

## ANNEX

*Progress in structural reform*

This annex summarises key recommendations made in previous Economic Surveys and Environmental Performance Reviews, and actions taken since the *OECD Economic Survey on Sweden* published in March 2015.

Recommendations in previous <i>Surveys</i>	Actions taken
<b>Business regulations, infrastructure and innovation</b>	
Simplify regulatory procedures, in particular regarding licences and permits.	Starting a business has become easier, as the company registry is now required to register a company in five days.
Streamline land-use planning and zoning regulations and increase incentives for municipalities to release land.	In June 2016, the government presented 22 steps for more dwellings, including several legislative measures to make the planning system more efficient. Support to municipalities based on the number of dwellings permitted has been introduced and will be disbursed in late 2016.
Invest to improve the quality of roads and rail, with careful consideration of social returns.	The Government has made major investments in railway maintenance and investments in public transport in rural areas.
Continue to broaden support for innovation and enhance co-ordination of innovation and research policies. Lower financing constraints by fostering the development of debt and equity instruments and platforms for corporate finance.	Innovation and research policy is being gradually strengthened, but governance, leadership and strategic vision need further improvement.
<b>Skills and education</b>	
Raise the attractiveness of teaching by increasing monetary incentives, offer clearer career paths, and improve teacher education.	Resources have been set aside to give approximately 60 000 teachers a substantial increase in salary from July 2016. In addition, a career reform affecting 17 000 senior teachers will be fully implemented.
Increase support for struggling students, including immigrants, through early intervention and targeting resources based on socio-economic background.	Measures are being taken to enable teachers to devote a larger proportion of their working hours to teaching. Special resources have been channelled to schools with low learning outcomes.
Enhance support and incentives for immigrants to learn Swedish.	Swedish for Immigrants (SFI) has been reformed and steps are taken to enable asylum seekers to begin learning Swedish earlier.
Consider consolidating existing institutions in charge of advising on and supervising education policies into an education policy council.	No action taken.
<b>Labour market and social policies for greater inclusion</b>	
Reduce the gap in employment protection between permanent and temporary contracts and increase flexibility in entry level wages.	An amendment to the employment protection legislation, which entered into force in May 2016, enhances the protection of fixed-term employees by limiting the scope for a succession of fixed-term contracts. The government favours lowering labour costs for low-skilled workers through subsidies. The subsidy system will be simplified to increase take-up.

Recommendations in previous <i>Surveys</i>	Actions taken
Consider extending the coverage of unemployment insurance by easing the entitlement conditions in terms of duration of past work, and moving to a system with mandatory contributions to unemployment insurance.	No action taken on coverage, although the government is investigating the issue. Basic insurance, covering the unemployed who are not members of an unemployment insurance fund or do not satisfy the conditions applicable for entitlement to income-related benefits, can be regarded as mandatory. The government has raised the ceiling and the basic level of compensation in the unemployment insurance system.
<b>Policies to enhance the efficiency of capital taxation and the housing market</b>	
Move towards more neutral taxation across types of assets. In particular, to tax owner-occupied housing like other assets, a tax on imputed-rent would be first-best. A property tax based on market value could proxy imputed-rent taxation. Alternatively, abolish mortgage interest deductibility.	No action taken.
Phase out the restrictions on apartment rentals, including on buying an apartment to rent it out. Continue to phase out rent controls so as to more closely align rents with market values.	No action taken.
<b>Climate change mitigation policies</b>	
Continue to gradually phase out exemptions to the carbon tax. Clarify the role and the expected costs and benefits of the long-term priority to have a fossil-fuel independent vehicle fleet by 2030.	Climate change is the government's top environmental priority. Many exemptions from energy and CO <sub>2</sub> taxes have been reduced or removed; the largest remaining tax expenditure is the favourable tax treatment of diesel used in transport. Cost-benefit analysis is still lacking.
<b>Recommendations from the 2014 Environmental Performance Review</b>	
<b>Climate change</b>	
Develop a strategic action plan, including intermediate domestic targets, for achieving the 2030 and 2050 climate policy objectives. Establish institutional arrangements to enhance inter-agency coordination for developing and implementing climate-related policies.	Sweden has established a cross-party parliamentary committee on environmental objectives, which endorsed a goal to achieve zero net greenhouse gas emissions by 2045, accompanied by intermediate goals of reducing overall emissions by 63% and transport sector emissions by 70% compared to 1990 by 2030. The Environmental Targets Committee, consisting of heads of relevant agencies, has been set up to enhance inter-agency coordination.
Systematically evaluate the incentive mix in the transport sector, including motor fuel and vehicle taxes, the tax treatment of biofuels and the taxation of company cars and commuting allowances; reform the tax treatment of company cars; and increase the energy tax rate on diesel, with a view to reaching energy tax parity with petrol.	Energy- and CO <sub>2</sub> taxes on gasoline and diesel will be uprated in line with GDP growth from 2017. The government plans to improve tax incentives to buy cleaner vehicles by mid-2018, and is also considering a road-use tax for heavy vehicles and taxation of air travel.
<b>Chemicals and air pollution</b>	
Further extend the use of environmental taxation in areas other than energy use. Remove the refund mechanism for the NO <sub>x</sub> charge. Ensure that all rates are systematically adjusted to maintain the incentive and revenue-raising functions of taxes.	Some categories of consumer goods and appliances containing hazardous chemicals will be taxed and VAT on repair of appliances will be reduced from 2017.
<b>Water</b>	
Improve transparency in water pricing policy for different sectors. Include environmental and resource costs in the calculation of cost recovery and promote more efficient delivery of water services through inter-municipal cooperation and private sector participation.	No action taken.



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