

Subnational Investment Climate Assessment in the European Union 2022

Fact Sheet: Sweden



The report Subnational Investment Climate Assessment in Sweden benchmarks business regulations that apply to small and medium-size domestic firms in eight cities in Sweden (Gävle, Göteborg, Jönköping, Malmö, Stockholm, Sundsvall, Umeå, and Uppsala) across five business regulation areas (business start-up, building permits, electricity connection and supply, property transfer, and commercial litigation). Top performing cities are identified, and best regulatory practices are highlighted within Sweden and across the EU.

This report is the last in a series produced by the World Bank Group at the request of and funded by the European Commission's Directorate-General for Regional and Urban Policy. This edition also benchmarks six cities in Denmark and six cities in Finland, besides the eight cities in Sweden. The first edition, covering 22 cities in Bulgaria, Hungary, and Romania, was released in 2017. Twenty-five more cities in Croatia, Czechia, Portugal, and Slovakia, were benchmarked in 2018. The following year, data were published for 24 cities in Greece, Ireland, and Italy. The fourth edition, covering 24 cities from Austria, Belgium, and the Netherlands, was released in 2021. The reports are available at: www.doingbusiness.org/eu.

The series follows the diagnostic methodology used in the cross-country *Doing Business* reports to assess the cost of doing business and the efficacy of the bureaucracy in the largest business cities across the main administrative divisions of European Union (EU) member states with a population greater than four million. It identifies good regulatory practices, uncovers administrative bottlenecks and recommends good practice examples based on examples from the country and from other EU member states.

The work on Sweden was carried out with the support of Statistics Sweden.

MAIN FINDINGS

- **The Swedish business environment is relatively homogenous across locations, despite subnational differences in three areas.** Of the 16 EU member states assessed by this series, Sweden has one of the most homogeneous business environments across locations. Swedish cities have the second-smallest gap, after Denmark, between the city with the lowest score and the city with the highest score across the five regulatory areas benchmarked.
- **Where there is variation among locations, smaller cities in Sweden tend to perform better,** in part because of they receive less demand for services and offer them at lower costs. This is the case when it comes to building permits, electricity connection and supply, and commercial litigation. Sundsvall leads in the areas of building permits and electricity connection and supply, and it holds the number-two spot in the area of commercial litigation, along with Jönköping and Gävle. Jönköping also ranks second in electricity connection and supply. Umeå ranks among the top four cities in all three areas, taking the lead in commercial litigation. By contrast, Stockholm ranks among the bottom three cities in all three of these



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areas, while Göteborg and Malmö are among the bottom three in two areas.

- **All Swedish cities outscore the EU average in every area but business start-up.** This is in part due to faster processing times for building permits, electricity connection, and resolving commercial disputes. Other factors behind the high performance are: digitalization and computerization, better coordination among various agencies, and quality of regulations. For example, transferring a property requires one-third the EU average time and only once procedure, an EU best practice. However, entrepreneurs in Sweden have to wait more than one month to register a company—two weeks longer than their EU counterparts.

- **Differences in time and cost drive the variations among Swedish cities in building permits, electricity connection, and commercial litigation.** Getting a commercial electricity connection takes almost two months in Gävle and four months in Stockholm, while the cost varies from 25.6% of income per capita in Jönköping to more than four times higher in Stockholm. The time needed to deal with construction permits varies from 4 months in Sundsvall to 5 months in Jönköping, while the cost varies from 1.8% of the warehouse value in Sundsvall to 2.8% in Stockholm. The time to resolve a commercial dispute and enforce a judgment ranges from 15 months in Umeå to 17 months in Uppsala, while the cost diverges sharply between the smaller cities (22.4% of claim value) and the three largest cities (30.9%), exclusively due to attorney costs.

- **Overall, Umeå and Sundsvall have the fastest turnaround times and are the least expensive cities across the five regulatory areas benchmarked.** Aggregating the total time and cost to comply with regulations in all five categories studied reveals that it takes entrepreneurs in Uppsala more than three months longer than their peers in Umeå to comply with bureaucratic requirements, and the cost of compliance in Sundsvall is 75% of the cost in Stockholm.

- **The report identifies good practices already in place in other EU member states that Swedish cities could consider replicating,** especially in the areas of business start-up, building permits and commercial litigation. Regional and within-country good practices could be adopted in the area of electricity connection and supply.

ADDITIONAL INFORMATION, INCLUDING THE FULL REPORT AVAILABLE AT:

<https://subnational.doingbusiness.org/sweden>

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