

# Sweden

## *Opening both the roads and the skies*

Two sets of laws enacted in 2017 helped Sweden cement its status as a top-tier Innovation Champion.

The first allows drone operators to fly drones equipped with cameras without first obtaining a license. The operators must still follow rules that protect privacy, but the law notes the importance of enabling the use and development of camera-equipped drones in agriculture, rescue missions, journalism, and much else. Another law going into effect in 2018 will further ease restrictions on flying at night, out of line of sight, and with heavier drones.

The second new law paves the way for easier testing of self-driving vehicles. Swedish automaker Volvo is a leader in SDV innovation, and has ambitions to remake the country’s roadways. In November 2017, the company agreed to sell Uber up to 24,000 self-driving Volvos in the hopes of creating a ridesharing fleet.

Still, ridesharing was handed a series of legal defeats in 2016 and faces significant restrictions at the federal level. The same is true for short-term rentals. More than two years after a court ruled that a Stockholm woman was running a “hotel business” by sharing her apartment, the short-term rental market has been stunted by federal regulations.

But, impressively, in all but three areas graded in the 2017 Scorecard, Sweden ranks among the best — receiving nearly straight-As across the board.

Sources: (Riksdagen) (BNA) (Transport Styrelsen) (The Local)

## WHAT DID WE DO RIGHT?

Nearly 30 percent of Swedish graduates earned degrees in STEM fields. The country has turned its base of highly-skilled workers into a handful of multi-billion-dollar success stories, including global brands Skype and Spotify. Sweden allows largely unfettered use of drones and promotes testing of self-driving vehicles.

## WHAT CAN WE DO BETTER NEXT YEAR?

Sweden can roll back equipment requirements on ride-sharing vehicles, and laws that force the platforms to work with only licensed taxi drivers. The country can also lift restrictions on short-term rental operations.

Diversity	A-
Freedom	A+
Broadband	A
Human Capital	A-
Tax Friendliness	B-
R&D Investment	A
Entrepreneurial Activity	A-
Drones	A
Ridesharing	D
Short-Term Rentals	D
Self-Driving Vehicles	A
Environment	A+



### Human Capital

Outranks nearly every other country in the Scorecard for the amount of its workforce who classify as highly-skilled, at 49.2 percent. Nearly 30 percent of all Swedish degrees go to STEM graduates



### Entrepreneurial Activity

As the launchpad for global brands Skype and Spotify, Sweden’s start-up sector has flourished over several years. Stockholm, in particular, is fertile ground for successful new companies. Overall the country has an annual new business rate of 6.87 per 1,000 people.



### Tax Friendliness

Sweden’s 22-percent corporate tax rate is among the lowest rates of any country on the Scorecard.



### R&D Investment

Sweden invests nearly 3.3 percent of its GDP in research and development, the highest share of any European country on the Scorecard.

## STOCKHOLM

Despite Sweden’s relatively small size, the country’s native companies have had an outsized impact around the world – and not only thanks to a certain furniture store. According to a Knowledge@Wharton article in Forbes, the capital city of Stockholm has become a veritable ‘Unicorn Factory,’ churning out billion-dollar startups second in number only to Silicon Valley.

Music-streaming service Spotify boasts a multi-billion-dollar valuation, and telecommunications company Skype was bought first by eBay for \$2.6 billion in 2005 and then by Microsoft for \$8.5 billion six years later.



Sweden has become known for punching above its weight in the technology sector, fielding billion-dollar start-ups in numbers second to only Silicon Valley. The capital city of Stockholm is responsible for international brands Spotify and Skype, both of which are valued at more than \$1 billion.

Those successes have in turn attracted attention for the more than 20,000 technology businesses that call the city home, and have lured investment funds to the city.

In 2015, an estimated \$800 million was pumped into Sweden by private equity and venture capital firms, and the vast majority went to Stockholm companies. The city doesn’t appear to be ready to take its foot off the pedal. Stockholm is home to the Sting accelerator, which offers entrepreneurial coaching and networking opportunities for the next generation of innovators , as well as help to find funding for their ideas.

Sources: (OECD) (Invest Stockholm) (Fortune) (Sting)