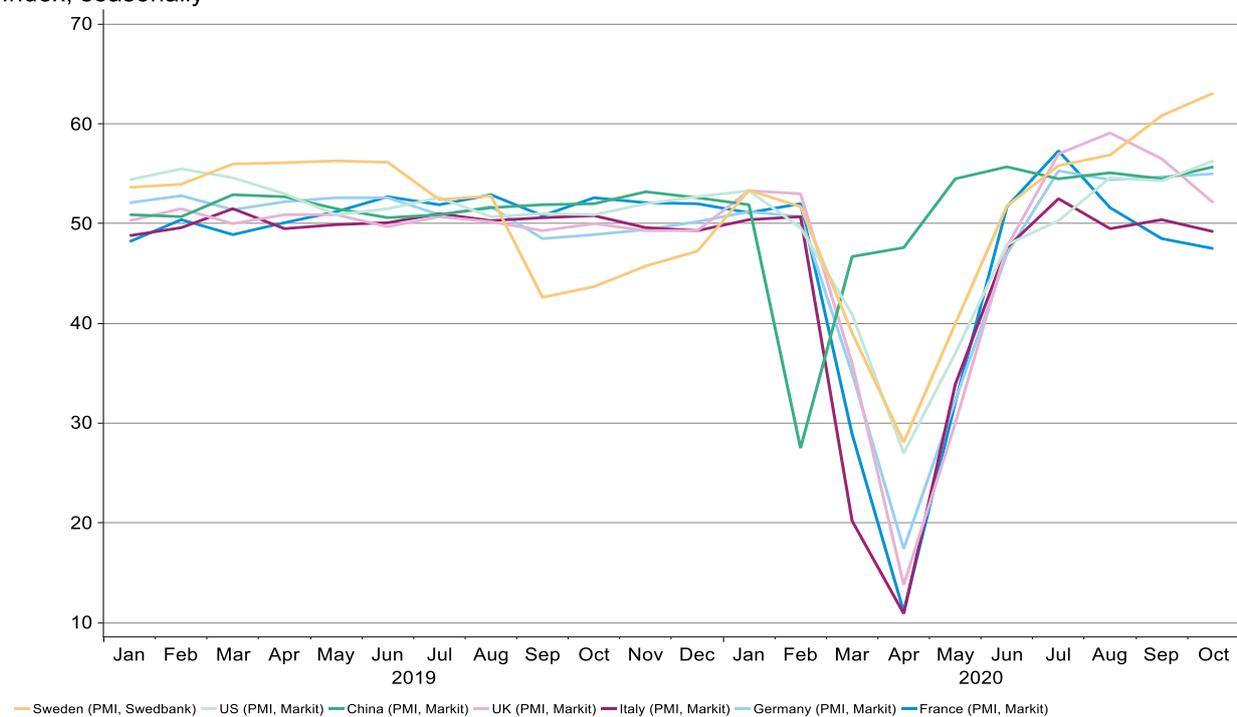
## Monitoring the situation internationally - Sweden



The PMI index is a survey asking senior executives at private sector companies. The manufacturing companies are asked on their view on output, new orders, employment, future activity et cetera, and services companies on business activity, employment, new business<sup>2</sup>. In March and April, the PMI fell drastically for Sweden, although not as drastically as other European countries. From May through October 2020, the PMI began to rise again indicating an increased optimism in the market.

### Purchasing Managers' Index

Index, seasonally



### Consumer Confidence

The consumer confidence is a survey among consumers asking their view on both the current and future general economic situation and the household financial situation. Combined with a question on their current purchase on larger goods. It provides information on optimism among consumers, which influences the house consumption<sup>3</sup>. Overall, the consumer confidence in Sweden has not

<sup>2</sup> Further information on PMI: <https://ihsmarkit.com/products/pmi.html>

<sup>3</sup> Macrobond, November 2020

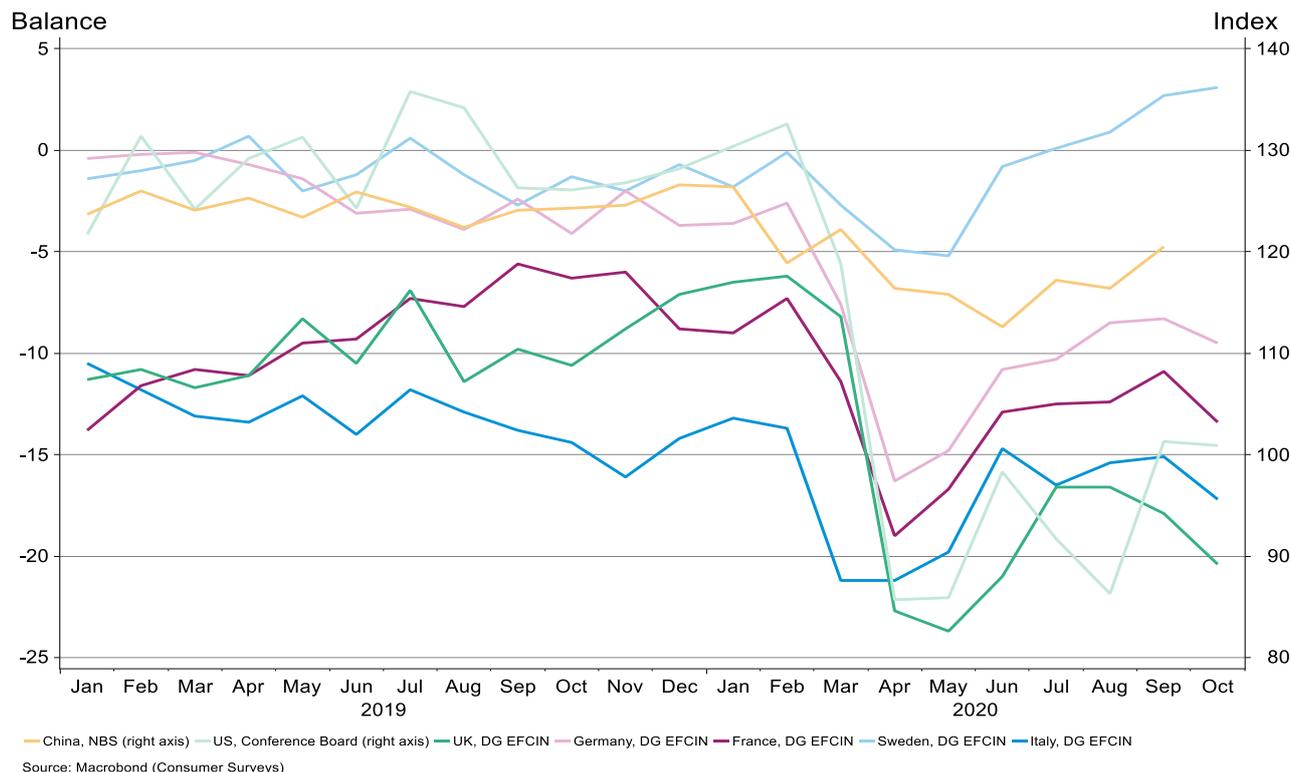
# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



been severely affected like many other countries. In fact, consumer confidence began increasing at a steadily pace again in May.

### Consumer confidence



### International Stock Markets

The movement in the stock market indexes provide information regarding the investor view of the future expected income of companies. We look at the indexes for most traded stocks (the larger companies) in the main countries<sup>4</sup>. The development in the Swedish stock market show similar tendencies to the stock market of other parts of Europe.

<sup>4</sup> Macrobond, November 2020

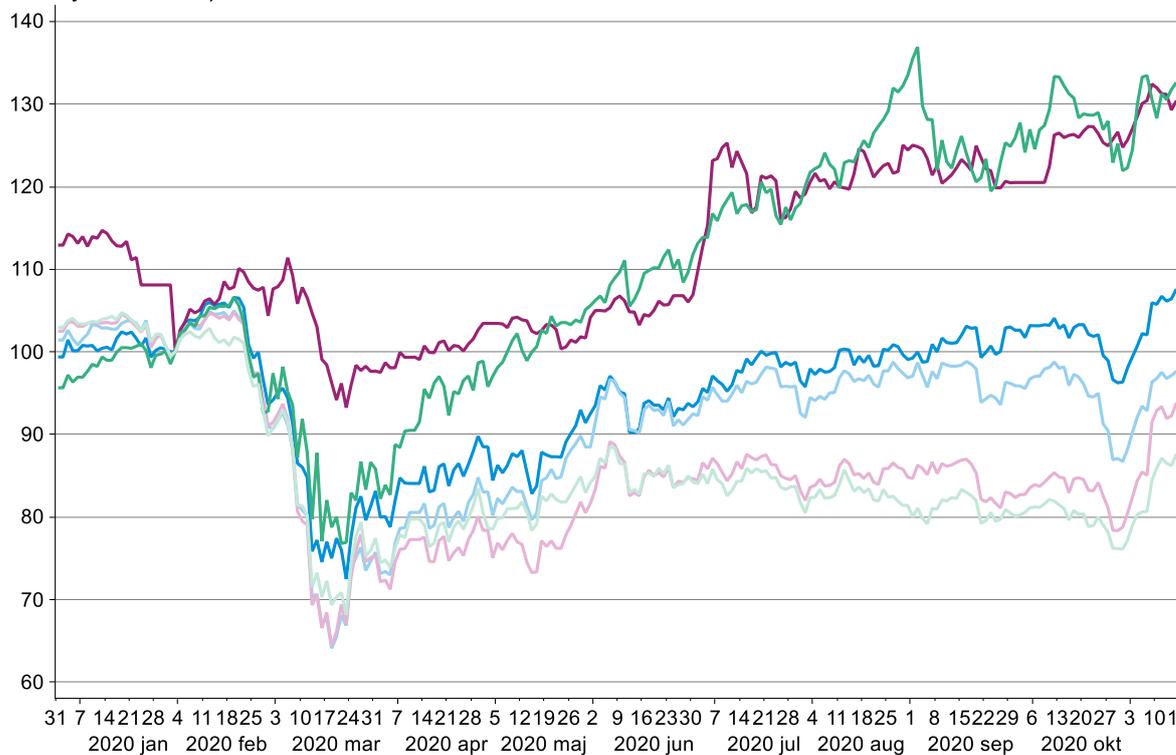
# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



### International stock index

Index (February 3rd = 100)



— UK, FTSE 100 — US, Nasdaq — France, CAC 40 — China, Hang Seng, Top 100 — Germany, CDAX — Sweden, OMXS30

Source: Macrobond

### Unemployment

Since the spread of the virus, the unemployment rate has begun increasing in Sweden. As of July 2020, the unemployment rate has reached over 9 percent and was only forecasted to increase further<sup>5</sup>. However, by October 2020, the unemployment rate decreased to just under 9 percent again.

<sup>5</sup> Macrobond, November 2020

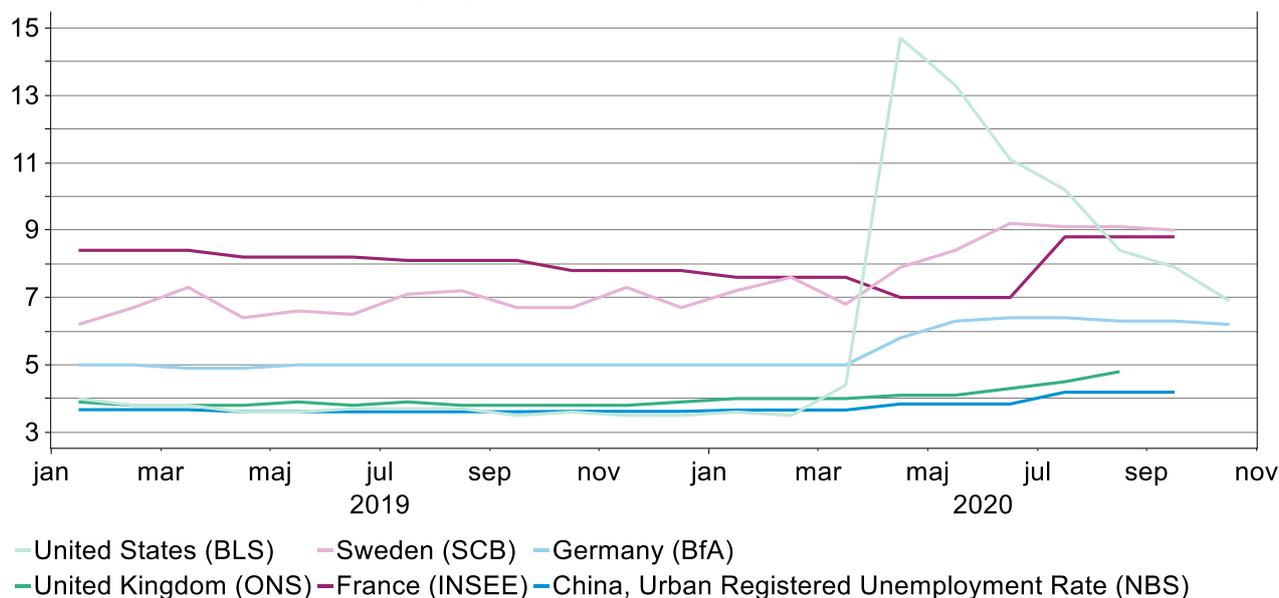
# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



### Unemployment

Percent of labour force, seasonally adjusted



Kilde: Macrobond

### 3. Recommendations by Confederation of Swedish Employers<sup>6</sup>

On 7 October 2020 the Confederation of Swedish Industries published a major report in which they recommend an investment strategy to restart the Swedish economy. The Confederation of Swedish Industries finds that the Swedish economy is in a better shape in the third quarter of 2020 than feared earlier this year. Thus, the Confederation of Swedish Industries now expects BNP to fall by “only” 4,4% and not 6,1% as expected in spring and grow by 3,2% in 2021 and 3,0% in 2022.

But in order to avoid a deep recession, Sweden will need to strengthen its competitiveness and fight unemployment. Currently, nearly 40% of Swedish companies have reduced their investments compared to six months ago. And less than four out of ten Swedes have a job, which is the lowest level of employment in more than 20 years. Therefore, the Confederation of Swedish Industries recommends:

- to increase investments in research and development

<sup>6</sup> Svenskt Näringsliv, 7 October 2020



# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



- Increase the potential in digitalization and AI through a better legal framework in Sweden
- Facilitate the green transition
- Safeguard global trade and press for reforms of the World Trade Organization, WTO
- Reduce bureaucracy and reduce the Swedish corporation tax from 20,6 to 18 per cent
- Make use of EU's Recovery Fund to increase future competitiveness

The report has been well received, but it is too early to say to what extent the Swedish government will listen and follow up with legislation. [Read more here](#)

---

## Operational Restrictions

### *Borders*

- Until the 22nd of December 2020, Sweden has closed its borders to most countries outside the EU/EEA. The travel ban does not include students, highly skilled professionals that cannot work remotely or a Swedish national visa or residence permit<sup>7</sup>.
- Until the 22<sup>nd</sup> of December 2020, the Swedish authorities banned all its residents from unnecessary travel to outside countries. From the 30<sup>th</sup> of June 2020, the ban was lifted from some nearby countries.
- All passengers can travel via Sweden for transit.
- On the 15<sup>th</sup> of October 2020, the Danish travel recommendations discouraged all unnecessary travel to most parts of Sweden, including Stockholm<sup>8</sup>.

To read more about the Swedish border restrictions, please refer to the Danish Embassy in Sweden by [clicking here](#). To read more about the Danish travel guidelines for Sweden, [click here](#).

### *Domestic restrictions from the Swedish authorities*

- To be max. 8 people in a group in public places from 24 November to 22 December and possibly be extended until the New Year. If people are sitting down, 50 persons will be

---

<sup>7</sup> Danish Embassy in Sweden, October 2020

<sup>8</sup> Danish Foreign Ministry, October 2020

# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden

D

I

allowed. This regulation was proposed by the Prime Minister of Sweden on 16 November 2020. After consultation until 19 November, the restriction will be implemented.

- From 24 November 2020 sale of alcohol after 22 hours will be forbidden.
- Cafés and restaurants remain open but may only serve to seated customers<sup>9</sup>.
- It is not required to use a facemask anywhere.

Some regions of Sweden have implemented local covid-19 restrictions. Read more [here](#).

### Relief measures<sup>10</sup>

#### *Short term leave was introduced on 16 March*

- The regulation states that the cost of an employee can be reduced by 50 percent with the state accounting for a larger cost. This construction is like short-term work; yet, the degree of the subsidy is greatly increased as the employee receives more than 90 percent of the salary. The purpose of this regulation is to save Swedish jobs.
- The regulation for short-term permits came into force on the 7<sup>th</sup> of April and will apply in the remaining of 2020. The financial support can be applied from the 16<sup>th</sup> of March.
- On May 7, it was decided that the ceiling for income-related benefits from unemployment insurance funds be raised – from SEK 760 to SEK 1000 per day – from benefit day 101 and onwards. This increase is temporary and will apply from 29 June 2020 until 3 January 2021.

#### *Liquidity boost through the tax account*

- This regulation allows companies to be deferred with payment of employer contributions, preliminary tax on salary and value added tax, which are reported monthly or quarterly.
- Corporate deferral includes three months' tax payments and is submitted for a maximum of 12 months.
- The new rules apply from 7 April 2020 but can be applied retroactively from 1 January 2020. This means that companies that have paid tax in their tax account for January to March can receive tax refund from the Swedish Tax Agency. Deferrals will only be granted to companies that do not neglect their finances. Nor can deferrals be granted to companies that have larger tax liabilities.

---

<sup>9</sup> Danish Embassy in Sweden, 2020

<sup>10</sup> BusinessEurope, March 2020



# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



- On 25 March, a new proposal was presented and new opportunities to defer tax payments will be expanded. This means that value added tax reported annually from 27 December 2019 until 17 January 2021 will also be covered by the proposal.

### *Crisis package for small companies in Sweden*

On 25 March, the Swedish Government announced a new crisis package for SMEs:

- A central government loan guarantee was proposed to make it easier for companies to access financing. Specifically, 70 percent of all new bank loans will be guaranteed by the central government to help companies experiencing financial difficulty due to the COVID-19 virus, but that are otherwise robust. The guarantee will be issued to banks, which in turn will provide guaranteed loans to companies.
- Temporary reduction of employers' social security contributions and individual contributions
- Temporary discount for rental costs in vulnerable sectors

### *Crisis package for jobs and transition*

On 30 March, the Swedish Government announced a crisis package for jobs and transition. The package includes:

- Temporary reinforcement of unemployment insurance
- More active labor market policy
- More places and more distance learning at higher education institutions
- More opportunities for vocational education and training throughout the country
- Removal of income ceiling for student aid

The public health authority, the National Board of Health and the Swedish Medicines Agency received additional resources. On 12 May it was announced that 2.2 bn SEK will be injected into the health and social care with a focus on elderly care during 2020 and 2021.

In addition to the government's measures, the Swedish Central Bank has announced that they lend up to SEK 500 billion to companies through the banks to secure the credit supply.



# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden



### *Restart package for the Swedish economy*

On the 27<sup>th</sup> of August the government introduced a crisis package of more than SEK 100 billion intended to help the restart of the Swedish economy<sup>11</sup>.

- The restart package is intended to kick-start the Swedish economy, with a focus on increased welfare, climate transition and the decrease of the staggering unemployment rate.
- On the 16<sup>th</sup> of September, the Swedish government introduced investments of SEK 9.7 billion in green recovery initiative starting from 2021<sup>12</sup>.
- The Swedish public finances have since the pandemic weakened due to lower tax revenues and to fiscal measures in response to the crisis.
- The same is anticipated for 2021, where the net lending is estimated to be -3.3 percent with the given restart package of more than SEK 100 billion<sup>13</sup>.

Generally, Danish companies that are registered in Sweden and pay taxes in Sweden can apply for the relief packages. More info on the relief packages can be found [here](#).

---

### Budget 2021

On the 21<sup>st</sup> of September, the government proposed further measures in the budget for 2021. The final budget for 2021 will be known after the Swedish parliament, Riksdagen has debated and approved it<sup>14</sup>. To read more about all the proposals for the Restart Package click [here](#).

---

### EU Politics

After the EU Summit in July, the leaders of the 27 EU Member States reached a deal on the long-term EU budget for 2021-2027 and a post COVID-19 Recovery Package. The Prime Minister Stefan Löfven commented on the negotiations, “despite a difficult starting position, Sweden’s interests and priorities have had a substantial impact. Sweden’s budget contributions have been reduced, the

---

<sup>11</sup> Swedish Government, September 2020

<sup>12</sup> Swedish Government, September 2020

<sup>13</sup> Swedish Government, September 2020

<sup>14</sup> Swedish Government, September 2020

# Coronavirus - COVID-19

## Monitoring the situation internationally - Sweden

rebates are the largest ever, and for the first time the EU has a framework that links EU payouts to respect for the rule of law. This is a huge change. Together, Sweden, Denmark, the Netherlands and Austria also succeeded in tightening the conditions for the recovery package and getting green and digital investments that will build a stronger EU and speed up the green transition<sup>15</sup>.

Moreover, together with the EU, Sweden supports WHO's initiative COVAX, which will ensure an international cooperation towards a fair distribution when a possible vaccine is ready. To further support this initiative, Sweden has contributed with SEK 100 million towards the global vaccine initiative<sup>16</sup>.

---

<sup>15</sup> Government of Sweden, July 2020

<sup>16</sup> Government of Sweden, September 2020