

BUSINESS SWEDEN

SECTOR OVERVIEW

# INFRASTRUCTURE AND CONSTRUCTION

MAY 2019



## SECTOR OVERVIEW

# INFRASTRUCTURE AND CONSTRUCTION

Sweden is investing heavily both in critical infrastructure as well as construction of dwellings and offices. In January 2019 a new Ministry of Infrastructure was formed to increase the strategic focus on developing Sweden's infrastructure for future demands. The Swedish National Transport plan 2018–2029 contains approximately 70 BEUR of financed infrastructure projects. Add to that regional and local investments of approximately 70 BEUR and it is easy to see why Sweden is attracting an increasing number of international infrastructure and construction companies.

### NEED TO INCREASE CAPACITY AND TO ACCESS INTERNATIONAL EXPERTISE

Sweden has a strong and sustainable transport system that facilitates working life for citizens and makes it easier for companies to deliver. The ambition is to continue to have an infrastructure that meets future demands of the economy. Therefore, the Swedish government has allocated 70 BEUR until 2029 for infrastructure projects, including operation, maintenance and reinvestment in state railways. For railways specifically, this is the largest investment in modern history. Sweden also plans to invest an estimated 25 BEUR in High Speed Rail to connect the three largest cities: Stockholm, Gothenburg and Malmö.

In addition to the above allocation on a national level there are major projects on a regional and local level. The estimated additional regional investment level is around 70 BEUR during the same period.

Examples of projects on a regional and local level in Sweden's main urban areas Stockholm, Gothenburg and Malmö are:

**The West Swedish Agreement**  
Infrastructure package in Gothenburg (3.4 BEUR)

**The Gothenburg Port Line**  
10 km double track rail (300 MEUR)

**BoStad 2021**  
7,000 new residences by 2021

**Six new metro lines**  
2018–2026 (2.9 BEUR)

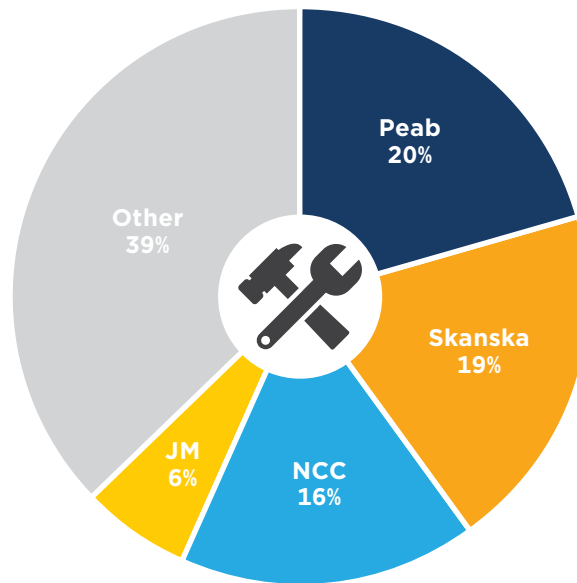
**Promenadstaden**  
140,000 residences by 2030

**Nyhamnen**  
Construction of 9,000 residences and 16,000 work places (850 MEUR)

Swedish companies within the field of construction and infrastructure are world leading and use innovative new technologies and construction methods. However, the domestic capacity is limited, so in order to deliver on the ambitious Swedish targets there is a need for a greater number of companies to enter the market.

Companies in Sweden work closely with research institutes to develop new materials for their products. This means that there is a potential for international companies within the construction and infrastructure sector to collaborate with global leaders to improve their own offering. International companies can also participate in on-going R&D projects at Swedish research institutes, test and develop building techniques as well as environmental and sustainable ways of building.

#### THE LARGEST CONSTRUCTION COMPANIES IN SWEDEN (MARKET SHARE)



Source: The Swedish Construction Federation (Sveriges Byggindustrier)



## THREE MAIN DRIVERS BEHIND THE MEGA INVESTMENTS

### DRIVER 1 - GROWING POPULATION

Sweden's growing population generates a need for increased housing construction. According to calculations by the Swedish National Board of Housing, Sweden needs to build 600,000 new dwellings by 2025. Although residential housing construction levels are currently at high levels in a historical perspective, there is still a substantial need for more.

### DRIVER 2 - INCREASING TRAFFIC

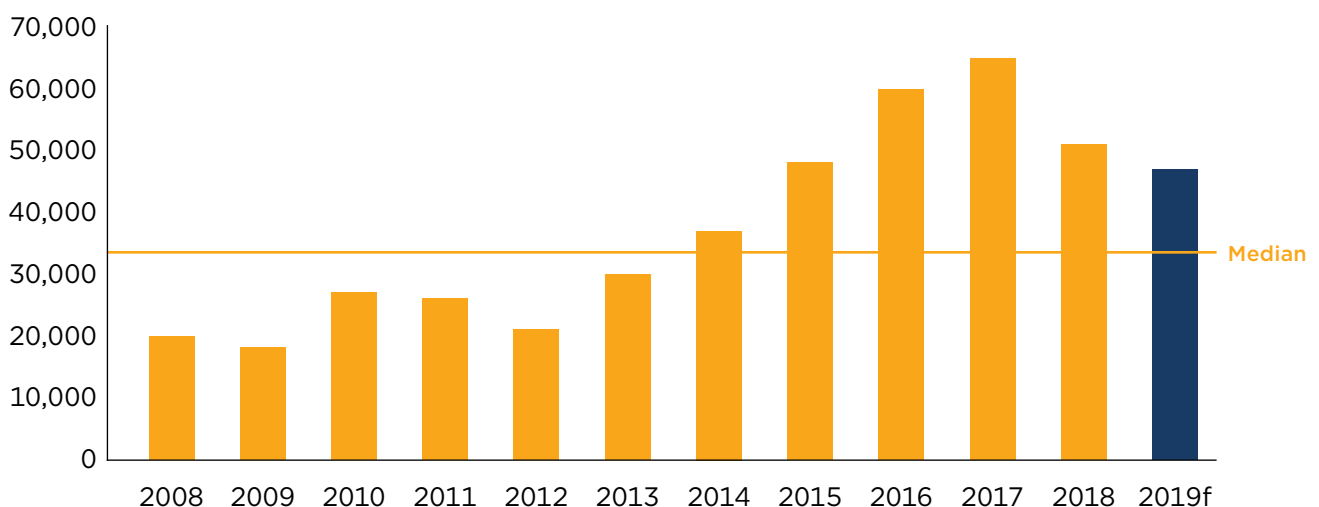
Traffic in Sweden has increased over time, especially in metropolitan areas and along major routes through the country. This has led to congestion, disruption and vulnerabilities in the transport system. Therefore, major investments are being made such as in upgrading the rail systems and expanding the Stockholm Metro System with six new metro lines.

### DRIVER 3 - DEPENDENCE ON TRADE

International trade is important to Sweden and the Swedish economy. Sweden is therefore dependent on having a transport system that provides companies with efficient facilities to run and develop their businesses. The capacity of the ports of Trelleborg and Gävle is, for example, currently being extended. The plan for Sweden's main airport, Arlanda, is to increase its capacity from 25 million passengers per year to 40 million passengers per year by 2040.



## NUMBER OF STARTED RESIDENTIAL CONSTRUCTION IN SWEDEN 2008-2019 (f)



Source: Statistics Sweden (SCB)

## A COMPETITIVE BUSINESS PLATFORM

The Swedish business climate and growth prospects earn high rankings in most internally recognized studies and surveys. Sweden ranks as:

- The second most business-friendly country in the world
- The fifth best country in which to locate corporate headquarters
- Second in terms of quality of life, and first in the green living category
- Sweden tops Europe in competitiveness – leading in innovation, business environment and talent

Sweden offers good language skills, low employee turnover and high computer literacy, all contributing to a competitive business platform. The high quality of available staff, coupled with the high quality of life offered, makes Sweden a global magnet as a location to develop business in Northern Europe.

## PROCUREMENT, TENDERS AND BIDDING

The Swedish Transport Administration (STA) is responsible for budgets, procurements and biddings on a national level. STA is Sweden's largest infrastructure client and procures for approximately 5 BEUR per year, representing approximately half of all projects in Sweden.

Quality, sustainability and environmental issues are important for all projects and are addressed using a thorough procurement process. Sweden does not apply Private-Public Partnership (PPP) projects on a national level. However, PPP solutions are applied on municipal levels.

# ABOUT BUSINESS SWEDEN

Business Sweden is the official Swedish trade and investment council. Business Sweden's purpose is to help Swedish companies grow global sales and international companies invest and expand in Sweden. Business Sweden supports international companies in developing successful business operations in Sweden by providing strategic advice, information and hands-on support – from initial evaluation of growth opportunities to final establishment, strategic partnership or capital investment.

Business Sweden is owned by the Swedish Government and the industry, a partnership that provides access to contacts and networks at all levels.





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**BUSINESS SWEDEN** Box 240, SE-101 24 Stockholm, Sweden  
World Trade Center, Klarabergsviadukten 70  
T +46 8 588 660 00 [invest@business-sweden.se](mailto:invest@business-sweden.se) [www.business-sweden.com](http://www.business-sweden.com)

