

Sweden – Press review January-March 2017

Inflation on the rise

Statistics Sweden has reported that CPI inflation rose by 0.3% to 1.7% in December 2016. CPIF inflation also rose by 0.3% to 1.9%. The figures were higher than expected, which is good news for the Riksbank, said Nordea analyst Torbjörn Isaksson in January. The krona remains a challenge, however. (DI: 15, 20, DN I: 20)

Growing optimism

A PwC survey, released ahead of the annual World Economic Forum in Davos, finds that business leaders are more confident about their firms' prospects than they were a year ago. Optimism is strongest in emerging markets such as India and Brazil, followed by Australia, the UK, China and the US. In the Nordics, 37% believe their firms will grow, up from 31% last year. The survey, which interviewed 1,379 chief executives in 79 countries, finds Nordic leaders pinning their hopes of growth on Germany, the US and the UK; the Nordic countries benefit when economic growth in these countries is good. Nordic leaders are most concerned about over-regulation and geopolitics, as well as uncertainty over economic growth, staff shortages, cyber attacks and the speed at which technology is advancing. (DN I: 17)

New tax slated

The government believes the financial sector is at an advantage as it is not subject to VAT. Therefore it is proposing a new financial tax, which from 2018 is intended to earn SKr 7 billion per year for the state, and it is calling it a bank tax. However in practice it would hit around 300,000 companies, reports DI. Günther Mårder from Swedish Federation of Business Owners believes the government must have a rethink and Johan Fall, head of taxation at the Swedish Confederation of Enterprise, says it means not only higher tax for these companies but more complicated regulations and administration. (16/1 DI: 6-7)

Fury over proposed tax

Government plans to levy a new financial tax are causing firms concern. The Tax Agency has said around 318,000 Swedish companies would be affected if the plans are realised. "It's utter madness... As the proposal stands, the tax will affect all of us who offer customers financing," says Jonas Carlsson, chief executive of car dealership Hägenäs Automobile. The Swedish Trade Federation (Svensk Handel), which represents many of the companies that could be affected, is highly critical, saying jobs will be hit, if the government goes ahead with its proposal. (DI: 14)

Tough blow for Stockholm

In August 2015 the Swedish government announced plans to make Stockholm a leading financial centre in Europe. Seventeen months later, the same government has plans to levy a 15% payroll tax on the financial sector. Such a move could eliminate up to 10,000 jobs in Stockholm, according to the Swedish Bankers' Association and consultant Copenhagen Economics. Andreas Hatzigeorgiou, chief economist at the Stockholm Chamber of Commerce, is deeply concerned, saying the proposed tax would "knock out Sweden's main economic artery". (DI: 10-11)

Banks will relocate

Lena Apler, chair of niche bank Collector and of the newly formed Swedish Fintech Association, describes the government's proposed new tax as "idiotic". The industry will not take this lying down,

she warns, saying that many have already begun to relocate overseas. Niche bank Forex regards the proposed tax as a threat to expansion, and warns that it will need to close around a third of its 90 branches in Sweden. (DI: 10)

Record year for technology

Over 1.5 billion euro, around SKr 15 billion, was invested in the Swedish tech industry in 2016, according Nordic Tech List, a database with investors and companies on the Nordic start-up scene. Streaming service Spotify dominates the list, as the company took in over SKr 8 billion in new financing via loans. But even excluding Spotify, over 6 billion kronor were invested in unlisted Swedish tech companies. Investors include Ola Rollén's private investment company, Greenbridge, state risk capital company Almi Invest and risk capital firm Northzone. (DI: 9)

Jobs set to vanish

The Swedish Trade Federation (Svensk Handel) warns that up to 42,000 retail jobs in traditional stores will disappear in less than a decade with the shift to online shopping. The Federation forecasts lower profits and the disappearance of smaller stores as e-commerce takes a bigger share of the market. E-commerce currently accounts for 8%, or some SKr 60 billion, of retail sales in Sweden but is forecast to have a market share of 20 to 30% in ten years. (DI: 10)

Digital care solutions

The digitalisation of Sweden's health service is attracting private equity, reports DI. According to the business daily's Nordic Tech List, a total of SKr 434 million was invested in 19 companies in 2016. One example is EQT Ventures, which invested in Min Doktor, when the provider of video doctor consultations raised SKr 100 million last year. Lars Jörnöw, head of investment at EQT Ventures, describes the health sector as underdeveloped but ready for extensive digitalisation. (DI: 12)

Better consumer protection

The government is updating the rules for markets in financial instruments to take account of developments in the area. EU directives MIFIDII and MIFIR will be transposed into national law. Consumers will receive better protection in that there will be a ban on independent financial advisors receiving inducements, while sellers of mutual funds will receive a commission only if they can demonstrate that this will benefit the customer. Fredrik Nordström, head of the Swedish Investment Fund Association, welcomes the proposal, saying it will pave the way for the growth of independent advisors on the market. (21/1 DI: 9, SvD bus: 4)

Löfven slams PostNord's procurement

An SvD review of PostNord has revealed that the state-owned company has contributed to wage dumping through the procurement of delivery services. A number of the hauliers PostNord uses employ Eastern Europeans and pay wages far below Swedish levels. PostNord has defended its actions, citing stiff competition in the industry. Stefan Löfven, the prime minister, is infuriated by the news, saying PostNord should not cite competition as a reason to procure these services, but should follow the terms of collective agreements. (SvD bus: 4-5)

Optimistic service sector

The Swedish service sector strengthened marginally in December. The Purchasing Managers' Index for the service industry climbed from 59.8 in November to 59.9 in December, according to Swedbank and Silf, which produce the index. The December figure was the highest for 2016. (SvD bus: 4, DI: 16)

Jobless figures

The unemployment rate fell to 7.6% in 2016, down from 7.8% in 2015, according to fresh figures from the Public Employment Agency (Arbetsförmedlingen).

More expensive to rent

In seven of Sweden's ten largest towns and cities the number of sub-let apartments increased in 2016, as did rents. The average rental for a sub-let apartment increased by 9 per cent, according to a press release from Blocket. (DN I: 24, SvD bus: 6)

Stockholm's chronic housing shortage

The waiting list for a rented flat in Stockholm is growing ever longer. The queue has grown by 40,000 in the past year and a total of 556,000 people are now waiting for a flat. However, just 7,000 rented flats in the capital had new tenants last year. The queue is seven times longer than it was 15 years ago. (SvD bus: 4)

Construction Giants Present "City of the Future"

Several Swedish construction giants, including Scania and Skanska, have unveiled plans for the Swedish city of the future – the ABC-city 2.0, reports Dagens Industri. ABC stands for Activity Based City. It will house 20,000 people, who will all live close to school and work. This is supposed to be a solution to the problem that Sweden must build 700,000 new homes, as well as establish fossil fuel free methods of transportation, within the next 15 years. The ABC cities will be built outside bigger cities, which have an existing public transportation system that can be expanded. "The urbanization that is happening in the world puts high demands on sustainability. To simplify: this is about parking cars. In 30 years Stockholm will have three times as many cars as today- that will not work. We must find new solutions for public transportation," said Henrik Henriksson, CEO of Scania.

Atlas Copco to split

Atlas Copco is to split into two and appoint Mats Rahmberg as its new chief executive, after Belgian Ronnie Leten steps down in April. The board has proposed the spin-off of its mining and construction tools business, leaving Atlas Copco to focus on compressors, vacuum technology and industrial technology. Shares in the new company, which is yet to be given a name, will be distributed to Atlas' existing shareholders after the 2018 AGM. Ronnie Leten, who has served eight years as chief executive of Atlas Copco, has said the spin off should not lead to any changes for employees. He has also given assurances that there is no connection between the split and his resignation, saying it was time for a new leader. (DN I: 16, SvD bus: 6-7, DI: 10-12)

Falkengren steps down

Annika Falkengren is stepping down as chief executive of lender SEB to join Swiss private bank Lombard Odier as managing partner. Falkengren has been chief executive of SEB for 11 years and worked for SEB three decades. She successfully guided the bank through the 2008-2009 financial crisis and now leaves it in a much stronger position than when she took over as chief executive. Falkengren will leave the lender by July 2017 at the latest. She will also resign from the boards of Foundation Asset Management, Scania and Volkswagen (SvD bus: 4-5, DN I: 15, DI: 6-7)

Saab under pressure

On January 14th a Swedish-made Gripen aircraft crashed during a demonstration in Thailand, killing its pilot. Saab has said it is prepared to provide information and technical expertise if the Thai authorities request it although analysts do not believe the accident will have an impact on Saab's future deals. Meanwhile on Sunday came reports that Saab is under threat of conviction in Brazil in the corruption imbroglio around the country's purchase of 36 Gripen NG from Saab, worth over SKr 39 billion. Brazil's former president Lula da Silva and three others have been charged and the prosecutor is now also considering charging Saab, reports news site Blank Spot Project. However DN reports that the charges contain erroneous facts about prime minister Stefan Löfven and Saab AB, citing, for example, Wikipedia. The indictment states that Löfven was anxious that the Gripen deal went through because Saab "was not going well financially". It also says that the company applied for bankruptcy in 2011, however the prosecutor mixed up the defence company with car manufacturer Saab. Saab did not want to comment. (16/1 DI: 9, DN I: 16, SvD I: 13)

Investor buys shares in Ericsson

Börje Ekholm took over as chief executive of Ericsson on Monday. It emerged that Investor, Ericsson's biggest shareholder and Ekholm's former employer, has acquired 21 million shares to a value of over one billion kronor in the network equipment maker in recent weeks. (DI: 9)

AMC acquires Nordic Cinema Group

American cinema chain AMC Theatres is to acquire Nordic Cinema Group, which includes SF bio, from Bridgepoint and Bonnier Holding. The Swedish media group is selling its 30% stake in the company for SKr 1.6 billion. (SvD bus: 4, DI: 9)

Vattenfall acquires wind project

Swedish state-owned Vattenfall has acquired German windfarm project PNE Wind Atlantis from PNE Wind for an undisclosed sum. The windfarm is located off the coast of Germany, in the North Sea, and there is potential for 73 turbines. (SvD bus: 9)

Major order for ABB

The fact that ABB has won a major order worth close to SKr 6 billion from India's Power Grid Corporation must be a relief for ABB CEO Ulrich Spieshofer, who has been under pressure since last autumn when the engineering company announced that it would not hive off its Power Grids division, writes DN. DI reports that part of the order will be produced in Ludvika. (DN I: 22, DI: 9)

Swedish furniture to Finland

Interior design group Input Interiör is buying the Finnish interior design company Stålbox and the group is now establishing on the Finnish market. "Our philosophy is to be close to our customers. We have a number of deals in Finland, Estonia and Lithuania. Helsinki is a good step on the way to getting closer to our customers there," says Sune Lundqvist, CEO of Input Interiör. (14/1 DI: 6)

Billion kronor order for Saab

Saab has received a major order for its airborne radar system, which can be used for border surveillance and rescue missions. The order is worth around 236 million dollars, around 2.2 billion kronor. Delivery will run from 2019 to 2021. The nature of the industry and the circumstances around the product and client mean that no further information about the client is being made public, writes Saab in a press release. (DI: 9, SvD bus: 14)

Husqvarna acquires Pullman Ermator

Construction products firm Husqvarna is acquiring Pullman Ermator, a Swedish company that sells solutions for handling dust and slurry. In 2016 Pullman Ermator's unaudited, preliminary sales amounted to around SKr 300 million. The deal is expected to have a limited positive effect on Husqvarna Group's operating profits and net profits for 2017. (DI: 16, SvD bus: 14)

Slovakia on hunt for fighter jets

Slovakia has received several offers for the purchase or lease of a fleet of fighter jets, including JAS-39 Gripen jets made by Saab, Peter Gajdos, the defence minister, said on Wednesday, according to Reuters. Slovakia has earlier held talks with Saab about the possibility of leasing Gripen jets. (DI: 6)

Bonnier expands

Bonnier has acquired Fastighetsnytt Förlag, Sweden's leading media and conference player in the property sector. The founders will now run the company as a part of Bonnier News' business-to-business division. (DI: 10)

Volvo CE transfers HQ to Gothenburg

Volvo Construction Equipment (CE) is to move its head office from Brussels to Gothenburg in order to promote closer cooperation between Volvo group divisions. (DI: 6)

Film in Gothenburg

Celebrating 40 years, the Göteborg Film Festival opened on January 27. A total of 457 films from 84 countries were shown over 11 days. Eight films competed in the best Nordic film category, including the film that will open the festival, Tom of Finland by Dome Karukoski. World premieres included Fanny Arandt's Stalin's Couch and Den enda vägen (the only way) on the Malmö shootings, directed by Manuel Concha. Belgian director brothers Jean-Pierre and Luc Dardenne received the Honorary Dragon Award at the festival. (11/1 DN K: 4)